The Preservation Compact

Preserve
Renew
Rebuild

A Rental Housing Action Plan for Cook County
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Richard M. Rosan
President, Worldwide
Urban Land Institute

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The John D. and Catherine T. MacArthur Foundation
The John D. and Catherine T. MacArthur Foundation is a private, independent grant-making institution dedicated to helping groups and individuals foster lasting improvement in the human condition. Through the support it provides in 65 countries around the world, the Foundation fosters the development of knowledge, nurtures individual creativity, helps strengthen institutions and improve public policy, and provides information to the public.

In the United States, housing has been a priority of the Foundation for more than 25 years, with grants, equity investments, and long-term loans totaling more than a quarter of a billion dollars by the end of this decade. Today, the centerpiece of the Foundation’s housing work is Window of Opportunity, a ten-year, $100 million initiative to preserve affordable rental housing across the country and to create a policy environment that puts preservation on par with new construction as a tool for ensuring an adequate and growing supply of decent, stable, affordable housing.

Within the Window of Opportunity, the Preservation Compact is an effort to go deep in Chicago with a more comprehensive approach. The immediate goal is to stop the loss of affordable rental housing—to reverse the downward trend by 2020. However, the overarching ambition is to help provide security and opportunity to thousands of area residents who are eager to improve their lives and contribute to their communities.

The real issue in housing is not the buildings themselves, let alone their financing arrangements. At the end of the day, housing is really about people and their communities—who they are, the security they feel, the opportunities they enjoy, and how housing helps or hinders this nation’s individual and collective vitality.

Jonathan F. Fanton
President
The John D. and Catherine T. MacArthur Foundation
Acknowledgments

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NEARLY 835,000 RENTAL HOMES PROVIDE housing for four of ten families in Cook County—nearly 2 million people. These apartments and houses—most of which receive no government assistance—play a central role in the region’s $320 billion economy and are as critical to its infrastructure as highways, transit systems, schools, and industrial parks.

Yet the region’s rental stock is shrinking—even as housing affordability problems and demand for affordable rental units continue to grow.

By 2020, Cook County’s supply of low-cost rental housing is expected to drop by 78,000 units. These losses will outstrip the projected new construction of 40,000 affordable rentals over the same period—meaning that for every newly built unit, nearly two are likely to be lost. Also between 2005 and 2020, the number of low-income renters is projected to grow by nearly 34,000 households, making it increasingly difficult for the Chicago region’s most vulnerable families and seniors to find or retain an affordable home.

Though this is an urgent and serious problem, it is solvable.

Across the country, the Chicago region is recognized as a leader in providing creative affordable housing models made successful through collaborations among the region’s government agencies, commercial banks, visionary for-profit developers, and ambitious, mission-driven nonprofits.

Guided by the Urban Land Institute and supported by the John D. and Catherine T. MacArthur Foundation, the Preservation Compact has brought together leaders from the public, private, and nonprofit sectors to build on this tradition and craft a new vision for Cook County—to reverse the downward trend in Cook County’s affordable rental housing supply by 2020.

To achieve this ambitious goal, the Compact has launched its comprehensive Rental Housing Action Plan for Cook County, which includes six Keystone Initiatives designed to preserve and improve 75,000 existing affordable rental homes that might otherwise be lost to condominium conversion, demolition, or rising costs. These initiatives, detailed in this report, will conserve billions of taxpayer dollars and ensure that government spending to build new affordable rental units truly adds to the overall supply.

We are pleased to share this Rental Housing Action Plan and to report on steps that are underway to implement each of the six Keystone Initiatives. To fully succeed, the Compact needs everyone who recognizes the value of affordable, high-quality rental housing to become engaged.

Please join us in making a commitment to support and implement this Rental Housing Action Plan. Together, we can strengthen the Chicago region’s economy and improve the quality of life for residents and communities across Cook County. We can bring fresh stability, vitality, and affordability to rental housing assets; ensure their availability for the hundreds of thousands of families who depend on these homes today, plus millions more in the generations to come; and make this vibrant, diverse region a national model for smart, cost-effective housing policy.

Julia Stasch
The John D. and Catherine T. MacArthur Foundation

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Capri Capital Partners LLC

Cochairs, the Preservation Compact
Executive Summary .................................................. 1

The Preservation Compact ................................................ 3

The Case for Preserving Affordable Rental Housing in Cook County .................. 6
A Vital Resource for Families, Communities, and the Economy .................. 6
Rising Demand, Shrinking Supply ......................................... 8
Key Factors Eroding the Affordable Rental Supply .............................. 10
Preserving Affordable Rental Housing Is Sound, Cost-Effective Policy ................ 13
New Strategies to Preserve and Strengthen Affordable Rental Housing ................ 15

An Action Plan to Preserve Affordable Rental Housing in Cook County ................. 18
Keystone 1: A Preservation Fund for At-Risk Properties .............................. 19
Keystone 2: An Interagency Council to Improve Coordination and Information Flow ..................................................................................... 21
Keystone 3: A Rental Housing Data Clearinghouse for At-Risk Properties ............. 23
Keystone 4: An Energy Savers Program to Cut Operating Costs ...................... 26
Keystone 5: A Rental Housing Alliance to Help Tenants Seek New Ownership .......... 29
Keystone 6: Lowered Property Taxes on Multifamily Rental Buildings .................. 31

A Call to Action ........................................................................ 32

Appendix A: Methodology for Estimates ........................................... 33

Appendix B: Advisers and Task Forces ............................................. 35

Notes ...................................................................................... 40
For more than a decade, Cook County’s supply of affordable rental housing has been shrinking. This multibillion-dollar asset plays a central role in the region’s $320 billion economy and is as critical to its infrastructure as highways, transit systems, schools, and industrial parks.

Yet, since 1990, the county’s supply of low-cost rental homes has declined, on average by more than 9,000 units each year, to a total of 353,000 in 2005. Nearly three-quarters of these affordable homes do not receive government assistance. Over this same period, demand for affordable homes has increased by 27,000, fueled by growing numbers of young families, new immigrants, service sector employees, and seniors. As a result, more and more low-income households, especially those headed by minorities, are应该ing the burden of housing costs that are increasingly unaffordable.

These trends are likely to continue and result in a serious erosion of affordable housing in Cook County between now and 2020.

According to projections:

- Between 2005 and 2020, the number of low-income renter households in Cook County will grow by 7 percent (34,000 households) to a total of 501,000. Low-cost rental housing will remain a critical need for these families and individuals, who make ends meet on annual incomes of $30,000 or less.

