

## CHAPTER 5

# Best Practices in Property Management

**D**evelopment can be such a time consuming and contentious process, community leaders are tempted to breathe a sigh of relief once all of the details of site planning, design, and financing have been finalized. Construction takes months (or years) to complete, and it is easy to forget this is the time when key elements of a property's ultimate success must be formulated.

Some communities have particular multifamily housing developments, or neighborhoods of single-family homes, that have been deemed “problems.” Perhaps property conditions are below average, police visits are above average, or vacancy is high. Whatever the case, one of the most important elements is effective property management, which is critical to the long-term integrity and success of new or existing properties. Fortunately, there are steps a community can take to improve the management of both rental and for-sale homes at all price ranges, including mixed-income developments.

Property management may not be the direct responsibility of a municipality, but the municipality has a vested interest in ensuring effective, equitable practices within its borders. Even with a limited role, municipalities need to feel comfortable that sound management practices are being established and enforced so that the homes in question will be assets to the community in the long run.

This chapter presents the most common issues related to property management in new and existing properties. It also outlines tools and resources a community can use to be more proactive in property management. Understanding what good property management is will help you determine remedies for poor property management.

### WHAT TO GAIN FROM THIS CHAPTER

- 1. Understand the municipality's role in ensuring quality property management of new and existing housing.**
- 2. Learn what effective rental property management entails, and what role a community can play in effective, equitable management:**
  - Resident selection;
  - Service delivery;
  - Marketing;
  - Qualifying and counseling potential residents;
  - Property management; and
  - Landlord-tenant relations.
- 3. Learn what steps a community can take to ensure sound property management and maintenance of owner-occupied homes.**

Photo: Josh Hawkins



Property management is critical to maintaining the value and quality of any home or housing development. Sustained upkeep ensures that Wilmette's Mallinckrodt in the Park continues to be a community landmark.

# Property Management in Rental Developments

Rental developments need to have procedures for resident recruitment, selection, move-in, and residency. Developers must hire, train and supervise leasing staff. They will need to formulate guidelines for long-term management, and recruit on-site staff with appropriate skills and experience. When a rental property develops a bad reputation, it is often due to poor management, resident selection, and everyday maintenance. If a building is troubled, the community's first priority should be to review and improve existing management practices. Demolishing the property should be a last resort. To ensure property management is done well to begin with, municipalities should encourage developers and managers to draft a property management plan.

## **IMPORTANT TIP**

### **Request Copies of Property Management Plans**

*This chapter discusses several plans a well-prepared property owner or manager should have. By requesting copies of these plans, providing minimum criteria, and keeping them on file, a community can easily compare whether the property is being managed appropriately, against predetermined performance goals, or can work with a manager to improve planning.*

## **FAIR HOUSING**

Fair housing laws prohibit discrimination against a number of protected classes of people. The federal government, State of Illinois, Chicago-area counties, City of Chicago, and more than 20 municipalities in northeastern Illinois have identified impediments to fair housing, as well as actions to address them. IHDA's Affirmative Fair Housing Marketing Plan and Resident Selection Plan, which IHDA is currently updating, are available online at [www.ihda.org](http://www.ihda.org). Housing restricted to a certain age group, such as those aged 62 and older, are exempt from some of these provisions. These laws also apply to equal credit opportunity.

The federal Fair Housing Act prohibits discrimination in housing transactions that are based on race, color, religion, national origin, sex, family status (having a child under age 18), or physical/mental disability. Communities also must adhere to the provisions of the Americans with Disabilities Act.

Discrimination – and violation of the Fair Housing Act – can occur when zoning practices and other ordinances are applied differently to a protected class. For instance, zoning your entire community solely for large-lot single family homes could lead to discrimination based on income. As your community considers and makes policy changes in order to create a more diverse and sustainable housing stock, be sure to remain conscious of potential unintended consequences.

