FOR IMMEDIATE RELEASE
March 23, 2022

CONTACT:
Mayor's Press Office
312.744.3334
press@cityofchicago.org

NEW PARTNERSHIP WOULD CREATE SINGLE ROOM OCCUPANCY PRESERVATION FUND

Mayor Lori E. Lightfoot introduced a measure to City Council today that would allow the Department of Housing (DOH) to enter into a partnership with Community Investment Corporation (CIC) to create a $5 million "loan conversion reserve" to assist existing and potential owners of Single Room Occupancy (SRO) buildings refinance development debt.

SROs in Chicago are at risk of being converted to market-rate housing. The preservation fund would help support the financial viability of SRO buildings by reducing debt service and operating costs for owners and maintaining low-cost, affordable housing options for the City's at-risk residents.

Under the measure, SRO owner/applicants will apply directly to CIC for program assistance, which will guide owners through the full underwriting process to stabilize their buildings. The City of Chicago will establish a fund with CIC that will be used as a loan paydown of up to 50% of the permanent loan balance per applicant. SRO owners would have the option of refinancing their properties with a reduced interest rate and a smaller loan amount, helping lower operating costs.

"Single room occupancy units remain a vital, much-needed resource for some of our most vulnerable residents in the City," said Alderwoman Maria Hadden, 49th Ward. "Thanks to Mayor Lightfoot and DOH Commissioner Novara for acknowledging not only the importance of preserving SROs across the city but ensuring that dollars are put aside for long term affordability as market rates for rentals continue to increase."

The Fund would also secure long-term affordability for the SRO properties, with owners required to maintain rent levels at 50% of the area median income (AMI) or below. Tenants will pay no more than 30% of their income, and the level of investment would determine the percentage of restricted units per building. The program will require a 15-year affordability term or longer if the investment is more than $15,000 per unit. Long-term affordability will be achieved and maintained for 15 years per facility, helping owners maintain higher occupancy and marketability.

###

FIFTY-NINE AFFORDABLE RENTAL DEVELOPMENT PLANNED FOR O'HARE COMMUNITY AREA

Mayor Lori E. Lightfoot introduced an ordinance to City Council today to designate the residential development at 8535 W. Higgins. The site would be developed as a "low-affordability community" to qualify for the Affordable Housing Special Assessment Program and receive property tax incentives to maintain affordability for 30 years, the duration of the affordability covenant under the ARO.

Under HB2621, passed by Springfield last year, the City can designate any parcel as a "low-affordability community" to qualify for the special assessments created by subsection (c)(2) of 35 ILCS 200/15-178. Municipalities of less than 1,000,000 inhabitants qualify for the special assessment under (c)(2) if 40% or less of its housing units are affordable at 60% of the Area Median Income.

This development is in the O'Hare Community Area and, according to an analysis commissioned by the Department of Planning and Development (DPD) and carried out by SB Friedman in 2019, is less than 20% affordable, which is less than half the maximum threshold set by state law. There are currently no ARO units in the Community Area.

This would be the first parcel designated by the City as a low-affordability community under the Affordable Housing Special Assessment. HB2621 was passed by the State last year and was implemented by the Cook County Assessor's Office on February 7, 2022.

This designation will support the creation of 59 affordable rental units near a CTA Blue Line station and close to the O'Hare employment center, in an area with very little affordable housing currently. This measure furthers the Mayor's equity agenda and commitment to accessible development and provides new housing options to low-income Chicagoans without using any scarce City affordable housing funds.

The incentive creates a property tax assessment reduction of:

- 100% of the difference between post-construction assessed value and assessed value one year prior in years 1-3
- 80% of the difference in years 4-6
- 60% of the difference in years 7-9

- 40% of the difference in years 10-12
- 20% of the difference in years 13-30

###