**FOR IMMEDIATE RELEASE**
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**THE CHICAGO DEPARTMENT OF HOUSING (DOH) AND COMMUNITY INVESTMENT CORPORATION (CIC) TO CREATE SINGLE ROOM OCCUPANCY PRESERVATION FUND**

City Council passed a measure today allowing the Department of Housing (DOH) to enter into a partnership with Community Investment Corporation (CIC) and 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 will 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.

"If we are to address the deficit in affordable housing and address homelessness, we must utilize all the tools and resources available and preserve the existing housing stock, including SROs," said Alderwoman Maria Hadden, 49th Ward. "I am happy that as a City we are working together to preserve this type of housing and ensuring that Chicago is a place where anyone can have a safe and healthy place to live."

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.

The Fund will 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.

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**NEW DEVELOPMENT WOULD CREATE 59 AFFORDABLE RENTAL UNITS IN THE O'HARE COMMUNITY AREA**

City Council passed an ordinance today that designates the residential development at 8535 W. Higgins as a "low-affordability community" qualifying the development for the Affordable Housing Special Assessment Program to 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 is 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 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

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