

Chicago Rehab Network Chicago Section 8 Preservation Collaboration

Opt-Out Risk Assessment

PURPOSE

This assessment identifies Chicago's project-based Section 8 contracts which are most likely to exit the program in the next few years. It serves as a useful tool for both targeting preservation incentives and pursuing preservation-minded acquisition strategies.

RISK ASSESSMENT METHODOLOGY

Excluded Contracts

- Section 202 buildings (for the elderly, handicapped and disabled) have been excluded because of federal use restrictions
- Contracts listed by HUD (or otherwise determined) as non-profit or cooperative owned have been excluded
- Contracts that have entered or completed the Mark-to-Market program have been excluded
- Properties with known use restrictions or restricted financing have been excluded, although complete data is not available for every property.

High Market Pressure Areas

- As a means for estimating current market pressures, we analyzed the change in median home sale prices from 2000 to 1997. In this time, the average price increase citywide was 17%. We chose to target community areas with price increases over 150% of the city average. We also chose to include the South Loop and Near West Side, which did not meet this criteria but have experienced significant development during this time period.
- 39 of 77 community areas have been designated as having high market pressure. They represent a roughly contiguous area which include almost the entire North side and parts of the South and West sides of the city (see map).
- Contracts which are not located in these high market pressure areas have been excluded.

Expiration Date Targeting

- Contracts that expire after 2005 have been excluded from this analysis.
- Contracts that have recently been renewed for four or more years have also been excluded. However, many contracts with recent short-term renewals remain on the list.

RISK ASSESSMENT FINDINGS

By 2005, over 3,000 Section 8 units in 38 buildings located in areas with high market pressure are at risk of loss. In many areas these units are the only existing affordable housing and would be impossible to replace.

This risk assessment screen correlates well with the opt-out activity that has occurred to date. 8 of the 37 buildings have given notice of intent to opt-out, representing 543 units. In addition many of the remaining properties' owners are opt-ing out of other properties in their portfolio, which highlights their increased risk.

High Risk Project-Based Section 8 Contracts Chicago

Expires	Property Name	Street Address	City	S8 Units	Total Units	Owner Name	Current Status
6/30/00	Estes Paulina Apartments	7064-70 N Paulina	Chicago	25	25	Rogers Park Development Associates	
9/15/00	DAUPHIN AVE APTS	9200-9210 DAUPHIN AVE	CHICAGO	49	49	South Side Citizens Associates	
10/31/00	DAMEN COURT APTS.	220 S DAMEN AVE	CHICAGO	150	156	Damen Court Associates	
				224	230		
1/31/01	HYDE PARK WEST APARTMENTS	5325 S COTTAGE GROVE AVE	CHICAGO	64	160	Hyde Park West Apartments, Limited	troubled
2/17/01	DEL PRADO APARTMENTS	5307 HYDE PARK BLVD	CHICAGO	78	196	David Taylor	notice
5/7/01	THE SHAKESPEARE APTS	2141-53 N HUMBOLDT BLVD	CHICAGO	30	30	Shakespeare Apartments Associates	notice
6/18/01	MONTEREY APTS	808 Junior Terrace	Chicago	82	82	Monterey Apartments, Limited Partnership	notice, troubled
6/30/01	Evergreen Sedgwick Apts	1423 N. Sedgwick Ave.	Chicago	17	84	Sedgwick Ventures	
8/1/01	SHERWAY TOWER APARTMENTS	4225 NORTH SHERIDAN RD	Chicago	179	180	BENCHMARK SHERWAY TOWERS ASSOC. LTD. PARTNERSH	
8/19/01	Mayfair Apartments	5496 S Hyde Park BLVD	CHICAGO	56	87	Mayfair Associates, Limited	notice, troubled
8/31/01	21st & Michigan Apartments	2101 S MICHIGAN AVE	Chicago	50	250	2101 Michigan Investors	
10/29/01	LOGAN & KEDZIE APTS	3142-50 W LOGAN BLVD	CHICAGO	30	30	Logan & Kedzie Venture	
11/30/01	Rienzi Plaza Apartments	600 W DIVERSEY PKY	CHICAGO	140	249	Diversey-Broadway Associates	notice
12/6/01	ARMITAGE HUMBOLDT APTS	3004 W ARMITAGE AVE	CHICAGO	45	49	Armitage-Humboldt Associates	
12/15/01	SHERIDAN & AINSLIE APARTMENTS	4910 N SHERIDAN RD	CHICAGO	119	119	Ainsle Associates, Limited	
12/17/01	Images West I	3505-09 W. 5th Ave.	CHICAGO	78	78	Image West Apartments, Inc.	partial, troubled
				968	1594		