## Resident Selection

Resident selection is critical to the success of a rental property. Leasing up quickly to qualified residents results in financially sound buildings. The property's developer or sponsor will need to contract with a local nonprofit or a leasing or management firm if it does not do its own property management. In many cases, one entity can provide pre-completion services (marketing, eligibility reviews, leasing, and move-in coordination), as well as long-term property management. It is not unusual for developers to have their own in-house management companies, which can capably handle all but the most specialized resident needs. The larger and more complicated the development, the more staff that will be needed to implement and maintain property leasing and management standards. Management firms with a portfolio of multiple properties will be able to shift personnel to meet peak needs during the hectic resident selection and move-in periods. Beware of over-committed management companies. Ask questions about plans to hire and train new staff.

A Resident Selection Plan details the application and screening process for choosing and accepting residents. For developments that receive government funding, age and income requirements will strongly influence how property managers go about finding eligible residents or buyers. In a property that will serve a mix of income groups or is set aside for 100 percent very low, low, or moderate-income households, the requirements of the financing sources attached to the property will govern the income ranges it serves.

Management also will need to set its own criteria, within the limits of fair housing laws, for evaluating a potential resident's credit worthiness, prior work history, experiences with previous landlords, and criminal record, if any. If the new development involved demolition of older public housing (as in the case of HOPE VI) or other subsidized housing, federal relocation requirements must be considered; some of the new homes will need to be reserved for prior residents who may elect to return to the property.

During construction, management will establish information systems designed to track applicants, evaluate eligibility, and provide up-to-date reports on unit status. It can be useful for municipal staff to review a draft of relocation plans and resident/buyer selection criteria with local

housing experts and community groups prior to finalizing them. These groups also can play a key role in assisting with relocation. For instructions and forms for developing a resident selection plan, see the Appendix for IHDA's contact information.

Photo: Josh Hawkins



A resident selection plan can reveal a lot about the future success of a housing development. Thorough review of a developer's plan may indicate whether residents will be appropriately screened to gauge financial ability to make monthly payments, but also whether qualified applicants are being unfairly discriminated against. Upfront municipal review could avert problems down the road.

## Service Delivery

While construction is still ongoing, the property owner must finalize its plan for providing any promised supportive services, such as employment counseling, day care, and after-school programs. A community building or Service Delivery Plan details how the residents will be provided with social services, either on site or through referrals and partnership. Existing properties need to reevaluate their services periodically to remain competitive and address tenancy changes. In a building serving senior citizens or persons with disabilities, these plans will include arrangements with municipalities and nonprofit organizations providing services such as transportation, recreation activities, wellness programs, meals-on-wheels, or visiting medical practitioners. These services often are available through area agencies on aging, township senior citizen offices, faith-based organizations such as Catholic Charities, Council for Jewish Elderly, Lutheran Social Services, or local hospitals.

Experienced managers ask such agencies to sign written agreements regarding the extent and frequency of services to be offered, and the skills of personnel who will be assigned to the building. It also will be important to discuss how service providers screen their staff members, what background checks are expected, and the security procedures that will be in place once the building opens. Because not all supportive services will be available on site, it is helpful for property managers to develop strong working relationships with nearby off-site providers such as day care centers, job training facilities, and health care centers. Municipalities can facilitate these relationships by hosting meet-and-greet sessions to bring property managers and service providers together.

## SCHAUMBURG'S CRIME-FREE MULTI-HOUSING PROGRAM

In 1999, Schaumburg initiated the Crime-Free Multi-Housing Program (CFMHP), adapted from a similar program in Arizona. Initially established as a voluntary educational program for property owners, CFMHP became mandatory as part of the village's 2003 Residential Rental Ordinance. The program requires all leasing agents to take a seminar at the Schaumburg Police Department on how to effectively screen potential residents and protect current residents. This seminar educates landlords about their rights and responsibilities, as well as those of their residents. Seminar topics include crime and gang intervention, village laws and regulations, and resident screening. The training requirement applies to both single-family and multifamily rental properties, and includes a drug-free lease addendum that must be signed by the resident before a lease is valid.

