SRO PRESERVATION INITIATIVE

City of Chicago
Department of Housing
121 N. LaSalle - Room 1006
Chicago, IL 60602

DECEMBER 15, 2014
UPDATED JULY 19, 2019
One of Chicago’s strengths is its diverse housing stock. Single Room Occupancy (SRO) buildings provide affordable housing opportunities essential to the quality of life for many Chicago residents. The City of Chicago, in partnership with other government and community-based organizations, supports preservation efforts of SRO properties through investment and various financing mechanisms that creates and preserves affordability for low and moderate income households. The SRO Preservation Initiative will invest financial resources such as forgivable loans and subsidies to preserve 700 SRO units over the next five years.

As the principal planning agency for the City of Chicago, the Department of Housing (DOH) promotes the comprehensive growth and well-being of the City and its neighborhoods. In 2014, the City released the five-year housing plan, *Bouncing Back*, which outlines policy initiatives and provides production estimates for more than $1.3 billion in spending from 2014-2018 to create, improve, and preserve more than 41,000 units of housing. In addition to its planning functions, the housing bureau employs a variety of resources to encourage a diverse and stable housing stock throughout the city.

**City of Chicago – Multi-Family Housing Financing**

DOH will review applications for public funds and other subsidies from property owners and developers which are necessary to pay a portion of project-specific costs for rehabilitating and preserving SRO units within the City. Financing programs currently administered by DOH includes Low-Income Housing Tax Credits, tax exempt bond financing, City of Chicago Affordable Housing Opportunity Funds, as well as other federal, state and local funds awarded in the form of first and second mortgage loans. Funding under each program is dependent on the availability of resources.

**City of Chicago – Tax Increment Financing (TIF)**

TIF is a tool to encourage economic and community development. Increment generated in the TIF District supports approved redevelopment plans. By State law TIF funds may be spent on certain development and infrastructure related expenses within district boundaries. Projects funded include residential construction and building rehabilitation and can be used to support infrastructure repairs, clean polluted land and put vacant properties back to productive use.

**Chicago Housing Authority – Development Financing & Rental Subsidies**

CHA is the third largest public housing authority in the country. Through its *Plan Forward*, the CHA works to provide quality housing in healthy and vibrant communities to enable low-income families maximize their potential. Capital loans with operating subsidy are available to eligible SRO property owners through the Mixed Finance Program. CHA will also review applications from SRO properties for Rental Assistance through the Property Rental Assistance (PRA) program. Targeted funding is for properties located in “Opportunity Areas” in order to support diversity of housing options throughout the City of Chicago.

**Chicago Low-Income Housing Trust Fund**

The Trust Fund is the nation’s largest city funded rental assistance program providing rental assistance to low-income households. The Trust Fund works with property owners and developers to create affordable housing opportunities for low-income households through its Rental Subsidy and Multi-year Affordability through Upfront Investment (MAUI) programs. The Trust Fund will accept applications from SRO property owners and developers to create affordability for those living below 30% of the area median income. Funding under each program is dependent on the availability of resources.
SRO DESCRIPTION

- An SRO building is defined as a building that contains five or more single-room occupancy units and in which at least 90 percent of the units are SRO units.

- An SRO unit is described in the Municipal Code of Chicago (Section 17-17-02164)
  A dwelling unit within a single-room occupancy (building) that is used or intended to be used as sleeping quarters or living quarters with or without cooking facilities, and that contains not more than one habitable room consisting of not more than 250 square feet of floor area, excluding from the calculation of floor area any kitchen having less than 70 square feet of floor area.

SRO LICENSING


SALE OR TRANSFER (5-15-050)

Property Owner Responsibilities:

Notify the Tenants 180 days before the proposed sale / transfer of the property.