- Over the same period, Cook County will lose 78,000 affordable homes due to condominium conversion, demolition, or rising costs.
These losses will outstrip concurrent new construction of 40,000 new affordable rentals—meaning that for every newly built unit, nearly two are likely to be lost.\(^8\)

Most of the region’s multibillion-dollar rental stock is not government assisted. Losses in the affordable rental stock are due to a number of factors. These include:

- soaring real estate markets and condominium conversions;
- rising operating expenses, including taxes, and energy and insurance costs;
- deteriorating buildings that need rehabilitation and repair; and
- expiring government subsidies and affordability restrictions.

Addressing these factors in a concerted, coordinated manner is critical if Cook County is to stem the loss of affordable rental housing.

In 2005, an assembly of public, private, and nonprofit leaders committed to preserving affordable rental housing in the Chicago region formed the Preservation Compact to tackle this challenge. With the support of more than 100 housing experts and community and civic leaders in the region, they created the Rental Housing Action Plan, built on six Keystone Initiatives, to preserve at least 75,000 affordable rental units in Cook County by 2020. These Keystone Initiatives are:

- A **Preservation Fund** to increase capital flow to properties at risk of being lost from the affordable rental market.
- An **Interagency Council**, composed of governmental partners key to preservation, to improve coordination and information flow to preserve at-risk properties.
- A **Rental Housing Data Clearinghouse** and early warning system for buildings facing expiring subsidies or otherwise at risk of leaving the affordable rental market.
- An **Energy Savers Program** to cut operating costs for owners of affordable rental properties.
- A Chicago-area **Rental Housing Alliance** to help tenants seek new ownership in at-risk buildings.
- **Lowered property taxes** on multifamily rental buildings to bring them in line with those on single-family homes and reduce the burden on both owners and tenants.

Together, these initiatives offer a comprehensive, innovative strategy that will significantly improve the landscape for preserving affordable rental housing in Cook County.

But the impact of these initiatives will extend beyond Cook County. The Chicago region is already a recognized national leader and innovator in preserving affordable housing. This plan builds on the region’s accomplishments in this field and offers a model to the nation for how to serve and maintain, for years to come, one of nation’s most precious assets—working families and the places they call home.
The Preservation Compact: A New Public/Private Commitment to Reverse the Loss of Affordable Rental Housing

Guided by the Urban Land Institute and supported by the John D. and Catherine T. MacArthur Foundation, the Preservation Compact was created in 2005 to bring together leaders from the public, private, and nonprofit sectors in order to develop strategies to reverse the downward trend in Cook County’s affordable rental housing supply by 2020.
The Compact is dedicated to strengthening Cook County’s existing supply of affordable rental homes and to achieving a single, ambitious goal by 2020: to reverse the downward trend in the availability of affordable rental housing by preserving and improving 75,000 units of such housing currently occupied by Cook County families and individuals.

Though the need for rental housing is a metropolitan-wide and national challenge, the Compact focuses its efforts on Cook County. Eighty percent of all rental housing in northeastern Illinois is located in the city of Chicago and the Cook County suburbs. More than 365,000 households in Cook County are “rent burdened,” meaning they spend more than 30 percent of their income on rent, and thus have fewer resources available for transportation, food, clothing, and education.

This report is the product of a series of meetings sponsored by the Preservation Compact that engaged more than 100 local, state, and federal officials, private housing developers, real estate lenders, housing policy experts, investors, tenant representatives, and property owners. Their work has yielded a rich array of insights, inspiring ideas, and the comprehensive Rental Housing Action Plan for Cook County presented in this report.

In developing these keystone ideas, the Compact was guided by the following principles:

■ All affordable rental properties may not be suitable for preservation, due to location, building condition, or acquisition cost.

■ Strategies that help owners in the private market maintain affordability are as important as efforts to maintain existing government subsidies for affordable housing.

■ Conversion of a building to market-rate rental units or condominiums may be appropriate in some communities—particularly in low- and moderate-income areas where large stocks of affordable housing already exist, and where higher-cost housing would help revitalize the area’s economy.

■ Preservation of affordable rental housing should be a leading priority in higher-income communities that provide few affordable housing options.

■ Demolition may be the only solution in instances where properties are severely deteriorated, and it may be more cost-effective to use limited funding for the preservation of a larger number of units elsewhere.

■ Preservation of existing properties will not solve the county’s long-term need for rental housing. The public sector must continue to support development of new affordable rental housing if this region is to grow and prosper.

The Rental Housing Action Plan presented in this report reflects these principles and offers a set of initiatives that, together, provide a comprehensive, innovative strategy to significantly preserve and strengthen Cook County’s supply of affordable rental housing.
A Rental Housing Action Plan for Cook County

Six Keystone Initiatives to Preserve and Improve Affordable Rental Housing

1. **A Preservation Fund to increase capital flow to properties at risk of being lost from the affordable rental market.** A fund will be established to provide acquisition funds and secondary capital for the purchase and recapitalization of affordable rental housing.

2. **An Interagency Council, composed of governmental partners key to preservation, to improve coordination and information flow to preserve at-risk properties.** A high-level Interagency Coordinating Council will bring together public sector leaders to coordinate government programs, identify common challenges, and jointly implement solutions.

3. **A Rental Housing Data Clearinghouse and early warning system for buildings facing expiring subsidies or otherwise at risk of leaving the affordable rental market.** A Rental Housing Data Clearinghouse will collect timely and accurate information on expiring affordability requirements for all government-supported buildings and develop a method for tracking changes in the unregulated affordable rental stock, which accounts for about three-quarters of the affordable stock.

4. **An Energy Savers Program to cut operating costs for owners of affordable rental properties.** This program will help counteract fast-rising natural gas and electricity costs by providing technical assistance, loans, and other means to encourage energy-efficiency improvements in affordable rental buildings.

5. **A Chicago-area Rental Housing Alliance to help tenants seek new ownership in at-risk buildings.** This collaboration of nonprofit agencies will provide organization skills, training, technical support, and legal services to communities and tenants to preserve buildings at risk of losing federal subsidies.

6. **Lowered property taxes on multifamily rental buildings to bring them in line with those on single-family homes and reduce the burden on both owners and tenants.** A reduction in the rental-building assessment rate from 26 percent to 20 percent will be phased in over three years. In addition, eligibility for these reductions will be expanded to include buildings that are wholly or primarily dedicated to affordable housing without the “substantial rehab” requirement.
A Vital Resource for Families, Communities, and the Economy

RENTAL HOUSING has always made economic sense for a broad section of the population—young adults just starting out, seniors on fixed incomes, working families with modest earnings, individuals with physical disabilities or other special needs, and others. While homeownership levels have reached an all-time high, about one-third of all U.S. households continue to rent their homes. Moreover, as observed in the 2006 report by the Harvard Joint Center for Housing Studies, America’s Rental Housing: Homes for a Diverse Nation, nearly all Americans rent at some point during their lives.