Over the years, Schaumburg police have responded to disputes between landlords and residents that were often beyond the purview of police intervention. However, in the first five years of the program, the training has resulted in 12 percent fewer police calls, as landlords were able to resolve disputes without police involvement.



Schaumburg's proactive counseling has led to fewer disputes between landlords and residents.



## Marketing

The Marketing Plan details how the owner or manager will promote the development's available apartments to eligible households. As a building's scheduled completion date draws near, it is time to open the building's wait list. Printed materials (flyers, brochures) should be distributed to community advocacy groups, counselors, and social service agencies, as well as prospective residents or buyers. Municipalities often will put brochures in prominent village or city locations such as libraries, senior centers, and city halls, in addition to fielding inquiries from the public. Advertisements will need to be placed in local print media. Marketing staff may be asked to make presentations to local churches, senior citizen groups, or other interested organizations.

Printed information on the soon-to-be completed buildings (or the mix of homes planned for a for-sale property) should include the following information:

- Precise location, including a map.
- School district.
- Scope of the project – number of homes, mix by number of bedrooms.
- Income eligibility criteria and how income is determined.
- Rents or prices (and how they differ at various income levels, if this is a mixed-income deal).
- Site amenities –clubhouse, laundry facilities, play areas, open space, etc.
- Resident or buyer selection standards – employment, credit history, etc..
- Housekeeping expectations and behavior standards for children and teens.
- Available supportive services.
- Opportunities for participation in resident organizations or homeowner associations.
- Downpayment and financing options for buyers; available assistance for closing costs.

Marketing activities do not end once the property reaches full occupancy. Landlords must continually “get the word out” about their properties in order to build a waiting list or fill vacant apartments quickly. Turnover varies by building type and location, but it is not uncommon for apartment buildings to have 50 percent annual turnover, meaning half of the apartments will need to be re-leased each year.

Photo: Josh Hawkins



The more information a marketing plan and marketing materials provide, the greater the chances of full occupancy. Communities can assist developers by providing information on schools, businesses, and other amenities.

## KEY ACTIVITIES DURING DEVELOPMENT

The Community Builders, Inc. (TCB), an experienced developer of mixed-income rental developments, recommends a series of “Resident Initiatives” in preparation for occupancy. Critical tasks during the construction period include:

- Building community consensus around the development plan and requirements for the new homes.
- Providing regular, clear updates on construction progress, evolving plans, and issues that must still be resolved.
- Conducting community meetings to help residents and other stakeholders understand choices and endorse key decisions.
- Providing tours of management’s other completed developments and the subject project while construction is underway.
- Giving priority access to project-related jobs to residents, as well as minority and women owned businesses.
- Identifying funding sources for resident programs and initiatives.

*Source: Patrick M. Costigan and Leo V. Quigley, Resident Success in Economically Integrated, Socially Diverse Housing: A Practitioner’s Guide, prepared for The Ford Foundation Mixed-Income/Mixed-Race Housing Initiative by the Community Builders, Inc., January 2006.*

Photo: Josh Hawkins



Oakwood Shores, a new mixed-income community by TCB, is part of a new movement in government-assisted housing. However, mixing market-rate with subsidized homes requires that property managers be proactive in communicating with, and fostering communication among, all residents.

## Leasing and Purchasing: Qualify and Counsel Potential Residents

Developers are eager to identify a large pool of qualified applicants before construction is completed. The more quickly residents or buyers are identified, qualified and committed to the project, the faster it will generate needed capital to pay expenses. When a rental property nears stabilized occupancy, the developer can replace more expensive construction financing with permanent mortgages at more favorable terms.

A successful pre-leasing or sales program involves training staff, some of whom may not have experience working with low-income families, seniors, or households with special needs. Many locations also will require multi-lingual leasing personnel. Staff will need to work with residents on credit issues, budgeting, and household management. For homeownership developments, credit counseling and homeowner education is especially important so that buyers understand all of the financial obligations, including property taxes, homeowners' insurance, appropriate loan products, and replacement reserves, as well as their personal responsibilities to the property as the owner.

