



Illinois

Low Income Housing Preservation in 2010

Low Income Housing Tax Credits (9% Tax Credits)

The 2010 QAP (which governs both 9% transactions and private activity bonds) removed the \$2 million setaside from in the 2009 QAP for rehabilitation of currently occupied low-income housing developments whose conversion to market rate housing is likely or properties otherwise in danger of being lost due to need for substantial rehabilitation. There is a required 30-year period of occupancy restrictions (includes 15 year federal requirement). 8 points given to projects that incorporate an extended use period into the extended use agreement beyond the 30 year requirement and 2 points are awarded for each additional 5 years beyond the 30 year requirement.

Preservation projects can receive a maximum of 15 points in the 2010 QAP. 15 points if the project is rehab of a current low-income housing development that is financed under Sec 8, 202/811, public housing with a 1:1 replacement rate -or- 10 points if financed under 515 or 514 -or- 5 points if financed under 236, 42 or projects that are currently occupied, has no rent or income restriction and whose unit rents do not exceed 60% AMI.

Chicago

The City of Chicago receives a suballocation of tax credits from the state of Illinois. Chicago's 2009 QAP gives preference to non-public, at-risk federally assisted housing when awarding tax credits.

Allocations (2003-2009) *(Only includes credits allocated by the Illinois Housing Development Authority and not those suballocated to the City of Chicago.)*

Properties Preserved: 24

Apartments Preserved: 2,857

Additional Info: IL did not preserve any properties with Low Income Housing Tax Credits in 2008 or 2009. Prior to 2008, the state had preserved significant affordable housing with both 9% tax credits (more than 2,800 units from 2003-2007) and 4% credits (more than 11,000 units from 2003 - 2007).

State Low Income Housing Tax Credits

In 2011, Illinois allocated \$15,226,286 toward its state tax credit program. The state credits are administered separately from the federal LIHTC program and bear a 1 year credit period.

Private Activity Bonds with 4% Tax Credits

Applications for 4% Tax Credits are accepted at any time during calendar year. Applications for 4% Tax Credits are not required to submit a Preliminary Application. Applications for 4% Tax Credits are not scored based on the categories set forth in the Scoring Categories section. Both the state of Illinois and the City of Chicago have, historically, devoted a substantial amount of private activity volume cap and 4% credits to preservation (see allocation note above).

Allocations (2003-2009)

Properties Preserved: 63

Apartments Preserved: 11,010

Housing Trust Funds

The Illinois Affordable Housing Trust Fund can be used for acquisition and rehabilitation of existing housing. Rehabilitation properties can receive no more than \$750,000 each. Applications are accepted three times a year and are meant as last resort funding. The primary use of funds is rehabilitation for single-family or multi-family housing.

Trust Funds (continued)

According to the Center for Community Change's Housing Trust Fund Project, the Illinois Affordable Housing Trust Fund made a specific grant of \$100,000 to Tenants United for Housing, to provide technical services for tenants statewide who live in HUD-assisted properties eligible for Mark-to-Market. Services include outreach, training, and organizing of tenants to assure protection and preservation of apartments reserved for low-income tenants. Loans from the Trust Fund may also be used to refinance existing mortgages that will facilitate the preservation of affordable housing and for acquisition and rehabilitation of existing housing. Approximately \$35 million is available each year, with a maximum award of approximately \$750,000. In 2009 - 2010, Illinois put \$134 million for housing in the capital budget.

Chicago's Department of Housing administers the Low Income Housing Trust Fund. The Fund was established in 1989 and is funded through City Corp funds. The Trust Fund offers three programs, the Rental Subsidy Program, Multi-year Affordability through Upfront Investment (MAUI), and the Supportive Housing Program (SHP).

PLEASE NOTE: Some of the information on housing trust funds included in this report was generously provided by the Center for Community Change (Housing Trust Fund Project).

Other Preservation Incentives

Illinois has seen an increase in preservation activity due primarily to resources made available pursuant to the New Issue Bond Program. In March 2010, the Illinois Housing Development Authority (IHDA) launched a statewide Preservation Initiative. Collaborating with the HUD, the Illinois Department of Commerce & Economic Opportunity (DCEO), the MacArthur Foundation and private developers, the Preservation Initiative is being funded through IHDA's Multi-Family Initiative Bonds program as a \$184 million loan program to preserve low-income housing tax credit and other affordable rental housing projects using tax-exempt bond financing funded through the Treasury Department's new issue bond purchase (NIBP) program. The preservation initiative will provide FHA-insured loans to finance up to 90 percent of the project cost or 100 percent of the property value, whichever is less, for new construction, acquisition and rehabilitation, or adaptive reuse of existing developments. Additionally, the financing can pay for building repairs, energy efficiency improvements, or weatherization.

State of Illinois Affordable Housing Tax Credit (IAHTC) is projected to allocate more than \$20 million in 2011. The IAHTC allows individuals or organizations to donate cash, securities, personal property or real estate to participating non-profit housing developers in exchange for a \$0.50 credit toward state income taxes for every \$1 donated. Aggregated amount of donation must be at least \$10,000. Technical assistance and general support have a \$1 million earmark with another \$2 million for Employer Assisted Housing. IHDA is the IAHTC administrator for the state and gives preference to properties that "emphasize preservation, serve lower-income people, are ready to proceed financially and serve special needs populations. The Chicago Department of Housing is the IAHTC administrator for the City of Chicago and receives 24.5% of the IAHTC annually.