The village of Morton Grove values the diversity of residents in its community, and used village resources to ensure that this building would remain affordable to seniors over the long term.
In Cook County today, 2 million people belong to families and households that rent their homes. Renters account for 39 percent of all households countywide, well above the national average.

Cook County’s renters make major contributions to the metropolitan Chicago region and its economy. Renters increase the size, mobility, and diversity of the regional labor pool. They come from all walks of life and fulfill many roles: as workers and employers, consumers and service providers, students and teachers, parents and caregivers, community leaders and citizens.

Families and individuals who rent are part of every Chicago neighborhood and each surrounding suburb, residing in thousands of buildings, large and small. Some stay renters forever; most are making their way to or from homeownership.

From sturdy 90-year-old apartment blocks and two-flats in Chicago’s neighborhoods to the single-family houses and modern complexes of suburbia, Cook County’s 835,000 rental homes constitute a core element of the region’s infrastructure, and are as important to the competitiveness of the regional economy as the highways, transit systems, schools, and industrial parks.

Though education, health care, and workforce development often receive more attention, mounting evidence suggests that housing is a critical factor in providing opportunity to individuals and improving communities. Indeed, investment in these other areas may not yield the desired benefit if people continue to live in poor housing that eats up too high a percentage of their income, or if they experience frequent displacement or live in unhealthy conditions. Recent research has found that decent, stable housing helps individuals obtain and keep jobs and increases psychological and physical health. The age and condition of housing also has been linked into the long-term viability of neighborhoods.

The renter universe is broad and diverse, both in the nation and in Cook County. A large share of older Americans rent their homes. More than 80 percent of households headed by individuals aged 25 or under live in rental housing. Plus, the ranks of minority and foreign-born renters have grown substantially in recent years—a trend many expect to see continued over the decade ahead.

Also, many higher-income households choose to rent for lifestyle reasons, including flexibility, convenience, access to transit, and other amenities. But while higher-income households can choose between renting and owning, homeownership is not an option for most low-income families and seniors. For them, renting is a critical necessity. In 2005, more than half of all renter households in Cook County had incomes of $30,000 or less. At the same time, only 25 percent of renters receive any form of government subsidy.

Definition of Terms in this Report

**Affordable housing.** In this report, the term affordable housing refers to both the government-assisted and unassisted housing stock that is affordable to families earning less than $30,000. Public housing is also an important resource for these families. However, the strategies in this report do not cover this portion of the stock because a separate plan is being carried out to transform Chicago’s public housing, which accounts for the vast majority of public housing in Cook County.

**Strategies to preserve affordable rental housing.** Among strategies to preserve affordable rental housing are new financing, changes in ownership, and/or physical improvements to maintain and strengthen existing affordable rental properties that might otherwise deteriorate or become too expensive for low-income households and other households in need.

**Rent burdened.** Rent-burdened households are those that pay more than 30 percent of their income for rent.
Rising Demand, Shrinking Supply

Demand for rental housing in Cook County is expected to continue rising, stimulated by overall population growth of about 5 percent by 2020. It is likely that a disproportionate amount of this growth will come from groups that have historically rented rather than owned their homes—young adults, seniors, immigrants, and service sector employees who may not be able to buy homes in or near communities where they work.

As these trends play out, it is expected that by 2020, the number of low-income renter households with annual incomes below $30,000 (in 2005 dollars) will increase to 501,000 households, or by about 7 percent. In Cook County, renters earn less than half the income of owners, with about half earning less than $30,000 per year.

The number of renters in Cook County who spend more than one-third of their income on rent increased by 20 percent from 2000 to 2005 to 365,000 households. These households are considered “rent burdened” because housing costs them more than 30 percent of their gross monthly income—an amount most experts consider unaffordable.

Not surprisingly, rent burden affects a larger proportion of lower-income renters than higher-income ones.

Source: DePaul University Real Estate Center tabulation of U.S. Census Bureau data from the 2005 American Community Survey.
Direct government assistance can ease the impact of high housing costs, and is essential for families, seniors, and homeless individuals with very low incomes. Unfortunately, such assistance is extremely limited, leaving 75 percent of the country’s income-eligible renter households with no government housing subsidy.22

High housing costs fall especially heavily on African American families who rent their homes. Of the severely rent-burdened households in Cook County, 42 percent are African American, with housing consuming more than half of their annual income.23

While Cook County’s demand for affordable rental units is projected to rise, the supply of properties available and affordable to this renter population is projected to fall. Since 1990, the county’s supply of low-cost rental homes has declined by an average of more than 9,000 units per year.

Forecasts by the DePaul University Real Estate Center suggest a continuing downward trend. By 2020, Cook County’s overall loss in affordable rental supply will total 78,000 units, the center estimates. Over the same period, substantial future government spending is projected to add 40,000 new affordable rentals, according to officials at the City of Chicago Department of Housing and the Illinois Housing Development Authority.

This means that for every new unit, nearly two units will be lost. These trends will make it increasingly difficult for renters to find or retain decent, well-located homes at prices they can afford.

Cook County has been losing affordable rental homes at an alarming rate, and is projected to lose more than 78,000 units by 2020.

FIGURE 4: Net Affordable Rental Home Loss in Cook County

Source: DePaul University Real Estate Center tabulation of U.S. Census Bureau data from the 1990 and 2000 censuses, and the 2005 American Community Survey.
Key Factors Eroding the Affordable Rental Supply

In a 2006 study of rental housing, Harvard University’s Joint Center for Housing Studies reported that for every new low-cost unit built in the United States over the past decade, two have been razed, abandoned, or turned into condominiums or high-end rentals.24 This same trend is also projected for Cook County through 2020, and similar trends have also applied in recent years in Chicago neighborhoods and suburbs across Cook County.25 Thousands of apartments have been converted to condominiums. Dozens of private property owners have declined to renew long-term federal housing contracts in order to raise previously affordable rents to market levels. And in some communities, deteriorating rental buildings have fallen into such disrepair that the only feasible solution has been to tear them down and build anew.

Four key factors have led to this situation and will continue to erode the supply of affordable rental housing in both weak and strong markets.

Real estate markets are soaring. Rising housing values encourage owners to raise rents for existing units and, increasingly, encourage conversion to condominiums. And despite the current, softer housing market, the trend over time is that Cook County is becoming home to fewer and fewer affordable rental homes.

From 2000 to 2005, an estimated 20,000 rental units were converted to for-sale condominiums.26

Operating costs are rising. Rising taxes and energy and insurance costs not only drive up rents, but also make it difficult for new developments to be profitable, stifling ongoing maintenance and reinvestment needed for periodic capital improvements.

According to the Center for Neighborhood Technology, natural gas prices doubled in 2005, from $0.60 to $1.20 per therm, and heating costs have been rising steadily over the past decade. For example, annual heating expenses at one typical 38-unit South Side courtyard building rose from $22,000 to $38,000 between 2000 and 2006, a 70 percent increase.

