The tools for saving affordable rental units exist, but they are spread across a range of organizations and the job is complex. The Preservation Compact helps facilitate the coordinated use of those tools in order to ensure buildings remain viable.

Three buildings on Chicago's near south and west sides were put on The Preservation Compact's Inter-agency Council agenda when, in the summer of 2008, the owner stopped filing financial statements required to maintain the buildings' low income rent subsidies (Section 8).

Around the same time, tenant rights groups began receiving complaints, and the tenants themselves went on local television exposing deplorable conditions in the buildings. Soon the utility posted shut-off notices, and, suddenly, the buildings were near foreclosure.

To deal with the immediate problem of the shut off notices, the City of Chicago brought the properties' owners into court for lack of heat.

Looking for a longer term solution, the City of Chicago brought all three properties into the Troubled Buildings Initiative (TBI) and appointed Community Initiatives Inc. (CII), a nonprofit established by Community Investment Corporation (CIC), as receiver for the buildings.

Normally, when subsidized, privately-owned buildings go into foreclosure, HUD subsidies can't be re-assigned and the affordable units are lost. This time, HUD agreed to re-assign the Section 8 contracts to CII which then obtained the mortgage and, thru foreclosure, the buildings themselves.

Throughout the process, tenants groups communicated with residents and helped them resolve problems as they arose. Today most residents remain in the buildings.

In all, CII spent nearly $4 million over 18 months for acquisition/foreclosure costs and interim rehab holding costs. CII recovered its investment when the buildings were sold to two different owners, with a commitment to high quality, affordable housing.

“'I'm hands-on. My goal is for no one to tell, just by looking, that it is subsidized housing. There is no reason why subsidized housing needs to be inferior.”

STEVEN THOMAS, BUILDING OWNER AND DEVELOPER