Good resident screening is one of the most important things a landlord can do to ensure the building stays in good condition and remains well occupied. Buildings with a reputation of lax screening can spiral downward to become troubled properties, leaving other building residents and the surrounding neighborhood with problems.

Despite the general shortage of quality affordable housing, matching potential residents or buyers with the available homes in a particular development is not as easy as it seems. Not only must residents meet income restrictions, but they have to document their employment history, prove their incomes will meet the minimum standards of affordability (usually rent and utility costs cannot exceed 33-35 percent of income), pass credit and criminal background checks, and provide references

## CONSTRUCTION TIMING AND DELAYS

Construction delays are often unavoidable, but they can wreak havoc on leasing and move-ins. Families with children may be reluctant to move them in the middle of the school year. Weather plays a role, with families less willing to move during the winter months. Delays also can occur for seniors who must sell an existing home before moving to an age-restricted development.

Unique situations occur when properties are being renovated. A Resident Relocation Plan details how any existing residents will be moved out of and back into the development, if applicable. Management tries to minimize disruption for residents; ideally, residents can remain in their homes while renovations proceed. However, temporary relocation may be necessary if the rehabilitation is extensive. If residents must be moved into vacant apartments within a building or complex, the rehabilitation process could be slowed.

It is important to provide existing and prospective residents with clear timelines and regular communication. Some work will not be completed as planned and other items may not meet company or resident standards. Municipal officials will want to work hard to get necessary inspections completed and occupancy permits issued so that government is not holding up move-ins. Communication – and paying close attention to details – can go a long way in maintaining good will. This is the time when development, leasing, management, and public inspection staff must work together to create a positive environment.

from previous landlords, banks, or employers. Some landlords require drug tests for all occupants of an apartment and make site visits to applicants' current homes. For properties with fixed monthly rents (such as LIHTC apartments), households will need to be employed or have some other secure source of income. Some management companies work with families in need to facilitate stable employment, offering counseling on job training programs, job boards and fairs, and online job-search programs.

According to The Community Builders, Inc., it also is important to make residents and buyers aware of income enhancement and asset-building

through the Earned Income Tax Credit, child care tax credits, government-sponsored health insurance programs for children, and Individual Development Accounts.

It is important to match household sizes with available homes. For example, a family of five will not be allowed to reside in a two-bedroom home; overcrowding is not permitted in government-assisted housing and is prohibited by many communities within their building codes. Management may want to assign seniors to apartments on the first floor of a multi-story walkup building in a non-senior property. They must hold apartments that are specially equipped or adaptable for households with disabilities until it is clear no qualifying households have applied. Each property must have clear procedures for resident selection and wait listing, as well as sound record keeping systems (with backup).

If many apply, not all qualified applicants will be offered a unit during the initial leasing period. They will be placed on a wait list, which must be carefully maintained and periodically purged. This means managers will need to try to contact the applicants to determine their continued interest and qualifications for living at the development. Those who cannot be located or indicate they no longer wish to remain on the wait list should be removed.

Photo: Josh Hawkins



Management should consider resident needs when assigning or suggesting units. Senior buildings do this for residents, but it is equally important in non-senior buildings.



## Renter and Buyer Responsibilities

Potential residents need to be informed and financially prepared before leasing or buying a property. This may seem like common sense, but often people rent or buy homes that are beyond their means, typically because they do not have a full understanding of costs.

Potential residents should:

- Have funds saved for a security deposit or down payment/closing costs.
- Be credit ready, so that when a credit report is pulled for the purpose of a rental or loan application, the application will be approved.
- Resolve outstanding debts to utilities.
- Ensure monthly housing payment is affordable, leaving ample room to pay other debts and expenses, as well as extra to save or invest.
- Consider the transportation costs associated with the home in question. Will excessive transportation costs negate savings on the home?
- Think carefully about the neighborhood in which they plan to rent or purchase a home, knowing they are making a decision on not only the property itself, but the community and all it has to offer.
- Work with a local nonprofit housing organization, if applicable, to receive counseling and education on any or all of the above.