Rental properties are deteriorating. Many rental buildings are being lost due to poor maintenance. Whether because of legitimate financial limitations or outright neglect, properties not maintained by their owners create an ongoing problem of “troubled” buildings in Chicago and surrounding communities. Without intervention, this situation can lead to foreclosure, abandonment, and, in the most severe cases, the need to demolish properties that have become uninhabitable or cost-prohibitive to restore.

More than 70 percent of Cook County’s rental buildings are 35 years old or older, having been built before 1970.27
From 2000 to 2005, foreclosure proceedings were started on a total of 16,240 residential buildings in Cook County, and an estimated 2,751 rental buildings were demolished.28

Long-term federal subsidies and affordability restrictions are expiring. More than 60,000 apartments in Cook County were developed through federal programs that require long-term affordability in exchange for low-cost debt and equity financing, and/or ongoing rent subsidy.29 The contracts and restrictions for many of these government-assisted rentals are now expiring. By 2011, restrictions on 40,000 of these units in Cook County will have expired,30 and by 2020, a total of nearly 53,000 will have expiring contracts. Upon expiration, owners are free to opt out of their obligations or refinance their government-backed mortgages and take the units into the private market, either as higher-cost rentals or condominium conversions. These government-assisted rental properties with subsidies and affordability restrictions that expire by the end of 2011 are located throughout Chicago and the surrounding Cook County suburbs (see map, page 12).

In addition, many at-risk units are located in buildings that are considered “distressed” both physically and financially. According to a 2002 Chicago Rehab Network study of 123 buildings financed through the Low-Income Housing Tax Credit (LIHTC) program, one-quarter of the buildings had severe cash flow difficulties and 80 percent had inadequate operating reserves.31

Rising housing values have encouraged many owners to convert their buildings to condominiums.

FIGURE 6: Age of Rental Buildings in Cook County

Source: DePaul University Real Estate Center tabulation of U.S. Census Bureau data from the 2005 American Community Survey.
FIGURE 7: Federally Assisted Properties, Cook County

Legend

- Assisted Properties
- Units Expiring by 2011

4 - 60
61 - 132
133 - 278
279 - 498
499 - 27,103
No Units
Total: 31,276 Units

Sources: U.S. Department of Housing and Urban Development (HUD) property database; Chicago Rehab Network. HUD property database is maintained solely by HUD. Data include Section 202/811 properties.
Preserving Affordable Rental Housing Is Sound, Cost-Effective Policy

Preserving and improving the existing stock of low-cost rental properties offers the region an affordable housing strategy that is both cost-effective and high impact. Preservation helps stretch limited public funds as far as possible and ensures that newly built units truly add to the affordable housing supply. A strategy focused on preserving and improving existing rental stock has many advantages.

On average, preserving an existing apartment costs half as much as building a new one. Today’s cost of new construction in Cook County is so high that no builder can produce affordable rental housing without major subsidies. In 2005, according to Illinois Housing Development Authority, a newly constructed multifamily affordable rental unit cost $218,000. In contrast, preserving an existing affordable rental apartment costs an average of $73,000, according to a MacArthur Foundation analysis of nationwide data for preservation transactions for more than 35,000 homes over the past five years.

Preserving existing properties conserves billions of public dollars already invested in the rental housing supply. For more than 40 years, federal tax policy and housing programs have encouraged private owners and investors to develop millions of rental homes, with and without long-term government subsidy. These units will never be replaced through new construction, and even if they were, it would represent the loss of billions of dollars in taxpayer investment.

Preserving affordable rental properties improves communities and the lives of individuals, not just buildings. Owners who acquire and preserve existing, affordable rental properties typically make major physical repairs and bring in new financing and/or subsidy. A growing number of preservation-
minded owners of affordable housing are making other improvements as well, such as adding child care centers, Internet and computer access, financial literacy classes, playgrounds, improved security, and more. Dilapidated, drug-ridden buildings have been transformed. Low-cost homes have been retained in areas where spiraling housing markets had threatened to displace longtime elderly residents and low-income families.

Preserving affordable rental properties helps preserve jobs. Businesses go where labor markets are located. A lack of affordable housing means business owners will continue to move to the region’s periphery in order to get access to a diverse labor market.

Dangerous living conditions undermine sustainable communities. If existing dilapidated, affordable rental housing is not rehabilitated, thousands of families and seniors will be forced to contend with dangerous living conditions and the threat of displacement from run-down rental homes on the path to foreclosure, abandonment, and, eventually, demolition. Ultimately, such a situation will diminish the region’s overall ability to foster

Buildings like this one are part of the infrastructure of the region, and it is more cost-effective to restore them than to replace them.

### FIGURE 8: Government-Assisted Housing Units in Cook County (rounded to the nearest thousand)

<table>
<thead>
<tr>
<th></th>
<th>Total Government-Assisted Units</th>
<th>Expired and Opted Out, through 2005</th>
<th>Due to Expire, 2005–2011</th>
<th>Total Federally Assisted Units Lost or at Risk, 1995–2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Housing Program</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HUD-regulated buildings (units)*</td>
<td>39,000</td>
<td>9,000</td>
<td>22,000</td>
<td>31,000</td>
</tr>
<tr>
<td>Low Income Housing Tax Credit Buildings, 2003 (units)</td>
<td>23,000</td>
<td>9,000</td>
<td>9,000</td>
<td>9,000</td>
</tr>
<tr>
<td><strong>Total Units</strong></td>
<td>62,000</td>
<td>9,000</td>
<td>31,000</td>
<td>40,000</td>
</tr>
</tbody>
</table>

*Number of units as of 1995. Includes Section 8 new construction or substantial rehab (including Section 202 financing), Section 236, Section 8 loan management, rental assistance programs, rent supplements, or property disposition.

Source: National Housing Trust.
healthy, sustainable communities with a broad mix of incomes and reasonable proximity to major employment centers.

**New Strategies to Preserve and Strengthen Affordable Rental Housing**

New preservation tools and tactics are being tested throughout the country. Since 2001, more than 40 states and localities have added programs or shifted their funding priorities to encourage preservation of affordable housing. An initiative in New York City, for example, aims to preserve 73,000 affordable rental units by 2013. In Florida, a governor-appointed task force has recommended $25 million in new funding and other measures to spur projects that preserve tens of thousands of at-risk affordable rental homes throughout the state.

Cook County is home to many of the country’s leading developers of affordable housing, both for-profit and nonprofit, as well as a wide array of creative and committed financial and civic institutions. These organizations have demonstrated their ability to preserve and improve affordable rental housing in ways that deliver significant benefits for families, communities, and taxpayers. Despite complex legal, financial, and regulatory barriers, thousands of existing rental properties, including many with no government subsidy, are purchased, upgraded, and preserved as affordable housing every year.

