

2014 Entry Form
(Complete one for each entry.)

Fill out the entry name <i>exactly</i> as you want it listed in the program.

Entry Name _____

HFA _____

Submission Contact _____

Phone _____ Email _____

Qualified Entries must be received by **Tuesday, July 1, 2014.**

For more information about Qualified Entries, [click here to access the 2014 Entry Rules.](#)

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

HFA _____

Entry Name _____

Communications	Homeownership	Rental Housing	Special Needs Housing
<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"/> Multifamily Management <input 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
Legislative Advocacy	Management Innovation	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> State Advocacy <input type="checkbox"/> Federal Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input type="checkbox"/> NO

Introduction

Tens of thousands of Illinois households a year obtain safe, decent and sanitary housing through the federal government's Project-Based Rental Assistance program, making it one of the most valuable sources of help for low income residents in need of affordable housing. In Illinois alone, more than 63,000 units are affordable because the tenants receive project-based rental assistance.¹

However, these contracts come with expiry dates and when they expire property owners often opt out of the program in favor of adjusting their rents back up to market value, losing valuable affordable housing options for low income renters.

Recognizing the need to preserve the affordability of these units, the Illinois Housing Development Authority (IHDA) explored ways in which it could offer property owners an incentive to keep their rents at affordable rates. The Authority discovered that one of the main reasons property developers were deciding to raise their rents was to help offset much-needed rehabilitation costs for their aging properties. With an innovative use of existing resources, IHDA created the Preservation Now program to help multifamily property owners rehabilitate affordable rental housing in the state and, in turn, preserve their affordability through the contracts.

Program Need

As experienced around the nation, the value of Low-Income Housing Tax Credits (LIHTC) reached such low levels during the economic downturn that tax-exempt bond deals simply were not feasible. Multifamily developers who contemplated taking on preservation projects of existing affordable housing had no choice but to compete with other non-preservation projects for the notoriously highly competitive nine percent tax credits.

We learned through our discussions with developers that additional soft monies would be required to make many of the preservation projects financially viable. In an attempt to alleviate demand for the nine percent tax credits and to steer qualified rehabilitation projects towards four percent tax credits, IHDA responded by bundling the four percent tax credits with soft funding under the Preservation Now program to make this financing option more attractive to developers. IHDA also identified the need to keep existing project-based subsidy in the state when many projects under existing contracts reach their maturity, especially since the federal government allocates a predetermined number of rental subsidies. The Preservation Now program was created to help the state retain these subsidies and lock in affordable rates on thousands of units for another 20 years.

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

The goal was to preserve more affordable units, as well as preserve 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 for these projects and \$20 million in Illinois Affordable Housing Trust Fund for subordinate financing.

The amount of subordinate financing provided under Preservation Now is limited to approximately 10 percent of the total development costs or the amount necessary to make the project financially feasible, as determined by IHDA. The \$20 million available in Preservation Now funds from the Trust Fund are anticipated to leverage up to \$100 million in IHDA bond volume cap to support the preservation efforts. Trust Fund revenue is generated from half of the state real estate transfer fee.

The objective of the program is to preserve project-based rental subsidy in existing developments by encouraging property owners to acquire and rehabilitate their buildings with the financing in return for agreeing to extend the existing rental subsidy contracts associated with 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 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.

Results

IHDA is extremely proud of the success of the Preservation Now program. When the program was launched in 2013, our goal had been to finance 10 – 12 projects, and our hope was to preserve project-based rental subsidies in at least 1,000 units.

We have far exceeded our expectations (see attached visual aid). As of June 30, 2014, Preservation Now has financed the rehabilitation of seven developments across the state, and preserved the rental subsidies of a total of 1,130 units. A total of \$14.25 million in financing has been invested into these projects, creating approximately 900 construction-related jobs for the local community.

IHDA is on track to further surpass our goals. As of June 30, 2014, one development with 138 units is currently in the Preservation Now pipeline. Another five developments representing a total of 694 units are likely to apply for Preservation Now funding in the coming months. With these numbers, it is evident that demand for funding under this program exceeds the amount of available resources.

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 tied 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 across the state. Preservation Now also helped to relieve demand for the nine percent tax credits, thus allowing more affordable housing projects to get financing.

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.

VISUAL AIDS

1. List of Preservation Now Funded, Pipeline and Potential Projects
2. Press Release: March 13, 2013
3. Press release: October 19, 2013

Illinois Housing Development Authority
Category: Rental Housing – Preservation and Rehabilitation
Preservation Now Program

Preservation Now FUNDED Projects (as of 6/30/2014)					
Project	Location	Population	Units	Preservation Now \$	Estimated Jobs Created
Evergreen Towers	Chicago	Elderly	100	\$1,650,000	124
Shawnee Village	Marion	Non-Elderly	120	\$1,450,000	74
Sandburg Village	Galesburg	Non-Elderly	128	\$2,250,000	94
Creekwood Apts	Morton	Elderly/Non-Elderly	104	\$1,850,000	75
Country Village	Anna	Elderly/Non-Elderly	104	\$1,500,000	57
Peoria Portfolio I-IV	Peoria	Elderly	478	\$4,000,000	394
Buena Vista	Elgin	Non-Elderly	96	\$1,550,000	78
TOTAL FUNDED:			1130	\$14,250,000	896

Preservation Now PIPELINE (as of 6/30/2014)					
Project	Location	Population	Units	Preservation Now \$	Estimated Jobs Created
MLK Apartments	Chicago	Non-Elderly	138	\$2,300,000	136

POTENTIAL Preservation Now Projects (as of 6/30/2014)					
Project	Location	Population	Units	Preservation Now \$	Estimated Jobs Created
University Village I	DeKalb	Non-Elderly	246	TBD	TBD
University Village II	DeKalb	Non-Elderly	168	TBD	TBD
University Village III	DeKalb	Non-Elderly	120	TBD	TBD
Pierson Hills	Peoria	Non-Elderly	100	TBD	TBD
Whiting Hall	Galesburg	Elderly	60	TBD	TBD
TOTAL POTENTIAL:			694	\$0	0

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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