A RENTAL HOUSING STRATEGY FOR COOK COUNTY

The Preservation Compact

By bringing together the region’s public, private and nonprofit leaders to promote policies and programs, The Preservation Compact has created innovative solutions to stem the loss of affordable rental housing.
The Preservation Compact’s partners and arsenal of strategies have led to concrete results, including new financing programs in both strong and weak markets, and policies to tackle high operating costs.
how are affordable rental units lost?

1. Through abandonment and demolition of buildings as a result of neighborhood disinvestment and deterioration.

2. Through upward market pressures resulting in increased rents and condo conversions.

who is affected?

Cook County is home to 867,000 renter households.

Almost half of these households – a total of 396,900 – have household incomes less than $32,000.

Over 349,000 of these households are “cost burdened” – they pay more than 30% of their income on housing.

Nearly 242,000 of these households are “severely cost burdened” – they pay more than 50% of their income on housing.

why preservation?

preservation is cost efficient
New construction can cost more than $300,000 per unit, while apartments in the private market can be rehabbed and preserved for well under $50,000 per unit.

preservation is sustainable
New construction requires all new materials, while preservation strengthens the solid rental stock that already anchors Chicago and Cook County.

what we are doing to preserve affordable rental housing
The Preservation Compact drives intentional, coordinated strategies that preserve affordable rental housing. The Compact and its partners have helped to create real preservation solutions and a lasting policy framework through: market based approaches, cost based approaches, and government coordination.
market based approaches

creating affordability in strong markets
- The Compact has launched a new $30 million Opportunity Investment Fund to enable low income renters to have access to affordable rental units in strong markets.

developing preservation strategies for 1-4 unit buildings
- The Compact secured resources and helped inform, develop, and launch loan programs that have resulted in $79.6 million invested in 1,132 units.
- 1-4 unit buildings provide almost half of the rental housing stock in Cook County.

implementing the micro market recovery program (MMRP)
- With the City of Chicago, The Compact helped develop and implement Chicago’s Micro Market Recovery Program (MMRP). The program injects new economic life into distressed neighborhoods. It has turned 2,000 units of previously vacant properties back into occupied housing.

cost based approaches

recommending code relief
- Based on Preservation Compact partner recommendations, the City of Chicago Department of Buildings revised the electrical code and provided some plumbing relief to reduce rehab costs for owners of rental property.

combating property tax increases
- Preservation Compact partners were instrumental in lowering assessment levels for all multifamily rental properties in Cook County, resulting in an average 15% property tax reduction.
- In 2017, the Compact mobilized efforts to combat unexpected and unwarranted increases in Class 9 property tax assessments that could result in dramatic increases to property tax bills for affordable multifamily properties.
- The Compact convened statewide partners to craft a proposal that provides predictable property tax relief.

expanding energy retrofits
- Administered by Elevate Energy and Community Investment Corporation (CIC), Energy Savers was one of the first initiatives launched by The Preservation Compact. Financing and a one-stop shop to help owners navigate the resources for energy efficiency have helped owners of buildings with 10,550 units save an average of 25-30% on energy bills.
- In 2017, the Compact worked with Energy Efficiency for All Illinois and the Illinois Attorney General’s Office to double utility company commitments to energy efficiency in low and moderate income neighborhoods.

government coordination

coordinating public agencies
- While most Preservation Compact activities address privately owned multifamily properties, the Compact also convenes an Interagency Council of city, county, state, and federal agencies to coordinate and preserve publicly funded properties at risk of being lost. Since 2008, Compact partners have helped preserve and ensure ongoing affordability in 50 properties with 5,000 rental units originally provided with scarce government resources.

To learn more about our work, visit www.preservationcompact.org.
“The Compact’s successes are based on its ability to coordinate existing preservation efforts, identify emerging issues, and adapt its leadership and resources to the rapidly changing housing market. As a result of its successes, the Compact has become a model for facilitating preservation efforts across the United States.”

HUD’S OFFICE OF POLICY DEVELOPMENT AND RESEARCH

“A foundation of The Preservation Compact is that we try to reach a consensus, and if there is a consensus we will act on it... The Preservation Compact often is able to find the middle ground.”

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- Next City
- Opportunity Finance Network
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- RAND Corporation
- Shelterforce
- Urban Institute
- Urban Land Institute Chicago
The Preservation Compact is led by Community Investment Corporation (CIC). CIC is a nonprofit, certified Community Development Financial Institution (CDFI) that provides financing to acquire, rehab, and preserve affordable rental housing in metropolitan Chicago. To learn more, visit www.cicchicago.com

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About the Preservation Compact

The Preservation Compact is a strategy for preserving existing affordable rental housing in metropolitan Chicago. It is led by Community Investment Corporation (CIC), a nonprofit, certified Community Development Financial Institution (CDFI) that provides financing to acquire, rehab, and preserve affordable rental housing in metropolitan Chicago. To learn more, visit www.cicchicago.com.