In the past 15 years, the Illinois Housing Development Authority (IHDA) and the city of Chicago have constructed more than 18,000 affordable rental units and substantially rehabilitated more than 17,000. IHDA has made preserving homes a priority in its funding.
Profiles of Four Preservation Projects

The following examples show how four different approaches help preserve affordable housing developments in the Chicago region.

Rehabilitating Older Buildings

Many units of affordable housing in Cook County are lost when owners of older buildings reach retirement age and decide to sell because the property has become too much of a burden. Spacious units—some even with four or five bedrooms—made a 100-year-old, 96-unit property in Chicago’s rapidly gentrifying Mid-South area a great place for families. Nevertheless, most residents at this building would have been forced to move if—as was likely—it had been sold to make way for market-rate condominiums. Instead, national nonprofit NHT/Enterprise Preservation Corporation teamed up with local for-profit Chicago Community Development Corporation to purchase and renovate the building inside and out.

Financing from the city of Chicago, the Illinois Housing Development Authority, and other entities permitted a complete overhaul that included new, energy-efficient heating, plumbing, and electrical systems; new windows, kitchens, and baths; and a security system. Other improvements, including a new community room, as well as an inside courtyard play area for children, enhanced the overall value of the property to both the community and residents.

Tax Credits to Preserve Affordable Housing

Dorchester Towers is a 51-unit apartment building sitting on 2.5 acres in suburban Dolton in the middle of a community composed primarily of single-family homes. When it came on the market in 2000, Mayor William Shaw asked Community Investment Corporation (CIC), a nonprofit financial intermediary, if it would be possible to rehabilitate the property and keep it affordable.

CIC not only believed it was possible, but also provided financing and identified a qualified buyer with experience in rehabbing affordable housing. The property also benefited from a critical tax assessment decrease through the Cook County Assessor’s Class 9 program, which reduces taxes by 40 percent on older buildings when developers upgrade major systems. In return, owners commit to keeping at least one-third of the units affordable to low- and moderate-income people.

Tax savings of this size make property rehabilitation cost-effective. In addition, extensive landscaping at

Community Investment Corporation financing helped Khamolaw Beard, Jr., rehab Dorchester Towers when the mayor of Dolton, Illinois, asked for assistance in keeping these units affordable.
Dorchester Towers plus substantial interior repairs resulted in a building more attractive than the original complex and many of the surrounding homes.

**Saving Housing for Seniors**

Richard Koenig, executive director of Housing Opportunity Development Corporation, hesitated when he was first asked to redevelop Morton Grove Senior Housing, a 56-unit apartment building with an expiring Section 8 contract. He knew from firsthand experience that community backlash to these types of projects—even when they involve seniors—could be fierce.

Built as a community for moderate-income homeowners, the village of Morton Grove advertises its ethnic diversity and large immigrant population on its Web site. Today, the village is built out and landlocked, and its population is aging. Trustees decided that the building had worked in the community for decades and that keeping existing residents would serve the community better than converting the site to market-rate condominiums.

As a result, Morton Grove embraced the project and transferred more than half the village’s private activity bond cap to execute it.

**Preserving Affordable Housing in the Suburbs**

Woodstock, Illinois, a picturesque, historic suburb northwest of Chicago in McHenry County, has become a magnet for families seeking to exchange the hustle and bustle of city life for a quieter, small-town atmosphere.

But, while new residents can help revitalize older communities, they also often cause property values to rise too rapidly, squeezing out existing residents. With new subdivisions dotting the highways leading into Woodstock and $300,000 to $400,000 homes sitting on its perimeter, Walden Oaks, a 192-unit apartment building was a prime target for gentrification.

To preserve affordable housing in this community, Hispanic Housing, a highly regarded Chicago nonprofit developer, used a mixed-income model. A majority of apartments are market rate, but 150 homes are made affordable for holders of a housing choice voucher (formerly Section 8). These residents pay one-third of their income for rent, and government subsidies make up the difference between that and the market-rate rent.

A majority of units are market rate at this development in Woodstock, Illinois, but 150 homes are affordable to families with housing choice vouchers.

The downward trend in Cook County’s supply of affordable rental housing can be reversed if greater efforts are made to invest in and maintain the low-cost rental buildings that already exist. Indeed, stepping up efforts to preserve and strengthen existing properties is the only way to meet the region’s rising demand while protecting current and future investments aimed at increasing the affordable housing supply.
An Action Plan to Preserve Affordable Rental Housing

THE PRESERVATION COMPACT HAS PUT INTO motion six bold Keystone Initiatives that, combined, aim to preserve 75,000 affordable rental homes throughout Cook County by 2020.

By tackling the most serious problems underlying the county’s ongoing loss of affordable rental homes, this action plan promises to reshape Cook County’s rental housing landscape and ensure that government spending to build new affordable units is not outstripped by a rising tide of losses from the existing stock of low-cost rental properties, the majority of which were developed by the private market and have no significant source of ongoing subsidy.
Rental-housing owners and developers need a responsive and economical source of acquisition funds and secondary capital for the purchase and recapitalization of affordable multi-family buildings. While banks and nonprofit lenders will continue to provide the bulk of these financial products, a new Affordable Rental Housing Preservation Fund will focus on market segments not fully served by the current products offered by traditional financial institutions or by government subsidy programs. It will support both nonprofit and for-profit developers interested in preserving and improving affordable rental housing. It will be professionally managed and provide an appropriate return to investors.

A working group led by the Urban Land Institute conducted a demand study to examine existing fund models in New York City, assess funding needs and opportunities in Chicago, identify potential investors and users, and determine the financial products needed to preserve affordability.

The demand study identified two useful elements for a Preservation Fund in Cook County:

**Bridge loans.** These will allow developers to acquire and hold at-risk properties while permanent, long-term financing is assembled.

**Mortgage insurance.** This will lower debt coverage requirements and increase the size of the first-lien mortgage for properties at risk of both deterioration and market conversion.
The Fund will be tightly focused on the goal of preserving affordable rental housing, rather than on building new rental housing or supporting homeownership among low-income households.

Preliminarily, transactions through the Fund are projected to preserve approximately 48,000 units through 2020—two-thirds of the Preservation Compact’s overall goal. The Fund working group will set a goal for the number of rental units to be preserved and use that goal to set the scale of its operations, based on the number of units, cost per unit, and other market needs.

The working group will propose a legal and financial framework, as well as a management and operational plan.

The Fund will include support from public, private, and foundation sources. Potential partners include government agencies, banks, pension funds, insurance companies, community development financial institutions, and investment firms.

