PRESERVING THE RENTAL STOCK

Assisted Housing Stock 101:
The subsidized rental stock is referred to as "assisted" because it was developed and supported by federal resource commitments. This stock includes housing for seniors, families, and the disabled. It includes housing financed through a number of sources, including Low Income Housing Tax Credits and project-based Section 8. It includes housing in rural, urban, and suburban areas of Illinois. More often than not, each building contains households at a mix of income levels relative to the surrounding community.

The Issue:
The federally funded project-based Section 8 program provides housing subsidy to the unit (bricks and mortar) rather that the tenant (also known as "vouchers"). In return for guaranteed operating subsidy, owners who contract with HUD are required to keep their units affordable. While Congress has all but eliminated funding for new Section 8 projects and contracts, it has committed to funding renewals of current contracts. Owners, however, are not required to stay in the program, and may choose to "opt out", not renew the contract, and convert to market rents or condominiums. Existing tenants may receive vouchers which they can then use to either remain in their current unit or move, forcing them to compete for units in an increasingly tight rental market.

Building by building an invisible crisis taking shape.

An Illinois Legislative Response:
The Federally Assisted Housing Preservation Act expands the scope of the existing act to include buildings financed with federal low-income housing tax credits, Section 8 subsidies, and various HUD mortgage insurance programs. It increases the number of situations in which owners of assisted housing must give tenants notice and an opportunity to purchase the buildings to preserve their affordability; and grants Tenant Associations the ability to partner with non profit or private developers to purchase the building to keep them affordable.

Invisible Crisis: Expiring Project Based Section 8
Many suburban communities are struggling to meet demand for scarce affordable rental units. The loss of valuable Section 8 units will only make matters worse. Northeastern Illinois, excluding Chicago, has more than 12,000 units that will expire through 2010. Communities include:

McHenry County	540 units expiring
Will County	818 units expiring
Cook County (excluding Chicago)	4,176units expiring
DuPage County	2,165 units expiring
Kane County	1,759 units expiring
Lake County	2,725 units expiring

What municipalities can do:
Several best practices exist locally. In Cook County, a new classification was created to reduce taxes for owners who choose to renew their affordability contracts. Municipalities can work in collaboration with existing owners and nonprofit purchasers to encourage transactions which will preserve these rental units. Resources can be generated through municipal bonds, TIF financing, and other sources to assist with these transactions.

For more detailed information about how to preserve these rental units, please contact the Chicago Rehab Network at 312-663-3936.

Data last updated April 2005 using HUD sources.