Municipalities can play an active role in resident education by creating or promoting counseling and education programs. To reach the widest audience, these programs should be offered during the day and evening, on weekdays and weekends, and in multiple languages. Advertising widely in public places, local media and on municipal Web sites also will help.

Photo: Josh Hawkins



Photo: Charles Buki



Renters and buyers need to understand the full range of costs associated with the home, and be capable of paying them. Utilities, transportation, and monthly expenses can drive up total housing costs, and too often go unaccounted for by prospective residents.

## Property Management Plan

The Property Management Plan details how the manager will handle ongoing maintenance, staffing, re-leasing of apartments, community activities, and other issues that arise. As indicated in earlier chapters of this workbook, assuring a supply of affordable workforce housing involves more than just new construction – it also requires successfully maintaining and managing existing older properties that do not have any formal government subsidy. These properties often change hands as owners near retirement or investors' priorities shift over time.

Prospective purchasers of existing buildings – and the firms that ultimately will manage the buildings – need to carefully consider what changes need to be made. The buildings may be suffering from serious deferred maintenance problems, safety and pest issues, or merely need cosmetic upgrading. In some cases, disruptive residents may be adversely affecting the building's image. Consistent lease enforcement, coupled with quality resident programs, are essential. Opening lines of communication with residents, employees, and public officials (police, building, schools, and social services) can identify problems that need to be rectified.

Maintenance and appearance affect the image of the building; owners and managers must be vigilant in these areas to attract and retain their residents. Word of mouth can be the best or worst kind of publicity, depending on the management of the building. Managers who respond quickly to resident service calls often can repair smaller problems before they become large and more expensive, as well as foster greater pride in the building among residents.

Photo: Josh Hawkins



The property management plan may be the most significant harbinger of things to come. Upkeep of attractive multifamily buildings, such as this one, requires consistent, dedicated effort by management and residents.

### EDUCATION IS KEY

The City of Milwaukee offers free training classes to teach landlords and managers about resident screening, strengthening leases, code compliance, property maintenance, dealing with drug and other illegal activities, the role of the police, crisis resolution, and the eviction process. The workshops are conducted by the Dept. of Neighborhood Services and Police Department, and all attendees receive a manual with community resources.

## LANDLORDS, RESIDENTS AND THE LAW

The Illinois Attorney General has established a set of responsibilities and rights for both the landlord and the residents. By making sure these rights are well known in your community, you may be able to build stronger relationships and avoid management problems before they start.

### A landlord has the following responsibilities and rights:

- Keep unit fit to live in
- Make all necessary repairs
- Keep unit in compliance with state and local health and housing codes
- Set the amount of rent and security deposit
- Charge a reasonable late fee for delinquent rent
- Make reasonable rules and regulations
- May not enter resident's rental unit without prior consent unless an emergency exists
- Pay interest on a security deposit if held for at least six months or building has more than 25 units
- Return security deposit in full within 45 days if resident does not owe back rent, has not damaged unit, and has cleaned unit
- Notify resident if lease will be terminated – 30 days for month-to-month and 60 days for annual leases
- May not discriminate based on race, color, religion, national origin, gender, and marital status, or disability
- Must file lawsuit to evict resident, but cannot turn off the utilities to make resident leave; only sheriff can physically evict resident

### A resident has the following responsibilities and rights:

- Receive a written lease
- Pay rent on time
- Keep rental unit safe, clean and undamaged
- Pay utility bill if utilities are resident's responsibility
- May not alter unit without landlord's approval
- May not disturb other residents in the building
- Use all equipment in a reasonable manner
- Give written notice of intent to move, usually 30 days
- Cannot be evicted for complaining to any government authority regarding the unit
- Permit reasonable access to landlord upon receiving two-day notice

*Source: Illinois Attorney General, "Landlord and Resident Rights and Laws."*



## Landlord-Resident Relations

Healthy landlord-resident relations are especially important to keep a building in good physical condition and safe for all residents. Good managers will have established procedures for dealing with serious issues such as domestic disturbances, noisy parties, or people loitering in public spaces.