The Fund’s operations and impact will be assessed on a regular basis. As market conditions change, the structure and products will be adjusted to serve emerging needs.
Many of the technical and financial challenges that reduce availability of affordable rental housing can be addressed through existing programs, new tools developed in other regions, or improved coordination among public agencies. A high-level Interagency Council will bring together public sector participants to identify common challenges and jointly implement solutions.

The Council’s primary partners will be the three government agencies that provide resources and other support for rental housing — the City of Chicago Department of Housing, the Illinois Housing Development Authority, and the U.S. Department of Housing and Urban Development, as well as Cook County and other regional representatives.

The Council will coordinate government programs, fine tune practices and procedures, and develop new ways to support and preserve affordable rental housing. It will have responsibility for identifying the highest-priority preservation opportunities or needs and then channeling municipal, county, and state resources to those areas. Also, it will work closely with the Data Clearinghouse (see Keystone 3) to provide a rapid response on buildings at risk of being lost from the affordable rental stock.

A model for this type of collaboration is in Minneapolis, where the Family Housing Fund for the past decade has coordinated a regional interagency funding group.
The lead agencies, which will also participate in the Preservation Fund, have agreed on the following:

**Focus.** The Council will focus on buildings with expiring contracts or those eligible for prepayment; troubled properties or portfolios; and long-term planning for preservation.

**Interagency coordination.** While each agency retains its right to make decisions independent of the Council, the Council will facilitate coordinated setting of priorities across agencies; develop common preservation principles to govern decision making about allocation of resources; and help assess tradeoffs between modest upfront investment and long-term commitments that result in a longer duration of preservation. Staff for the Council will be located at the DePaul University Real Estate Center.

**Services to business owners.** The Council’s coordination will streamline the current process, which requires buyers and sellers to engage in separate negotiations with each individual agency.

**Unified process.** To the extent possible, the Council will devise and agree on a coordinated processes to evaluate prospective preservation deals, covering pricing, developer capability, affordability levels, and duration; and it will facilitate a collaborative approach to initial underwriting.

**Efficiencies and effectiveness.** The Council will enable a single point person to provide information about the three agencies and their roles, and to monitor the activities and concerns of preservation-focused community forums, task forces, and interest groups.
KEYSTONE
A Rental Housing Data Clearinghouse and early warning system for buildings facing expiring subsidies or otherwise at risk of leaving the affordable rental market.

Current information sources and practices do not provide enough timely, accurate information to allow developers, tenant groups, and governments to save a building facing expiring subsidies or otherwise leaving the affordable rental market. Many properties have layered funding from multiple sources, which makes acquisition or refinancing complicated, time-consuming, and costly. This reduces the chances of maintaining the building as affordable.

The Rental Housing Data Clearinghouse at the DePaul Real Estate Center will develop a coordinated approach to collecting, verifying, and maintaining information on expiring affordability requirements for all government-supported rental buildings in Cook County. It also will develop a method for tracking changes in the unregulated affordable rental stock, which accounts for about three-quarters of the affordable stock.

The Clearinghouse will analyze and regularly share information with government agencies, communities, interest groups, and nonprofit and for-profit developers of affordable rental housing. It will use the data to provide early warning of properties at risk of leaving the affordable rental stock.

The Clearinghouse will build off existing Chicago data sources as well as other models, such as the Florida Housing Clearinghouse and the Northeast Ohio Community and Neighborhood Data for Organizing system.

The Clearinghouse will provide two distinct types of services: information management, including collection, analysis, and dissemination; and education and support to help users find, interpret, and use the data.
Activities of the Rental Housing Data Clearinghouse will include the following:

**Data collection.** The Clearinghouse will work with the Interagency Coordination Council to acquire the best available data from the three primary sources—the Chicago Department of Housing, the Illinois Housing Development Authority, and the U.S. Department of Housing and Urban Development—and other sources, including the Cook County Assessor’s Office. The data will be collected at least quarterly, and more often when possible.

**Data cleanup and refinement.** The Clearinghouse will work with the government sources and use other information to cross-check, clean up, and verify the data to create the best possible base material.

**Development of additional data sources.** The Clearinghouse will collect and analyze other official and unofficial sources of information to supplement and strengthen the database and help identify at-risk properties. For instance, notices of eviction received by tenants and one-year notices of intent to terminate subsidy can provide early warning of changes in a building’s status.

Most affordable housing is privately owned. Improved data collection will help identify when these properties are at risk.
Development of risk ratings. The Clearinghouse will develop risk ratings using methods developed by the Chicago Rehab Network and similar organizations in other regions, such as New York City, New Jersey, Florida, and Pennsylvania.

Dissemination of information. The Clearinghouse will create multiple methods for sharing the information with audiences that include the nonprofit development community; for-profit developers of affordable housing (mission-driven developers); elected officials; residents in subsidized buildings; communities; and consultants or technical assistance providers in the rental housing field. The Clearinghouse will have adequate staff resources to provide timely response to telephone inquiries, including further research on individual properties, communities, or political districts.

Tracking impact in order to expand or fine tune the system. As the data become widely available, the Clearinghouse will develop a system to track the impact and value of its work, assess the accuracy of the data, and develop improved or new information to further advance the goals of the Preservation Compact.
Utility costs have risen dramatically since 2000. This means building owners are less able to reinvest in their buildings, have difficulty supporting operating expenses, and are more likely to allow buildings to deteriorate or convert rental units to condominiums.

Though electricity prices have not risen in recent years due to a rate freeze that expired at the end of 2006, building owners and tenants alike began to see major increases in their electric bills starting in 2007. These costs can be contained or even reduced through energy-efficiency programs.

A Cook County Energy Savers Program will serve as a one-stop energy-efficiency shop to help building owners reduce one of their fastest-growing and least predictable expenses.

The program will include education and training, energy audits, technical assistance, bulk component purchasing, contractor referrals, and loan and grant tools, with the goal of assessing energy improvements in 7,500 rental units over the next five years and 25,000 rental units by 2020.

The Center for Neighborhood Technology (CNT) is the lead agency, collaborating with others to provide financing assistance to building owners.
To launch the Energy Savers Program, the collaborating agencies will do the following:

**Define objectives and target markets.** Program partners are analyzing the rental market in Cook County, surveying similar programs in other states, and determining a scale of operations. While all buildings will be considered, initial targets are buildings of five to 49 units.

**Determine management structure and roles.** CNT will coordinate technical assistance and education, and information and performance monitoring, and will explore partnerships to provide financing assistance to building owners.

**Recruit partners and support.** Initial statements of support have come from the Chicago departments of Housing and Environment, both of which have existing or planned incentives for efficiency improvements in ownership and rental housing. Also expressing interest are Peoples Energy and ComEd, which have corporate commitments to efficiency programs.

