



SRO PRESERVATION INITIATIVE

City of Chicago
Department of Housing
121 N. LaSalle - Room 1006
Chicago, IL 60602

DECEMBER 15, 2014
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CITY OF CHICAGO

SRO PRESERVATION INITIATIVE

One of Chicago's strengths is its diverse housing stock. Single Room Occupancy (SRO) buildings provide affordable housing opportunities essential to the quality of life for many Chicago residents. The City of Chicago, in partnership with other government and community-based organizations, supports preservation efforts of SRO properties through investment and various financing mechanisms that creates and preserves affordability for low and moderate income households.

As the principal housing agency for the City of Chicago, the Department of Housing (DOH) promotes the comprehensive growth and well-being of the City and its neighborhoods. DOH employs a variety of resources to encourage a diverse and stable housing stock throughout the city.

City of Chicago – Multi-Family Housing Financing

DOH will review applications for public funds and other subsidies from property owners and developers which are necessary to pay a portion of project-specific costs for rehabilitating and preserving SRO units within the City. Financing programs currently administered by DOH include Low-Income Housing Tax Credits, tax exempt bond financing, City of Chicago Affordable Housing Opportunity Funds, as well as other federal, state and local funds awarded in the form of first and second mortgage loans. Funding under each program is dependent on the availability of resources.

City of Chicago – Tax Increment Financing (TIF)

TIF is a tool to encourage economic and community development. Increment generated in the TIF District supports approved redevelopment plans. By State law TIF funds may be spent on certain development and infrastructure related expenses within district boundaries. Projects funded include residential construction and building rehabilitation and can be used to support infrastructure repairs, clean polluted land and put vacant properties back to productive use.

Chicago Housing Authority – Development Financing & Rental Subsidies

CHA is the third largest public housing authority in the country. Through its *Plan Forward*, the CHA works to provide quality housing in healthy and vibrant communities to enable low-income families maximize their potential. Capital loans with operating subsidy are available to eligible SRO property owners through the Mixed Finance Program. CHA will also review applications from SRO properties for Rental Assistance through the Property Rental Assistance (PRA) program. Targeted funding is for properties located in "Opportunity Areas" in order to support diversity of housing options throughout the City of Chicago.

Chicago Low-Income Housing Trust Fund

The **Trust Fund** is the nation's largest city funded rental assistance program providing rental assistance to low-income households. The Trust Fund works with property owners and developers to create affordable housing opportunities for low-income households through its Rental Subsidy and Multi-year Affordability through Upfront Investment (MAUI) programs. The Trust Fund will accept applications from SRO property owners and developers to create affordability for those living below 30% of the area median income. Funding under each program is dependent on the availability of resources.

CITY OF CHICAGO

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SRO DESCRIPTION

- An SRO building is defined as a building that contains five or more single-room occupancy units and in which at least 90 percent of the units are SRO units.
- An SRO unit is described in the Municipal Code of Chicago (Section 17-17-02164)

A dwelling unit within a single-room occupancy (building) that is used or intended to be used as sleeping quarters or living quarters with or without cooking facilities, and that contains not more than one habitable room consisting of not more than 250 square feet of floor area, excluding from the calculation of floor area any kitchen having less than 70 square feet of floor area.

SRO LICENSING THROUGH BACP

- The City Department of Business Affairs and Consumer Protection (BACP) licenses SROs. Reach out to BACP for more information at businesslicense@cityofchicago.org. Applicants may apply for SRO licenses online at webapps1.chicago.gov/AccountServices or by meeting in-person with a BACP Business Consultant at the Small Business Center. Appointments are recommended for in-person license applicants and may be made by calling 312-74-GOBIZ (744-6249).
- BACP Business License information:
http://www.cityofchicago.org/city/en/depts/bacp/sbc/business_licensing.html

SALE OR TRANSFER (See 5-15-050 of the SRO Preservation Ordinance)

Property Owner Responsibilities:

Notify tenants of the intent to sell the property. Notification should be:

- In writing and
- Mailed AND hand delivered

Notify both the Chicago Department of Housing and the Chicago Department of Law in writing by first class mail. Notification should be sent to:

- Chicago Department of Planning & Development
 - ATTN: Bryan Esenberg, Managing Deputy Commissioner
Care of: Colleen Mahoney, SRO Project Coordinator
121 N. La Salle – Room 1000
Chicago, IL 60602
- Chicago Department of Law
 - ATTN: Steven Q. McKenzie, Building and License Enforcement Division
30 N. La Salle – Suite 700
Chicago, IL 60602

Allow 180 days following the date of notice to the City and tenants (or whichever day is later if notice occurred on different days) for a buyer intending to maintain the SRO as affordable housing to tender an offer to purchase the property.

During this time, a seller may NOT enter into contract or sell to a non-affordable buyer, unless they pay the fee described in 5-15-050(a)(2). A seller MAY enter into contract with an affordable buyer during this time.

Throughout the 180-day period a seller must engage in good-faith negotiations with any potential affordable buyer.

When the 180-day period has expired, the seller may enter into a purchase and sale agreement with any buyer for 120 days.

If after 300 days from the date of notice of intent to sell the seller has not entered into a purchase and sale agreement and still intends to sell, they must repeat the process described above.

City of Chicago / Department of Housing Responsibilities

Notice to affordable housing developers.

The City of Chicago / Department of Housing (DOH) shall receive written notice of **Intent to Sell** from SRO owners. DOH will forward the Property Sales contact information to housing development businesses and organizations that have requested notice when the Intent to Sell has been received by the City.