- In writing to the tenants
- Mailed and hand delivery

Notify both the Chicago Department of Housing and the Chicago Department of Law in writing by first class mail:

- Chicago Department of Planning & Development
  ATTN: Bryan Esenberg, Deputy Commissioner
  121 N. La Salle – Room 1000
  Chicago, IL 60602

- Chicago Department of Law
  ATTN: Steven Q. McKenzie, Building and License Enforcement Division
  30 N. La Salle – Suite 700
  Chicago, IL 60602

Allow 180 days following the date of notice for a buyer intending to maintain as affordable housing to tender an offer to purchase the property

Engage in good-faith negotiations during the remaining portion of the 180-day period
City of Chicago / Department of Housing Responsibilities

- Notice to affordable housing developers.
  The City of Chicago / Department of Housing (DOH) shall receive written notice of Intent to Sell. DOH will forward the Property Sales contact information to housing development businesses and organizations that have requested notice when the Intent to Sell has been received by the City.

  o Housing Developers and other interested parties shall advise the City that they seek information of the Notice of Sale.

  Request shall be emailed to: bryan.esenberg@cityofchicago.org

  Or mailed to: Bryan Esenberg, Deputy Commissioner
  Chicago Department of Housing
  121 N. La Salle – Room 1006
  Chicago, IL  60602

- Provide SRO buyers with information about financing options and processes
  o DOH staff will meet with SRO owners / buyers to provide information regarding financing options.
  o The Preservation Compact staff will meet with owners / buyers to provide information regarding other financing options.
  o Referrals will be made to other funders / lenders, including the Chicago Housing Authority and the Illinois Housing Development Authority

Financing Options (existing owner or buyer)

  SRO Financing Review (For Sale or Existing Owner)

  o Owners / developers of SRO properties that seek to apply for City of Chicago for financing in order to create or preserve affordable housing shall submit to the City of Chicago the Multi-Family Loan (MFL) Application.
  o MFL applications will be reviewed by DOH staff member for City resources
  o Multi-Family Loan Application

SRO RESOURCES

Chicago Department of Housing will provide linkage to information and a connection to resources that support the creation and preservation of SRO housing. SRO property owners and developers seeking to create and preserve affordable units should contact:

Bryan Esenberg, Deputy Commissioner
Phone: 312-744-9777 / Email: bryan.esenberg@cityofchicago.org
The Preservation Compact works with building owners, government and other housing stakeholders to support the preservation of affordable rental housing. Staff is available to provide information to SRO owners about available programs and resources to preserve buildings and affordable units.

Cook County Assessor’s Office – SRO Property Tax Class 2 and Class 3
SRO properties can apply to the Cook County Assessor’s Office for special assessment considerations if they meet program requirements. Annual Affidavits are required to assure that the property qualifies under the program definitions.

Illinois Housing Development Authority
IHDA is committed to creating strategic partnerships and investing resources to improve the quality and affordability of housing in the State of Illinois, as well as the quality of life for residents. IHDA’s Multifamily Financing and Asset Management departments reviews applications from property developers for low-income housing tax credits, Illinois Affordable Housing Tax Credits, tax exempt bond funding, as well as other federal and state funds in the form of first and second mortgage loans and grants. The Multifamily Advantage program offers developers interested in taxable first mortgages options in financing for stabilizing through their newly created Credit Advantage and Affordable Advantage programs.

Federal Home Loan Bank Chicago
The Community Investment Group of the FHLB Chicago provides financing and direct funding tools that support affordable housing and local community lending initiatives of their members. FHLB Chicago member banks partner with community developers and public agencies to apply for Affordable Housing Program (AHP) funds on behalf of community projects, which the FHLB Chicago awards through a competitive process. The AHP subsidy is in the form of a grant from the FHLB Chicago to a member. By using FHLB Chicago products individually or in combination, community partners create economically competitive solutions that contribute to the quality of life in the communities they serve.

Community Investment Corporation
CIC is a Chicago-based lender for acquisition, rehabilitation, and preservation of affordable rental housing. CIC has a tailored approach to every loan, including financing programs for multifamily rental, and expedited acquisition loans for experienced developers.