**Develop educational and promotional materials.** High-quality, well-researched materials will be created to explain energy improvements, payback periods, and advantages of higher-level investments. Targeted promotion will bring these materials to building owners and managers.
Design a technical assistance program at three levels. The program will include three levels of service to reflect differing needs of buildings and owners. At each level, services can include energy assessments, assistance with identifying contractors, performance monitoring, and cost/benefit analysis. The levels are:

- **Tune up.** Simple and cost-effective, this basic program of tuning existing systems and adding an outdoor reset thermostat and remote sensors can deliver 10 to 15 percent savings and a payback in less than three years. This can also include energy-efficient lighting in common areas. Average cost per unit is $500 or less.

- **Retrofit.** Higher savings of 25 to 40 percent are gained through boiler-room upgrades—new boiler, vent damper, controls—and improvements to the building envelope, including caulking, storm windows, and ceiling insulation. Not very disruptive to tenants, this method can cost $2,500 per unit and deliver a payback to owners in six to seven years.

- **Energy-saving rehab.** Most often done when the owner is rehabbing the building, this investment covers high-efficiency boilers and water heaters, double-pane windows, and new wall and ceiling insulation. Average cost is $5,000 per unit (though some of this cost would be spent in any rehab), yielding 40 to 50 percent savings and a payback in eight to ten years.

**Align program with existing and new incentives for participation.** A primary incentive for rehab projects will be cost writedowns of high-efficiency equipment. Existing incentives, such as Chicago’s expedited permit process for green buildings and its three-level star system for building rehabs, will be incorporated. New incentives, such as bulk-buying discounts, will be created.

**Recruit experienced service providers.** The program will work with an existing core of experienced companies and explore use of new programs such as Chicago’s recent training of Greencorps employees for homeowner energy tune-ups.

**Incorporate policy work into program design and implementation.** Regulatory structures determine rates and profits for local utilities and thus must be a component of this program. Part of the work plan will be to track public policy and contribute to the rate-setting process. The program will also seek to incorporate high standards of energy efficiency into government-supported rehabilitation or rental-assistance programs.
The Illinois Housing Preservation Act gives tenants broad rights to seek and facilitate new ownership of troubled buildings or those with expiring subsidies. But acting on those rights requires more resources than most tenant groups or communities can muster on their own.

A new collaboration called the Chicago-Area Rental Housing Alliance will help tenants and communities preserve affordability of buildings that face expiration of federal subsidies. The Alliance will support expanded communication, education, and organization; provide technical assistance; and serve as liaison to government agencies and others. It also will incorporate methods that have proven effective in other such efforts, such as the National Housing Law Project in Oakland, California, and the Housing Preservation Project in Minnesota.

The Chicago Rehab Network and the Sargent Shriver National Center on Poverty Law will lead the Alliance, in partnership with legal assistance organizations, tenant organizing groups, and community development organizations throughout Cook County. These partners have agreed on the following:

Objectives. The Alliance will set goals for the number of buildings or units to be preserved, types of buildings, and geographic settings—for instance, suburban high-income community versus urban low-income neighborhood.
A preliminary target is to help preserve ten to 20 buildings per year over the next five years, with an emphasis on larger buildings (30 units or more). An average of 500 preserved units per year would maintain affordability on 5,000 units over the next ten years.

Assessment. Member groups will pool knowledge of buildings that are at risk, deteriorated, or face subsidy expiration, using tools such as the Chicago Rehab Network watch list, as well as knowledge gained through organizing and outreach.

Outreach and education. The Alliance will provide workshops, handbooks, meeting materials, and other programming to educate residents, public officials, and community organizations about relevant federal and state laws and their rights and options. Programs will stress tenant responsibilities as well as rights, and how to create effective relationships among tenants, building owners, and managers.

Organizing. The Alliance will use information from the Data Clearinghouse and other sources to identify ten to 20 at-risk buildings and begin focused outreach to the residents of those buildings and other relevant parties, including community groups, elected officials, and developers with an interest in preservation.

Legal assistance. Interested tenant and community groups will be put in contact with lawyers who are specialists in rental housing regulations. Initial legal counseling will be followed up with additional support as needed. The Alliance will develop a list of possible sources of legal support, including nonprofit legal assistance agencies and private lawyers who have committed to work pro bono on rental-preservation cases. It also will provide model tenant-developer agreements to provide guidance to all parties.

Development partners and consultants. When appropriate, the Alliance will provide referrals to experts in real estate development and federal subsidy programs, and will provide community and tenant groups with a list of prescreened developers—“priority purchasers,” both for-profit and nonprofit—who have a track record in rental-preservation projects. A development consultation fund will cover costs for preliminary and ongoing work by these consultants.

Communication with government agencies. Members of the Alliance will facilitate communication with appropriate government agencies at every step of the process, from identification of at-risk properties through negotiations and contract renewals. Vehicles for communication will be the Interagency Coordination Council and the Data Clearinghouse.

Financing resources. Tenant groups, community organizations, and developers that take advantage of the Alliance’s resources will be encouraged to apply for below-market-rate financing (and possibly other assistance) through the Affordable Rental Preservation Fund.

Follow-up support. The Alliance will encourage all participating groups to build long-term support for tenant training into the building management budgets, and will provide appropriate posttransition support to these buildings and their tenants to improve their long-term viability.
Property taxes are among the largest expenses for owners of multiunit rental buildings. Over the past 15 years, they have grown substantially in many neighborhoods and municipalities, rising along with the assessed value of buildings. Buildings of six units or more were taxed at an assessment level of 33 percent of value until 2002, when the Cook County Board approved a proposal by Assessor James Houlihan to reduce the assessment level to 26 percent. In February 2006, a second proposal by Houlihan was approved by the county board to drop assessment levels to 24 percent in 2006, 22 percent in 2007, and 20 percent in 2008.

A larger reduction in property taxes has been available since 1998 through the Class 9 program, which reduces the assessment level to 16 percent for ten years in exchange for substantial building-system improvements and continued affordability for 35 percent of all units in the building.

Expanding Class 9 to include a broader range of buildings would result in the preservation of more affordable units. Working with Houlihan, the Compact will seek an expansion of the Class 9 program, which will allow buildings in good condition that are wholly or primarily dedicated to affordable housing to qualify for an assessment level reduction without the “substantial rehab” requirement.
The Preservation Compact's vision of a coordinated and robust preservation effort in Cook County with sufficient resources can be realized. But decisive, unified action must be taken now. There is a window of opportunity to successfully preserve and improve a substantial portion of the region’s existing, affordable rental stock before it is lost to the pressures of strong markets on one end of the spectrum, and irreversible deterioration on the other. Either way, if losses continue too long at their current pace, the chance to save these valuable assets will slip away for good.

