

To: President-Elect Biden's Transition Team  
From: John G. Markowski, President & CEO, Community Investment Corporation  
Date: November 24, 2020  
Re: Preserving Affordable Rental Housing in a Biden Administration

[Community Investment Corporation](#) (CIC) is Chicago's leading source of financing for the acquisition, rehabilitation, and preservation of affordable rental housing in Chicago neighborhoods and suburban communities. Since 1984, CIC has provided \$1.55 billion to finance the acquisition and rehabilitation of more than 63,700 units of rental housing. CIC's mission is to be a [leading force in affordable housing and neighborhood revitalization](#) through innovative financing, programs, and policy leadership.

Since 2011, CIC has been the coordinator for [The Preservation Compact](#), a cross-sector policy collaborative that brings together the region's public, private, and nonprofit leaders to create and implement real solutions to preserve naturally occurring and subsidized affordable rental housing.

The following highlights some high level housing policy recommendations that would help preserve affordable rental housing throughout the country.

1. **Rental Assistance**: Rental assistance should be an entitlement, and not allocated by lottery. Ample rental assistance will ensure buildings and tenants stay stable during the COVID crisis, and beyond. Without rent, buildings cannot operate and remain stable assets in communities.
  - a. During the COVID crisis, rental assistance needs to flow in order to keep tenants, buildings and neighborhoods healthy, safe, and stable.
  - b. Even before COVID, extremely low income households could not afford rental housing. In markets like Chicago, vacant rental units exist at relatively low rents, but even the lowest rents are higher than an extremely low income household can afford to pay. Building new supply (even with LIHTC) does not meet this need – only rental assistance can make housing affordable for these households.
  
2. **Naturally Occurring Affordable Housing**: Policies should support NOAH owners and buildings, though strategies will differ by housing type and market.
  - a. **Preserving NOAH in lower-cost markets**: Federal policy and resources should support responsible private, unsubsidized owners in lower-cost markets to invest in buildings and keep rents affordable. This could mean providing flexible resources that encourage rehab in NOAH properties by:
    - i. Incentivizing local government and private investments in CDFIs that lend to these owners.

- ii. Incentivizing local and state governments to provide property tax and other incentives that encourage investment in NOAH in lower cost markets, and preserving affordability in higher cost markets.
    - iii. Lifting typical, costly federal requirements for NOAH owners who bring buildings up to code and agree to affordability requirements.
  - b. Preserving NOAH in higher cost and rising markets: Federal policy and resources should support mission-driven developers who purchase existing NOAH in rising and higher cost markets in order to keep at least a portion of rents affordable. To stretch public resources and maximize efficiency, these preservation buyers should be encouraged to use private market financing and create affordability with HCVs or PBVs or other rental assistance that serves low income households.
  - c. Special policy and program consideration for the 2-4 unit stock: This is a critical and [vulnerable part of the NOAH housing stock](#), and has some unique feature not shared by single-family homes, or multifamily buildings (5+ units). Owner occupants of these buildings need support, resources, and special outreach that is specifically structured in order to preserve this important part of the housing stock.
3. Existing program vehicles for new resources: New dollars generated for affordable housing should be allocated into existing funding sources instead of creating new programs and pools of housing dollars. For example, the HOME program is an existing, flexible, proven program, which already has a fully established and seasoned administrative structure in place.
4. Local policies that drive needed investment: The federal government should encourage local zoning that incentivizes private investment to improve and add to the rental housing stock, including 2-4 flats, basement units in existing 2-4s and multifamily, and new multifamily rental.