Many municipalities and the State of Illinois have laws and legal precedent that give landlords and residents specific rights. Chicago, Evanston, and Oak Park, for example, have long-standing landlord-tenant ordinances that list responsibilities of each party and ways to resolve conflicts. Typical ordinances include measures for dealing with leases, security deposits, maintenance and code violations, rent defaults, evictions, property abandonment, and fair housing issues. The City of Chicago also established the Chicago Rents Right program, which provides resources and information for residents and landlords. For more information, call 312-742-RENTS.

Photo: Josh Hawkins



Communication between landlords and renters is vital for sustaining long-term viability of housing developments. Several northeastern Illinois communities have landlord-resident ordinances, but municipalities can play an active role without regulation, merely by hosting sessions for interaction. For example, a public picnic in an open space, such as this community lawn at a multifamily development in Dolton, could be a forum for dialogue between landlords, renters, and the broader community.



## Additional Municipal Activities in Property Management

Most of this chapter has outlined what quality management entails in a rental property, particularly those that receive government financial assistance. However, a community can also be proactive when it comes to owner-occupied homes and mixed-income communities. The remainder of the chapter will demonstrate effective techniques for community involvement in these areas.

### Enforcing Housing Codes

Local governments play a critical role in the maintenance of a sound affordable housing stock through their code compliance activities.

Code enforcement helps ensure property management and upkeep. Many jurisdictions require routine inspections of existing multifamily housing. Some also require inspections and issuance of a certificate of occupancy when a new resident moves in. Some of the more proactive jurisdictions also apply this standard to owner-occupied housing at the time of sale.

Local code can cover physical health and safety issues (cleanliness, fire hazards, electrical, and plumbing), as well as occupancy standards. LIHTC, Housing Choice Voucher, and Section 8 apartments are periodically inspected by the housing authority (as are those supported with Section 8 subsidies) and must not exceed permitted maximum numbers of persons-per-room. For other affordable (low-rent or low-cost) homes, it is up to local government to make sure living conditions are safe and healthy. Overcrowding can quickly lead to social problems and excess wear-and-tear on structures.

The Village of Mount Prospect adopted an inspection ordinance to ensure better management, maintenance, safety, and health in rental buildings, in response to a high number of police calls from an area with a concentration of apartment buildings. The village created a checklist for property inspections that includes annual exterior inspections and five-year interior inspections. Single-family homes are inspect-

Photo: Josh Ellis



Code enforcement is one of the simplest, yet most effective, ways of maintaining safe, attractive, equitable neighborhoods. This is especially in true when there are multiple property owners, such as here in Chicago's Bridgeport. As neighbors see code requirements in effect down the street, they too will often improve their homes to meet expectations.

ed if a complaint is registered. Landlords have 30 days to remedy any violations. The village collects licensing fees of \$31 per unit to cover the cost of the inspectors, a social worker, and several police officers.

Country Club Hills uses its firefighters to help building inspectors monitor code compliance. During morning hours, firefighters walk the neighborhoods to inspect commercial and residential properties. They fill out a form that lists items needing attention and the action property owners must take, such as paint, repair, replace, or remove. Owners have 30 to 45 days to comply, though high priority violations, such as garbage and graffiti, must be remedied within 24 hours. There is no additional cost to the city, as this is part of the firefighters' job description.