- Housing Developers and other interested parties request that DOH provide them with such notice by emailing sropreservation@cityofchicago.org or mailing requests to:

SRO Project Coordinator
Chicago Department of Housing
121 N. La Salle – Room 1006
Chicago, IL 60602

Provide SRO buyers with information about financing options and processes

- DOH staff will meet with SRO owners / buyers to provide information regarding financing options.
- The Preservation Compact staff will meet with owners / buyers to provide information regarding other financing options.
- Referrals will be made to other funders / lenders, including the Chicago Housing Authority and the Illinois Housing Development Authority

Financing Options (existing owner or buyer)

SRO Financing Review (For Sale or Existing Owner)

- Owners / developers of SRO properties that seek to apply for City of Chicago for financing in order to create or preserve affordable housing shall submit to the Department of Housing the Multi-Family Loan (MFL) Application. MFL applications will be reviewed by DOH staff member for City resources

- Multi-Family Loan Application can be found at chicago.gov/city/en/depts/doh/provdrs/developers/svcs/multi-family-assistance.html. A link can also be found on the above-listed webpage to request an initial review meeting with Multi-Family staff, such meetings are recommended.

SRO RESOURCES

Chicago Department of Housing will provide linkage to information and a connection to resources that support the creation and preservation of SRO housing. SRO property owners and developers seeking to create and preserve affordable units should contact:

Colleen Mahoney, SRO Project Coordinator

Phone: (312) 744-7076 / **Email:** Colleen.Mahoney@cityofchicago.org

The Preservation Compact works with building owners, government and other housing stakeholders to support the preservation of affordable rental housing. Staff is available to provide information to SRO owners about available programs and resources to preserve buildings and affordable units.

Cook County Assessor's Office – SRO Property Tax Class 2 and Class 3

SRO properties can apply to the Cook County Assessor's Office for special assessment considerations if they meet program requirements. Annual Affidavits are required to assure that the property qualifies under the program definitions.

Illinois Housing Development Authority

IHDA is committed to creating strategic partnerships and investing resources to improve the quality and affordability of housing in the State of Illinois, as well as the quality of life for residents. IHDA's Multifamily Financing and Asset Management departments reviews applications from property developers for low-income housing tax credits, Illinois Affordable Housing Tax Credits, tax exempt bond funding, as well as other federal and state funds in the form of first and second mortgage loans and grants. The Multifamily Advantage program offers developers interested in taxable first mortgages options in financing for stabilizing through their newly created Credit Advantage and Affordable Advantage programs.

Federal Home Loan Bank Chicago

The Community Investment Group of the **FHLB Chicago** provides financing and direct funding tools that support affordable housing and local community lending initiatives of their members. FHLB Chicago member banks partner with community developers and public agencies to apply for Affordable Housing Program (AHP) funds on behalf of community projects, which the FHLB Chicago awards through a competitive process. The AHP subsidy is in the form of a grant from the FHLB Chicago to a member. By using FHLB Chicago products individually or in combination, community partners create economically competitive solutions that contribute to the quality of life in the communities they serve.

Community Investment Corporation

CIC is a Chicago-based lender for acquisition, rehabilitation, and preservation of affordable rental housing. CIC has a tailored approach to every loan, including financing programs for multifamily rental, and expedited acquisition loans for experienced developers.

Energy Savers / Community Investment Corporation

Energy is one of the least predictable operating costs in SRO and multi-family buildings. The Energy Savers Program is a partnership between CIC and Elevate Energy which offers FREE energy assessments to multi-family and SRO property owners. Low-interest Energy Savers Loans finance retrofits in properties to reduce energy costs through insulation, new lighting, efficient boilers, windows, thermostats, water-saving improvements. Energy Savers loans can be combined into an acquisition or refinance of the building.

For More Information, contact:

City of Chicago
Department of Housing
121 N. LaSalle - Room 1000
Chicago, IL 60602

Phone: (312) 744-7076 / email: Colleen.Mahoney@cityofchicago.org



City of Chicago
SRO Preservation Initiative
Notification of Intent to Sell or Transfer Property

Building Address (Entire Building Address) _____

Name of Owner or Title holder _____

Mailing Address of Owner _____

Phone Number of Owner _____

Email Address of Owner _____

Name of Owner's Agent (if applicable) _____

Mailing Address of Agent _____

Phone Number of Agent _____

Email Address of Agent _____

Building Contact Person Regarding Sale _____

Phone Number of Contact Person _____

Email Address of Contact Person _____

Property Tax ID # (Cook County PIN) _____

Total Number of Units in Building: _____

Number of vacant units _____

Number and type of units # SRO: _____ Studio: _____ 1-bedroom: _____

Commercial Spaces: _____

Number of Units Occupied _____ As Of (Date) _____

Rent Roll is Attached

Notification to the Tenants Attached

City of Chicago Business License Number _____ Year of License: _____

Is there an application for a Permit from the Chicago Department of Buildings? Yes No

Date: _____ Application # _____

MAIL TO: City of Chicago

Department of Housing
ATTN: Bryan Esenberg, Managing Deputy Commissioner
CARE OF: Colleen Mahoney, SRO Project Coordinator
121 N. La Salle – Room 1000
Chicago, IL 60602

and

Department of Law
ATTN: Steven Q. McKenzie, Building and License Enforcement Division
30 N. La Salle – Suite 700
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CITY OF CHICAGO
DEPARTMENT OF HOUSING
SRO PRESERVATION INITIATIVE

CITY OF CHICAGO Responsibilities

SRO	Date	Notes:
- Property Notified City of Intent to Sell		
- Property Notified Tenants of Intent		
City Steps		
- Notification of Developers		
Notification of City Departments <input type="checkbox"/> Law <input type="checkbox"/> Department of Buildings <input type="checkbox"/> Zoning		
Is Property in Building Court?		
Has Property Applied for Building Permits		

Other: