



2013 Annual Awards Entry Form
(Complete one for each entry.)

Entry Name Preservation Now Program

HFA Illinois Housing Development Authority (IHDA)

Submission Contact Dan Osborne

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Program Contact Dan Osborne

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Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013**.

Use this header on the upper right corner of each page.

HFA Illinois Housing Development Authority

Entry Name Preservation Now Program

Communications	Homeownership	Legislative Advocacy	Management Innovation
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Federal Advocacy <input type="checkbox"/> State Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> Multifamily Management <input checked="" type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs	<input type="checkbox"/> Special Achievement	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

Introduction

Project-Based Rental Assistance (PBRA) assists tens of thousands of Illinois households obtain safe, decent and sanitary housing. PBRA has been a valuable resource in Illinois with over 63,000 units supported by Section 8 Project-Based Rental Assistance alone¹, but the contracts that ensure these units remain affordable to low income families are finite. When they expire, owners may opt out and bring rents up to market value. Illinois Housing Development Authority (IHDA) administers a portfolio of Section 8 projects for Housing and Urban Development (HUD), of which 27 projects will have their contract expire by the end of 2016. That is just a small sample of the projects in the state. IHDA recognized a need to finance the rehabilitation of aging multi-family rental housing, and to extend project based rental subsidy contracts in existing developments. With an innovative use of existing resources, IHDA created the Preservation Now program to help preserve and rehabilitate affordable rental housing in the state of Illinois.

Financed through IHDA's existing soft money sources, Preservation Now will help preserve an estimated 1,200 affordable rental units for working families, seniors and people with disabilities. In addition, the labor and construction needed for the actual preservation of these developments will create quality jobs to help advance the economy within the state of Illinois.

Preservation Now will identify qualified rehabilitation projects from the competitive application for limited 9 percent tax credits to the tax exempt 4 percent channel resulting in more units preserved overall, as well as the preservation of millions of dollars of federal rental subsidy in the state of Illinois.

Program Description

IHDA created the Preservation Now program to provide subordinate mortgage financing to new tax-exempt bond projects that contain minimum levels of existing project-based rental subsidy. IHDA has set aside \$100 million in bond volume cap dedicated these projects and \$20 million in Illinois Affordable Housing Trust Fund available as the subordinate mortgage funds.

The objective is to preserve project-based rental subsidy in existing developments to encourage the acquisition and rehabilitation of properties by owners who will agree to extend the existing rental subsidy contracts related to the development.

Eligible Projects

Multifamily rental developments with an existing project-based rental subsidy contract for at least 50 percent of the units in the development are eligible for Preservation Now financing.

Eligible projects also must demonstrate the following:

- A commitment to preserve any federal existing project-based rental assistance, including, but not limited to project-based Section 8, Rent Supplement, Rural Development subsidy programs or

¹ Federal Rental Assistance Facts – Center on Budget and Policy Priorities, December 12, 2012

RAD commitment to remedy existing physical deficiencies that if not repaired threaten the viability of the development and/or the health and safety of the residents;

- A financially viable development as a result of the new financing;
- A financing gap, to support the need of subordinate financing;
- Readiness to proceed as evidenced by meeting Mandatory Application Criteria, as defined in the Preservation Now Request for Applications (RFA);
- A form of a sale between two unrelated parties that shall satisfy all relevant provisions of the Internal Revenue Code; and
- A rehabilitation plan that shall satisfy all relevant provisions of the Internal Revenue Code.

Funding Available

The amount of subordinate funding to be provided under Preservation Now will be limited to approximately 10 percent of the total development costs or the amount necessary to make the project financially feasible, as determined by IHDA. Specifically, IHDA has \$20 million available in Preservation Now funds (from the Illinois Affordable Housing Trust Fund) with which to operate the program. These funds are anticipated to leverage up to \$100 million in IHDA bond volume cap to support these preservation efforts. The Trust Fund revenue is generated from half of the state real estate transfer fee.