High Risk Project-Based Section 8 Contracts Chicago

Expires	Property Name	Street Address	City	S8 Units	Total Units	Owner Name	Current Status
1/17/02	PLAZA COURT TOWNHOUSES	3211 - 17 WEST Douglas	Chicago	48	48	PLAZA COURT ASSOCIATES	
3/4/02	PENSACOLA PLACE	4334 N Hazel ST	Chicago	53	251	PENSACOLA ASSOCIATES	
3/4/02	NORTH ASHLAND REHAB	1640 W. Wilson Street	CHICAGO	123	124	Crossroads-Ashland Associates	
3/7/02	1212 S MICHIGAN	1212 S MICHIGAN AVE	CHICAGO	69	344	1212 S. MICHIGAN LIMITED PARTNERSHIP	notice
3/29/02	PARK LASALLE APTS.	1000 N LASALLE DR	CHICAGO	30	148	1000 N. LaSalle LLC	notice
6/29/02	1111 NORTH DEARBORN APARTMENT	1111 N DEARBORN	CHICAGO	58	286	1111 N. Dearborn,L.L.C.	notice
				381	1201		
1/20/03	CIRCLE PARK APTS	1111-B S Laflin ST	CHICAGO	239	418	University Center Associates	pre-pay
5/30/03	MAGNOLIA APARTMENTS	4416 N MAGNOLIA	CHICAGO	24	24	Magnolia Apartment Associates	
6/28/03	CLARK CHESTNUT APARTMENTS	100 E CHESTNUT ST	Chicago	56	279	CLARK CHESTNUT ASSOCIATES	
7/14/03	DIVISION STREET REHAB.	2815 W DIVISION	Chicago	26	26	Division Humboldt Associates	troubled
7/31/03	21st & Michigan Apartments	2101 S MICHIGAN AVE	Chicago	40	250	2101 Michigan Investors	
9/22/03	ARMITAGE COMMONS	3720 W ARMITAGE AVE	CHICAGO	104	104	Armitage Commoms Associates	
10/30/03	ROOSEVELT INDEPENDENCE	1301-05 W Independence Blvd	Chicago	96	96	Roosevelt Independence Associates, Limited	
11/9/03	EVERGREEN TERRACE	1301 N CLEVELAND	CHICAGO	84	84	Near North Venture/evergreen Terrace Apartments	
11/13/03	Madison Terrace Apartments	3054 W Madison ST	CHICAGO	95	96	Madison Terrace Associates	troubled
11/22/03	WEST TOWN HOUSING	1300 N Washtenaw	Chicago	140	140	WEST TOWN HOUSING PARTNERS	
				904	1517		

High Risk Project-Based Section 8 Contracts Chicago

Expires	Property Name	Street Address	City	S8 Units	Total Units	Owner Name	Current Status
1/12/04	Ontario Place	10 E ONTARIO ST	Chicago	94	94	OP Partners	
3/19/04	Chinatown Elderly Apartments	300 W 23 RD ST	CHICAGO	138	139	Neighborhood Redevelopment Associates	
12/19/04	ACADEMY SQUARE APTS	318 THROOP ST	CHICAGO	200	200	Academy Square Partnership	
				432	433		
4/2/05	AINSLIE MANOR APARTMENTS	4878 MAGNOLIA AVE	CHICAGO	50	50	4878 N.MAGNOLIA LTD.	
4/25/05	TWO EAST EIGHTH STREET APARTME	2 E EIGHTH ST	CHICAGO	66	330	TWO EAST EIGHTH ASSOCIATES	
7/16/05	CLIFTON APTS	4416 N CLIFTON ST	CHICAGO	35	35	Clifton Apartment Associates	
10/23/05	LORINGTON APTS	2630-44 N SPAULDING AVE	CHICAGO	54	54	Lorington Associates	
				205	469		
			Total High Risk	3114	5444		

Explanation of Current Status:
 [opt-out] indicates that the HAP contract has not been renewed
 [notice] indicates a notice of intention to opt-out has been filed with HUD
 [partial] indicates that the owner has opt-ed out of another HAP contract at the same location or is in the process of doing so
 [troubled] indicates that the property is on HUD's Troubled Property list
 [pre-pay] indicates that a HUD-insured loan has been prepaid.