

Affordable housing is a valuable community asset which is usually created through substantial public investment of both time and money. In particular, there are thousands of units subsidized through project-based Section 8, Low Income Housing Tax Credits (LIHTC) and other financing and subsidy programs. To safeguard this investment and promote stable neighborhoods, policies and resources must target the long-term preservation of these buildings. This challenge requires increased funding for nonprofit acquisitions, creating incentives for existing owners and protecting tenants and communities with sound policy.

Once a property is placed in service property taxes are the single largest operating expense. Reducing or eliminating this expense will maintain the initial public investment, slow rent increases and allow for the development of more affordable units at lower rents. In the end, controlling property tax growth allows long-term renters and owners to stay in communities.

Current proposals are:

## **Nonprofit Affordable Housing Exemption**

All nonprofit owned affordable housing will be exempt from property taxes as long as it continues to be affordable and the income from the property is used to benefit of the property for operating expenses or rental subsidy. Current Illinois Property Tax Code does not allow for a general exemption for nonprofit ownership of low-income rental housing. Only housing for senior citizens and the disabled, such as HUD 202, are exempt. Other states, such as Texas and California, allow for a complete exemption of non-profit owned affordable housing from local property taxes.

## **Cook County Section 8 Incentive (Class 9S)**

Owners of some expiring project-based Section 8 buildings in areas with high market values would be given property tax relief as an incentive to renew their Section 8 contracts. This incentive would slow the recent trend of converting affordable housing to market-rate rentals and condominiums.

## **Right of First Refusal**

Amend Illinois's Federally Subsidized Housing Preservation Act to give tenant associations or their representative the right to purchase their housing when an owner tries to eliminate affordability restrictions. The scope of the current act is too limited to be useful for current preservation needs.

## **Improve the Enhanced Voucher**

Allow tenants displaced by Section 8 conversions to use their enhanced voucher in their neighborhood rather than just in their current building.