

# The Preservation Compact Leadership Committee

April 8, 2021



# Preservation Lab

## Joint Effort Between Preservation Compact, DePaul Institute for Housing Studies

- First Lab: Stabilizing Rental in COVID
- Second Lab: NOAH
  - Market and owner dynamics
  - Impacts on challenges & strategies
- NOAH Lab Report
- NOAH Panel
  - Chan Zuckerberg, Los Angeles, and Chicago



### Rental Assistance: Guiding Principles to Serve the COVID Need

The pandemic drove rapid federal, state, and local action to expand Unemployment benefits and housing assistance to stabilize affected populations and the economy. While expanded Unemployment benefits helped initially, the expansion was substantially reduced at the end of July, and these reduced benefits are time limited. This means rental assistance programs are more critical than ever.

Illinois already funds rental assistance programs, including IHDA's [Rental Housing Support Program](#), and the Chicago [Low Income Housing Trust Fund](#). The [Chicago Housing Authority](#), [Housing Authority of Cook County](#) and other local housing authorities also continue administering the [federal Housing Choice Voucher program](#). These are strong programs, but they were not built to deploy 10 times more dollars with lightning speed. A new, efficient design and delivery mechanism must be paired with nimble administration to serve affected renters, and the housing stock where they live.

Tenants who are immigrants or members of other historically underserved groups may be hesitant to engage with government agencies. Small to mid-sized NOAH building owners and 2-4s owner-occupants are also inexperienced with subsidy and may be intimidated by government.

The following highlights specific program features for unique tenant and building characteristics, as well as broader principles to guide a new rental assistance programs for this pandemic. These considerations should drive program structures and outreach that may differ from typical government models.

#### Underserved tenants

**Program structure** should ensure vulnerable communities, including undocumented immigrants and tenants in neighborhoods still recovering from the last financial crisis, can access assistance.

-Program application and other materials should be in different languages, with available technical assistance, especially if the application is digital or online.

-Instructions must clarify how different government assistance programs interact. For instance, tenants receiving

# Property Tax Incentive

## Compact partners lead legislative effort

- Housing Action Illinois, Enterprise, MPC, and IHC
- State legislation **35%** affordability: **35%** relief
  - **15%** affordability: **25%** relief
- SB 330 introduced by Senator Feigenholtz
- HB 805 introduced by Representative Tarver

## Diverse neighborhood impact

- Investment in lower-cost neighborhoods
- Affordability in rising-cost neighborhoods



# Opportunity Investment Fund

## Low-cost financing

- Targeted to high cost markets
- **\$3** million, **15** properties
- Total of **383** units, **84** affordable
- Hyde Park, Hermosa, Oak Park, Evanston

## Restructuring fund

- Revised LLC Agreement
- Lower rates to borrowers
- Increase OIF volume



# Interagency Council

## At-Risk Properties

- Preserved **791** units overall, **686** affordable units in the last six months
- Focus on difficult portfolios
- Focus on Woodlawn portfolio
  - Support City of Chicago Woodlawn Ordinance

## SRO Preservation

- Identify at-risk properties in advance
- Strategies in place early



# 1-4s Strategy

## **Post-Crash: Vacant 1-4s, Gap in Marketplace**

- Glut of vacant 1-4s blighting blocks, neighborhoods
- Low values, low homeownership demand
- No financing for groups of 1-4 unit buildings

## **New Tools, New Partnerships, New Demand**

- Created 1-4s Loan Pool to overcome low appraisals and provide investor financing for groups of buildings – over **600** units financed
- Led Chase 1-4s Collaborative with CCLF and NHS
  - Created CIC acquisition pool; acquired nearly **900** units
- Final use shifted from rentals to homeownership

# Poorly Managed Portfolios

## Background

- Two out-of-state investors: **3,600** units
- Unrealistic rehab and operating budgets



## Status

- BHF portfolios – **964** units in City, **873** in suburbs
  - City: Code enforcement; receiverships
    - Bankruptcy process complete
    - Portfolios sold to investors
    - CIC led acquisition and disposition of 5 properties to three local owners, additional 2 properties in pipeline
- EquityBuild – **1,600** units
  - Court-ordered liquidation is nearly complete; final portfolio now under contract.