Energy Savers / Community Investment Corporation
Energy is one of the least predictable operating costs in SRO and multi-family buildings. The Energy Savers Program is a partnership between CIC and Elevate Energy which offers FREE energy assessments to multi-family and SRO property owners. Low-interest Energy Savers Loans finance retrofits in properties to reduce energy costs through insulation, new lighting, efficient boilers, windows, thermostats, water-saving improvements. Energy Savers loans can be combined into an acquisition or refinance of the building.

For More Information, contact:
City of Chicago
Department of Housing
121 N. LaSalle - Room 1000
Chicago, IL  60602

Phone: 312-744-9777 / email: bryan.esenberg@cityofchicago.org
City of Chicago  
SRO Preservation Initiative  
Notification of Intent to Sell or Transfer Property

<table>
<thead>
<tr>
<th>Building Address</th>
<th>(Entire Building Address)</th>
</tr>
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<tbody>
<tr>
<td>Name of Owner or Title holder</td>
<td></td>
</tr>
<tr>
<td>Mailing Address of Owner</td>
<td></td>
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<tr>
<td>Phone Number of Owner</td>
<td></td>
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<tr>
<td>Email Address of Owner</td>
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</tr>
<tr>
<td>Name of Owner's Agent (If applicable)</td>
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<tr>
<td>Mailing Address of Agent</td>
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<tr>
<td>Phone Number of Agent</td>
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<tr>
<td>Email Address of Agent</td>
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<tr>
<td>Building Contact Person Regarding Sale</td>
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<tr>
<td>Phone Number of Contact Person</td>
<td></td>
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<tr>
<td>Email Address of Contact Person</td>
<td></td>
</tr>
<tr>
<td>Property Tax ID # (Cook County PIN)</td>
<td></td>
</tr>
<tr>
<td>Total Number of Units in Building:</td>
<td></td>
</tr>
<tr>
<td>Number of vacant units</td>
<td></td>
</tr>
<tr>
<td>Number and type of units</td>
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</tr>
<tr>
<td># SRO:</td>
<td>Studio:</td>
</tr>
<tr>
<td>Commercial Spaces:</td>
<td></td>
</tr>
<tr>
<td>Number of Units Occupied</td>
<td>As Of (Date)</td>
</tr>
<tr>
<td>Rent Roll is Attached</td>
<td></td>
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<tr>
<td>Notification to the Tenants Attached</td>
<td></td>
</tr>
<tr>
<td>City of Chicago Business License Number</td>
<td></td>
</tr>
<tr>
<td>Year of License:</td>
<td></td>
</tr>
<tr>
<td>Is there an application for a Permit from the Chicago Department of Buildings?</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Date:</td>
<td>Application #</td>
</tr>
</tbody>
</table>

**MAIL TO:**  
City of Chicago  
Department of Housing  
ATTN: Bryan Esenberg, Deputy Commissioner  
121 N. La Salle – Room 1000  
Chicago, IL 60602 

and  
Department of Law  
ATTN: Steven Q. McKenzie, Building and License Enforcement Division  
30 N. La Salle – Suite 700  
Chicago, IL 60602
# CITY OF CHICAGO
## DEPARTMENT OF HOUSING
### SRO PRESERVATION INITIATIVE

<table>
<thead>
<tr>
<th>CITY OF CHICAGO Responsibilities</th>
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<tbody>
<tr>
<td><strong>SRO</strong></td>
</tr>
<tr>
<td>- Property Notified City of Intent to Sell</td>
</tr>
<tr>
<td>- Property Notified Tenants of Intent</td>
</tr>
</tbody>
</table>

**City Steps**
- Notification of Developers

**Notification of City Departments**
- [ ] Law
- [ ] Department of Buildings
- [ ] Zoning

**Is Property in Building Court?**

**Has Property Applied for Building Permits**

**Other:**