In Waukegan, the city initiated an expanded code enforcement program to focus on overcrowding. Rather than dictating the maximum number of people per bedroom, Waukegan requires each bedroom to be a minimum of 70 square feet. For bedrooms of 70 to 100 square feet, one person is permitted; over 100 square feet, 50 square feet per occupant is required. This ordinance has the support of fair housing advocates, who prefer it to previous laws that limited occupancy to members of the same family. Prior to closing, sellers pay the city \$100 for the inspection, which also includes checks of smoke and carbon monoxide detectors, furnaces, and water heaters. During this process, the inspector will indicate the number of people who can live in the home. This way, buyers are not surprised or forced to sell their homes because they cannot comply.

Photos: Village of Mount Prospect



BEFORE - dingy carpet and no railing

AFTER



BEFORE - old, drafty windows

AFTER

Before and after shots from Mount Prospect demonstrate the benefits of sustained code enforcement. By requiring expedient repairs, short-term problems do not become long-term ones.

## Condominium Conversions

The conversion of rental housing to condominiums is a sign of a strong for-sale housing market, but has some negative consequences.

- Widespread condominium conversions diminish the supply of rental housing, which reduces options to live in a community. Recent graduates from college, minimum wage workers, seniors on fixed incomes, new families, and many other important community members rely on rental housing as a flexible, manageable, and often affordable alternative to homeownership.
- Condominium buildings can be more difficult to manage from a municipal perspective, given the nature of the ownership structure. In a rental building, there might be one owner or property manager to work with on building repairs and safety issues, while condominium buildings have associations with multiple individual owners. There may be several different owners or investors renting out their properties in one building, which makes it very difficult to address any issues that may arise from poor management of those homes.
- Particularly for smaller condominium buildings, it is hard for associations to raise funds or obtain financing for major building repairs.

Some communities in the region have taken steps to address these challenges. Chicago, through its Chicago Partnership for Affordable Neighborhoods program (CPAN), partners with private developers to create affordable condominiums in market-rate developments. CPAN offers a developer write-down and purchase price assistance for income-qualified first-time homebuyers. Participating developers reduce the purchase price on a percentage of the units in a market-rate development to an affordable level for buyers at 100% of AMI. Developers receive \$10,000 in permit fee waivers for every affordable home provided and other city-related cost reductions. While not all renters in an existing building will be ready for homeownership, those who are will have the opportunity to purchase at below-market prices and hopefully at a monthly cost that is in line with what they currently pay in rent.

When a community identifies a rental building that is at risk of being converted to condominium, (i.e. the property is for sale and has no existing affordability restrictions or there have been issues with the owner or property manager not being able to afford to maintain the property), the municipality can work with a preservation developer to acquire the building, rehabilitate the property, and preserve it as rental. There are several preservation developers in the region that have extensive finance and property management experience. These developers can help a community upgrade its rental stock while keeping it affordable for existing residents. The Metropolitan Planning Council can connect people with these developers.

Finally, in order to keep track of which condominiums are being purchased by investors and rented, a community can pass a rental housing ordinance to require licensing of all rental housing. The Village of Palatine passed such an ordinance to require condominium owners to get licensed when they rent their properties to ensure the village has the information and resources it needs to enforce all rental and building compliance regulations with the proper property owners.



## Mixed-Income Communities

In Illinois and throughout the country, municipal leaders are actively guiding and supporting new and renovated mixed-income housing sites through such strategies as zoning incentives, EAH, and more overt partnerships with affordable developers, market-rate builders, and community organizations.

Central to the success of mixed-income communities is the ability to forge genuine public-private partnerships. Municipal leaders need developers who can cobble together the range of financing required for these complex deals, and ensure an enhanced level of property management that integrates high quality management practices, community-building activities and events, and resident access to supportive services. On the flip side, developers need municipal leaders who contribute to that complex mix of financing tools, through land, zoning, or direct loans or grants (provided by the municipality or in conjunction with other towns or the local county). Perhaps more importantly, developers count on municipal leaders to ensure existing city resources and amenities are extended and refined to accommodate the full range of residents in the new mixed-income sites. Everything from parks and recreational facilities to workforce development strategies must be assessed and tailored to foster cohesive mixed-income communities.