Results

IHDA issued a request for applications on March 18, 2013 and is currently accepting applications for the Preservation Now program. The initial application deadline was June 7, 2013. However, due to a sizable amount of inquiries and overall positive response to the program, we extended the deadline to December 30, 2013. IHDA anticipates funding 10-12 projects through the program, preserving project-based rental subsidies in more than 1000 units. The closings will likely take place by the 2nd quarter of 2014.

Conclusion

Preservation Now will preserve project-based rental subsidy in existing developments by encouraging the acquisition and rehabilitation of properties by owners who will agree to extend the expiring rental subsidy contracts related to the development. The program leverages public-private partnerships to ensure the long-term affordability of apartments and to help ease the cost of housing for working families, seniors and people with disabilities.

Approximately \$245 million in project-based subsidy will be preserved over the next 20 years as a result of Preservation Now. With such results, Preservation Now serves as a model for other HFA's to strongly consider.



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Pat Quinn, Governor

Guide to Preservation Now Program

Visual Aid Attachments

1. Press release announcing the launch of the Preservation Now program
2. Technical bulletin announcing the extended application deadline

For Immediate Release
Wednesday, March 13, 2013

New Program to Preserve Affordable Rental Opportunities across Illinois

*Preservation Now to ensure 1,200 units statewide can
continue to provide affordable rents*

CHICAGO – New funding available through the Illinois Housing Development Authority (IHDA) will help preserve an estimated 1,200 affordable rental units for working families, seniors and people with disabilities. In addition, work to preserve these developments will create quality jobs to help advance the economy.

On behalf of the administration of Governor Pat Quinn, IHDA created the Preservation Now program to provide subordinate mortgage financing to new IHDA issued tax-exempt bond projects that contain minimum levels of existing project-based rental subsidy.

“Governor Quinn recognizes the need to preserve safe and decent affordable rental housing for the people of Illinois,” IHDA Executive Director Mary Kenney said. “Preservation Now leverages public-private partnerships to ensure the long-term affordability of apartments and to help ease the cost of housing for working families, seniors and people with disabilities.”

Preservation Now will preserve project-based rental subsidy in existing developments by encouraging the acquisition and rehabilitation of properties by owners that will agree to extend the existing rental subsidy contracts related to the development. Approximately \$245 million in project-based subsidy will be preserved over the next 20 years as a result of Preservation Now.

The Preservation Now program will make available up to \$20 million in Illinois Affordable Housing Trust Fund and other resources, which are anticipated to leverage up to \$100 million in IHDA bond volume cap to support preservation efforts. Trust Fund revenue is generated from half of the state real estate transfer fee.

Applications are now available at www.ihda.org.

About the Illinois Housing Development Authority

IHDA (www.ihda.org) is a self-supporting state agency that finances the creation and the preservation of affordable housing across Illinois. Since its creation in 1967, IHDA has allocated more than \$11.6 billion and financed approximately 225,000 affordable units across the state.

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ILLINOIS HOUSING DEVELOPMENT AUTHORITY

IHDA Technical Bulletin

Preservation Now

Extended Application Deadline

The Illinois Housing Development Authority has extended the application deadline for the Preservation Now program to **December 30, 2013 at 3:00 p.m.**

Preservation Now provides subordinate mortgage financing to new IHDA issued tax-exempt bond projects that contain minimum levels of existing project-based rental subsidy.

The objective is to preserve project-based rental subsidy in existing developments by encouraging acquisition and rehabilitation by owners that will agree to extend existing rental subsidy contracts related to the development.

The Preservation Now program is supported by \$20 million in Illinois Affordable Housing Trust Fund resources, which is anticipated to leverage up to \$100 million in IHDA bond volume cap to support preservation efforts. IHDA estimates approximately 1,200 units and \$245 million in project-based subsidy may be preserved over the next 20 years through the program.

Please see the [Request for Applications](#) for more information.

Jim Weglarz
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The MailChimp logo, featuring the word "MailChimp" in a stylized, handwritten font, enclosed in a light blue rounded rectangular box.