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Business, Government, and Nonprofit Leaders Unite to Reverse Chicago Region's Affordable Rental Housing Losses

Plan to Save 75,000 Homes by 2020

Nation's Most Diverse Rental Housing Stock Seen As Competitive Advantage

(Chicago) Area real estate, finance, philanthropic, non-profit and governmental leaders unveiled a joint program today to reverse dramatic losses in the region's affordable rental stock. The comprehensive program draws on a partnership of civic and government leaders to achieve its goals, and it is the nation's most comprehensive approach to a problem that challenges communities everywhere—how to turn around the significant loss of rental housing affordable to moderate and low wage workers.

The need for immediate and comprehensive action to preserve the region's affordable housing was reinforced in a new report, *The State of Rental Housing in Cook County*, produced by the DePaul Real Estate Center and also released today

Declaring continued losses of rental housing affordable to lower wage workers “a threat to the economic future of the region,” leaders of The Preservation Compact announced a series of initiative that will save at least 75,000 existing homes in Cook County by the year 2020, which might otherwise be lost. Created in 2005, The Preservation Compact is a project of the Urban Land Institute and supported by the John D. and Catherine T. MacArthur Foundation.

Affordable rental housing plays a critical role across the country. “The Preservation Compact is at the leading edge of a movement that has been gaining momentum across the nation for several years, which we have supported through our \$100 million *Window of Opportunity* initiative to preserve affordable rental housing.

Housing leaders working at local, state and federal levels increasingly understand that saving existing rental housing is cost-effective, sensible public policy and a critical strategy for alleviating this nation's widespread and growing need for affordable housing,” said Jonathan Fanton, president of the John D. and Catherine T. MacArthur Foundation.

“Addressing this challenge will take the collaborative efforts of the public, private and not for profit sectors. Each has a role to play, whether it is more responsive and flexible financing from investors, expedited approvals or tax incentives from the public sector, or creative development strategies from for profit and nonprofit developers. The Preservation Compact brings together representatives from each of these sectors who hammered out a package of best practices, which combined, offer a comprehensive approach to the problem,” said Cheryl Cummins, President of the Urban Land Institute, Americas.

At the center of the program is a new Preservation Fund, an umbrella for a suite of financial products, which will provide acquisition and bridge financing to non-profit and for-profit developers, making it possible for them to obtain as much as a half a million dollars to support the long-term preservation of rental housing in Cook County between now and 2020. The MacArthur Foundation also announced over \$15 million in commitments to the Preservation Fund and other programs launched today.

Equally important are a series of partnerships between local organizations, each charged with responsibility for solving a different aspect of the affordable rental housing problem.

"These initiatives will have an immediate impact on local families, but they also offer clear strategies to preserve and maintain -- for years to come -- one of our most precious assets: working people and their homes," says Quintin E. Primo III, Co-chair of the Preservation Compact, Chairman and CEO of Capri Capital Partners, LLC and ULI member. "Saving 75,000 of these homes through 2020 will effect well over 200,000 low- and moderate-income Chicago area residents, honest, working class families of every ethnicity."

“Rental housing plays a central role in the region’s economy and is as critical to its infrastructure as highways, transit systems, schools and industrial parks, but we have been losing this critical asset at alarming rates for many years now. The Preservation Compact has forged a private, public and nonprofit partnership that has committed to working together to reverse these trends,” said Julia Stasch, co-chair of the Preservation Compact and Vice President for Human and Community Development at The John D. and Catherine T. MacArthur Foundation.

According to *The State of Rental Housing in Cook County*, produced by the DePaul Real Estate Center:

- If present trends continue until 2020, Cook County will lose two units of affordable rental housing for every unit built.
- By 2020, Cook County’s supply of low-cost rental housing is expected to drop by 78,000 units.
- By 2020, more than 185,000 households will be seeking, but unable to find, affordable rental housing in Cook County.

- Renters earn half the income of owners in Cook County and approximately 43 percent of rental households in Cook County pay too much for rent.

The Preservation Compact's six new initiatives for preserving housing in Cook County are:

Increased Financing. The MacArthur Foundation is providing \$10 million to seed the creation of a \$100 million *Preservation Fund* that will increase capital flow to properties at risk of being lost from the affordable rental market. Two leading community development lenders, Community Investment Corporation and Local Initiative Support Corporation, will offer a suite of new financing tools for rental property owners and preservation buyers. The Fund is being backed by public agencies and a consortium of local and national banks, including Park National, among others.

Better coordination between government agencies. The City of Chicago's Department of Housing, Illinois Housing Development Authority, Cook County Government and U.S. Department of Housing and Urban Affairs have formed an *Interagency Council* to share information and coordinate programs in order to maximize their impact in preserving at risk properties.

Information about at-risk housing. The DePaul Real Estate Center is creating a *Rental Housing Data Clearinghouse* to provide timely information, periodic reports and an early warning system on buildings at risk of being lost from both the private market and the subsidized market.

Reduced operating costs. Center for Neighborhood Technology and Chicago Investment Corporation have created a *One-Stop Energy Efficiency Program* that will provide technical assistance and loans for energy-efficient improvements.

Assistance to tenants. Chicago Rehab Network and Sargent Shriver National Center on Poverty Law have formed a *Rental Housing Alliance* to assist tenants living in affordable rental buildings with training, technical support and legal services.

Property tax reduction. The Cook County Assessors office will expand the *Class 9 Property Tax Designation* to include all affordable rental buildings, not just those requiring substantial rehab.

In the coming months, ULI Chicago will work with each of these organizations, to continue the collaboration, which the Preservation Compact has begun.

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Go to www.chicago.uli.org and click on the Preservation Compact logo on the home page to download the Action Plan and additional media materials.