Municipalities can support the development and management of mixed-income communities in a number of ways:

- Adopt inclusionary housing and employer-assisted housing strategies that encourage a mix of housing options.
- Introduce the Regional Housing Initiative, the state's Rental Housing Support Program, and other resources that provide operating subsidies to property owners who reduce the rents in a portion of the existing rental stock.
- Assist with marketing and community acceptance to ensure local residents and workers recognize the local benefit of the proposed mixed-income site.

- Host meetings onsite to inform residents of specific resources and opportunities in their community, as well as to address resident questions and concerns.
- Provide opportunities for residents in the mixed-income development to connect with the larger neighborhood (i.e. programs, activities, and events).
- Allocate funding or access to programs that target the needs and interests of residents in the mixed-income development.

A number of Illinois communities are leaders on mixed-income housing. While Chicago's historic work with the Chicago Housing Authority Plan for Transformation is probably the nation's largest investment in mixed-income redevelopment, St. Charles, Highland Park, and Lake Forest are cities that have both inclusionary housing and EAH programs in place and are utilizing their own resources to leverage private market activity and advance local affordable goals. On the other side of the region, Riverdale's work with the redevelopment of Pacesetter into mixed-income housing illustrates how conventionally affordable communities also can advance a mixed-income strategy to support local economic development goals.



While the CHA's Plan for Transformation is the most well-known shift to mixed-income developments, many communities in the Chicago region are following suit.



## Rehabilitation

Communities can participate in property management and maintenance by providing loans for housing rehabilitation. These funds can assist in efforts such as bringing homes up to code, lead paint abatement, exterior painting, and furnace replacement, among others. By helping residents maintain their homes, officials can ensure their municipality's housing stock meets community standards regarding appearance as well as safety. These programs also can serve as a method of maintaining community affordability by targeting low and moderate-income homeowners.

Two Chicago-area communities have implemented loan programs to preserve their affordable housing stock and help residents to maintain their homes at safe and desirable standards. The Village of Oak Park's Single Family Rehabilitation Grants/Loans Program disbursed over \$2 million between 1997 and 2006 to low and very low-income applicants in owner-occupied buildings with one to four units. Five initiatives are included in this program: 4% amortization, lead abatement, deferred payment, emergency, and Home Investment Partnership Program loans. Oak Park uses CDBG and HOME funds to finance its loan program, which was reconstituted in 2008.

The City of Evanston also taps into its CDBG allocation to fund its housing loan program. The One and Two Family Rehabilitation Loan Program is a comprehensive revolving loan offered at zero percent interest to homeowners earning at or below 80 percent of the area median income. Loans are capped depending on the type of work to be done. Projects that qualify for assistance include landscaping, structural improvements, energy conservation, and those addressing code and health-related violations. To qualify, the applicant must have clear title to the property and owe no back taxes.



BEFORE



AFTER

Several communities in the Chicago region have rehabilitation programs for single-family and multifamily properties, often using CDBG funds. Chicago's Troubled Buildings Initiative, however, relies on a partnership between eight city departments and the nonprofit Community Investment Corporation.

## What's Next?

**G**ood management is critical to an individual property, block, neighborhood, and municipality. Many communities are only too aware of the problems one bad building can create, be they physical or social issues that require significantly more attention and money than ongoing management and maintenance. While most municipalities are not in the property management business, they need to work with developers, property owners, and management companies to make sure problems are dealt with quickly, fairly and legally. While new construction and preservation can increase the supply of quality housing, ongoing management and community oversight will keep the housing stock sound for years to come.

Issues that result from poor property management can have a detrimental impact on community acceptance and understanding for below-market rate housing that often extends to rental housing in general. Most stereotypes about affordable housing stem from poor management at one particular development. By taking a proactive approach to property management, municipal officials can promote community acceptance of a more diverse housing mix.