In June 2006 the Comprehensive Housing Planning Act was signed, placing Illinois' existing housing planning requirement (created in 2003 by executive order) into a permanent measure to create and preserve affordable housing across the state. The law requires that state agencies involving housing, such as the Illinois Housing Development Authority (IHDA) and the Departments of Commerce and Economic Opportunity, Human Services, Aging, Veterans' Affairs, and Healthcare and Family Services, coordinate their efforts.

In 2004, the Federally Assisted Housing Preservation Act was signed to help preserve thousands of federally subsidized housing apartments in Illinois at risk of being lost from the housing stock. The Act increases the number of situations in which owners of assisted housing must give tenants notice and extends that notice period from 6 months to 12 months.

Chicago: In June 2007, \$6 million was appropriated to the City's Troubled Buildings Initiative. Also, an additional \$6 million was set aside to seed a future acquisition fund, which assists building owners maintain the health of their buildings and reduce energy costs. Finally, Mayor Daley created a city pool of \$150 million of tax-exempt bonds to help affordable housing organizations match market-rate sale prices on apartment buildings.

Having lost 125,000 rental units between 1999 and 2005, the city of Chicago recently adopted an affordable housing preservation ordinance to maintain the affordability of existing low-income housing units. Chicago requires owners of federally-subsidized housing to notify the city's Department of Housing of their intent to sell the homes or prepay the mortgage. This notification has to be provided 12 months before the affordability restrictions expire or are terminated. All such notifications and contingent sale agreements are posted on the city's website. The Department also maintains a list of qualified developers and nonprofits that meet certain eligibility criteria laid out in the ordinance. These qualified entities are given the right of first refusal to purchase the units. The purchaser must agree to maintain or extend the affordability restrictions for a period of 10 years.

Other Preservation Incentives (continued)

Cook County: In May 2007, the Preservation Compact, a project of the Urban Land Institute supported by the John D. and Catherine T. MacArthur Foundation, announced a comprehensive plan to save at least 75,000 affordable rental homes in Cook County, Illinois. The plan draws on a collaborative partnership of area real estate, finance, philanthropic, non-profit, and government leaders. A key component of the initiative is the Preservation Fund, through which community development leaders LISC and Community Development Corporation offer a suite of financing tools to assist both new preservation buyers and rental property owners seeking to maintain affordability. The five other keystones of the plan include an interagency council to facilitate information sharing and program coordination by government agencies, a data clearinghouse to provide timely information and early warnings on at-risk properties, technical assistance and loans for energy-efficient improvements, a rental housing alliance to assist tenants and communities with at-risk buildings on preservation strategies, and an expansion of the Class 9 Property tax designation to include all affordable rental buildings, not just those requiring substantial rehabilitation.

The Cook County Class S Program was set up to preserve project-based Section 8 multifamily rental housing as decent, safe and affordable for low- and moderate-income households. This incentive allows a 50% tax assessment reduction for those apartments that remain affordable through the project-based Section 8 program. Eligible properties are those subject to a project-based Section 8 contract in an area where market-rate rents exceed otherwise allowed rents through the project-based Section 8 program. Qualified properties must renew their contracts through the HUD Mark Up To Market (MUTM) program, and Section 8 apartments must be retained during the five-year term of the renewed MUTM contract. The assessment reduction is calculated according to the proportion of Section 8 apartments in the building.

Green Multifamily Preservation Initiatives

Green Incentives in State Tax Credit Allocation Plan

The 2010 QAP requires that all projects meet Green Communities Standards. Under the "Green Initiatives" section, 4 points are awarded if a project complies with all mandatory criteria in Section 7: Healthy Living Environment from Enterprise Green Communities Standards -or- 8 points if project commits to obtaining a sustainable building certification from one of the following entities: EGC, LEED, Natl Green Bldg Certif, NAHB Model.

Chicago

Preference is given to projects that produce energy efficient and environmentally friendly housing that aggressively and creatively conserves resources. A 30% basis boost is also available to projects that need the boost to afford "green building" amenities that exceed the Department's basic program requirements in connection with environmental concerns.

Other Green Incentives Relevant to Preservation

Additional programs and incentives include special property tax assessment for renewable energy systems, energy efficient affordable housing grant programs, clean energy community foundation grants, renewable energy resources rebates, green building incentives, a small business improvement fund, and a renewable energy credit (REC) purchasing program.

For additional information on green initiatives, visit www.aceee.org for more on policies related to energy efficiency or www.dsireusa.org for programs that may be available to developers to incentivize renewable energy or energy efficiency.

Sustainable Communities & Transit-Oriented Development Incentives

The 2010 QAP awards points for projects that develop in contribution to a sustainable community in a number of sections. Neighborhood Characteristics and Amenities - 1 point will be added for each desirable activity/characteristic and 1 point subtracted for anything undesirable (max of 10 points). Community Impact - 4 points for projects that are located within boundaries of the area targeted by a local revitalization plan or redevelopment plan. Up to 8 points are awarded to projects that promote sustainable communities as evidenced through the sum of their scores in the following categories: Green Initiatives, Neighborhood Characteristics and Amenities, Community Impact, Rehab or Adaptive Re-Use, Employer Direct Assistance, Live Near Work and TOD.

The 2010 QAP also awards 6 points for being part of a transit oriented development strategy (close proximity to public transit defined differently by region) and 6 points for the "Live Near Work" initiative (locating close to employers who have trouble attracting employees due to shortage of affordable housing in area).

Chicago

Chicago's 2009 QAP gives preference to projects which contribute to a community revitalization plan.