The work outlined in this Rental Housing Action Plan will not be easy. It will require leadership, negotiation, streamlining of government procedures, and new sources of public and private funding. Champions are needed not only from the groups assembled so far, but also from the deep pools of expertise that exist throughout the county.

The Urban Land Institute will continue its involvement in this project through its work on the Preservation Fund and will reconvene the Leadership Committee of the Preservation Compact periodically to review and assess progress on the Keystone Initiatives.

The John D. and Catherine T. MacArthur Foundation has pledged continued support. Government agencies have also committed to implementation, along with area banks, investment firms, building owners, nonprofit groups, and others involved to date in the Preservation Compact.
Appendix A: Methodology for Estimates

The DePaul University Real Estate Center estimated 2020 supply and demand figures for affordable rental housing in Cook County using the following methodologies.

Estimating the Supply of Affordable Rental Units

The Center uses the distribution of gross rents for occupied rental units from the 1990 and 2000 U.S. censuses as the primary source of data. Each census provides information on the number of households in various rent categories—e.g., the number of renters paying $350 to $450 per month. For each census, the Center calculates the number of “affordable rental units”—the number of households reporting monthly gross rent less than or equal to 30 percent of monthly income of a household earning 150 percent of the poverty income for a family of four ($29,957 as of 2005). It then calculates the change in this number from 1990 to 2000 and converts this to a percentage by dividing the change by the 1990 value. The Center converts this ten-year percentage change to a 15-year percentage change, and uses this percentage to estimate the change from 2005 to 2020 based on the number of 2005 affordable rental units reported by the 2005 American Community Survey (ACS), which also was conducted by the U.S. Census Bureau.

A key issue in these calculations is how to estimate the level of poverty income in 1990 and 2000. Although different scenarios for the consumer price index (CPI) could be calculated, this report uses the average annual value for the CPI of each census year. The Center calculates its 1990–2000 changes using the average annual value, then uses these changes to generate forecasts for the change from 2005 to 2020.
Estimating the Change in Demand for Affordable Rental Units

The Center’s forecast for change in demand for affordable rental units relies primarily on an estimate of the growth in the number of housing units. The Center uses projections from the Northeastern Illinois Planning Commission (NIPC). For Cook County, NIPC projects the number of households expected in 2030. The Center assumes the implied growth rate for Cook County will be constant on an annual basis.

As a baseline, the Center takes the number of Cook County households as of 2005 from the 2005 ACS and applies the annual growth rate compounded for 15 years to come up with a forecast for the number of Cook County households in 2020. Assuming that the vacancy rate remains constant, the Center figures that each additional household translates into demand for one additional housing unit. The Center also must account for the natural vacancy rate in the housing market. Consequently, it multiplies its forecast by one plus the vacancy rate reported by the 2005 ACS. The Center separates rental-housing demand from demand for owner-occupied housing by assuming that the proportion of rental units to owner-occupied units remains the same as that reported by the 2005 ACS.

To complete its forecast, the Center needs an estimate of the demand for affordable rental units as a percentage of available rental units. The Center defines the demand for affordable rental units as all occupied affordable rental units, plus all units renting for more than affordable rates but occupied by a family earning less than or equal to 150 percent of the poverty income for a family of four. The Center divides this number by the total number of rental units to come up with an estimate of the demand for affordable rental units as a percentage of available rental units. Finally, this percentage is multiplied by the 2020 forecast for the number of rental units to produce the 2020 forecast for the demand for affordable rental units.

Notes

1 These data come from the U.S. Census Bureau’s Summary Tape File 3, which is based on the sample of households filling out the “long form” during the decennial census.

2 Poverty incomes are taken from Historical Poverty Tables published by the U.S. Census Bureau.

3 The center first takes the square root of one plus the ten-year percentage change, then takes the cube of this number and subtracts one to get the 15-year percentage change.

4 The American Community Survey is now conducted annually by the U.S. Census Bureau and will replace the “long form” used in previous decennial censuses to collected detailed information from a sample of all households.

5 This information is obtained from NIPC’s Web site: www.nipc.org/2030_forecast_endorsed_093003.htm. This forecast was most recently revised on September 27, 2006.

6 The “natural vacancy rate” is the normal percentage of properties that are not leased or occupied. The natural vacancy rate used here is a weighted average of the rental and owner-occupied market segments.
Appendix B: Advisers and Task Forces

In addition to the members of the Preservation Compact Leadership Committee, many people in the Chicago region have offered invaluable information, insight, and experience to the development of this action plan. The members of the leadership committee wish to thank the following individuals for their time and commitment.

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ACTION PLAN

Preserve > Renew > Rebuild
Notes


2 DePaul University Real Estate Center tabulation of U.S. Census Bureau data from the 1990 and 2000 censuses, and the 2005 American Community Survey. The majority of this drop occurred between 2000 and 2005; see Figure 4.

3 DePaul Center tabulation of U.S. Census Bureau data from the 1990 and 2000 censuses, and the 2005 American Community Survey.


5 Metropolitan Chicago Information Center tabulation of 2000 Public Use Microdata Sample (PUMS) data.

6 DePaul Center estimate; see Appendix A.

7 Ibid.; see Appendix A.

8 Ibid.; see Appendix A. The Chicago Department of Housing projects 14,000 new affordable units between 2005 and 2020, and the Illinois Housing Development Authority projects 26,000 new affordable units between 2005 and 2020, although the units projected may overlap.


11 Joint Center for Housing Studies of Harvard University, America’s Rental Housing: Homes for a Diverse Nation (2006), 4.

12 Ibid.

13 American Community Survey, 2005.

14 Ibid.


16 Joint Center, America’s Rental Housing (2006), 4.

17 Ibid., 4.


22 Joint Center for Housing Studies of Harvard University, State of the Nation’s Housing 2006 (2006), 28. This includes the 5 million people with rental vouchers, as well as those households living in government-assisted housing.

23 Metropolitan Chicago Information Center tabulation of 2000 Public Use Microdata Sample (PUMS) data.
24 Joint Center, America’s Rental Housing (2006), 2.

25 Ibid., Table A-7, 30.

26 Cook County Assessor’s Office.

27 American Community Survey, 2005.

28 Records Information Service; City of Chicago Department of Buildings.

29 National Housing Trust. Different program investments may have contributed toward the same units, resulting in fewer than 60,000 units overall.

30 National Housing Trust.


33 New York City Department of Housing Preservation and Development, Preserving Government Assisted Affordable Housing (February 2006), 1–4.

34 The Affordable Housing Study Commission, A Preservation Strategy for Florida’s Affordable Multifamily Housing (2006), 4.

35 The Illinois Housing Development Authority reports it has preserved 10,000 homes and built 10,000 homes; the city of Chicago has preserved 7,480 and built 8,268. Because these two agencies keep separate records, there may be some duplication between IHDA and city of Chicago numbers.