



Housing Facts

Preserving Section 8 Housing Through Property Tax Incentives

The federally funded project-based Section 8 program represents one of the largest sources of affordable housing in the Chicago area, yet that housing is now at risk as privately owned Section 8 housing reaches the end of its original contract period. Landlords are not required to stay in the program and may choose to opt out once their contract period is expired. It is critical that local government intervene to create incentives to keep this housing affordable by rewarding owners who choose to stay in the Section 8 program.

Principles and Issues

- There are currently 20,644 units of project-based Section 8 housing in Cook County, of which 18,351 are in Chicago. The Section 8 portfolio is the largest stock of affordable housing outside of public housing.
- Between 2001 and 2005, there are 16,000 units of Section 8 housing that will be able to opt out of the program. Chicago Rehab Network has identified 3,909 units in Cook County that are at high risk of opting out because of their location in high cost areas. These units most likely will be lost without some sort of intervention.
- If this housing is lost, it will never be replaced in these neighborhoods, and the current affordable housing shortage will escalate.

Proposed Incentive

Cook County should create an incentive program that will reward owners in targeted areas who elect to stay in the Section 8 program for an extended period of time. The program should be limited to projects that are likely to opt out and convert to either high rent or condo.

Why is this incentive needed?

Without some financial incentive to stay in the program, private owners will choose to opt out of the program in areas where the market will assure them of higher returns on their investment. Property taxes are a significant expense item for these buildings and a reduction in the assessment rate would be a substantial financial benefit.

What must be done?

The Cook County Property Tax Classification Ordinance should be amended to include a new incentive classification that addresses the issue of preservation of project-based Section 8 housing.

Chicago Rehab Network is a citywide coalition of neighborhood-based nonprofit housing groups advocating for policy change at local, state and national levels. For over twenty years CRN has been the leading technical assistance provider in the Chicago region, working to create affordable housing and promote community development without displacement. For more information, please contact Chicago Rehab Network at 312/663-3936.