

1 AN ACT in relation to housing.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 5. The Federally Subsidized Housing Preservation  
5 Act is amended by changing Sections 1, 3, 4, 5, 6, 7, and  
6 10.1 as follows:

7 (310 ILCS 60/1) (from Ch. 67 1/2, par. 1151)

8 Sec. 1. Short title. This Act shall-be-known-and may be  
9 cited as the Federally Assisted Subsidized Housing  
10 Preservation Act.

11 (Source: P.A. 86-810.)

12 (310 ILCS 60/3) (from Ch. 67 1/2, par. 1153)

13 Sec. 3. Definitions. As used in this Act:

14 (a) "IHDA" means the Illinois Housing Development  
15 Authority.

16 (b) (Blank). "~~FmHA~~"~~----means----the---Farmers---Home~~  
17 ~~Administration-or-a-local-housing-authority-administering--an~~  
18 ~~FmHA-program-~~

19 (c) (Blank). "~~HUD~~"~~--means-the-United-States-Department~~  
20 ~~of-Housing-and-Urban--Development,-or--the--Federal--Housing~~  
21 ~~Administration--or--a-local-housing-authority-administering-a~~  
22 ~~HUD-program-~~

23 (d) "Owner" means the person, partnership, or  
24 corporation that holds title to an assisted housing  
25 development ~~is-a--party--to--a--contract--with--HUD--or--FmHA~~  
26 ~~providing--for--a--mortgage,-mortgage--assistance,-mortgage~~  
27 ~~insurance,-or--rent-subsidy,-or-any-spouse,-employee,-agent,-~~  
28 ~~partner,-master-lessee,-business-affiliate-or--associate,-or~~  
29 ~~successor---in---interest--of--such--person,-partnership--or~~  
30 ~~corporation,-that-receives-or-demands-rent-for-the-subsidized~~

1 housing.

2 (e) "Assisted housing" or "assisted housing development"  
3 means a rental housing development that receives government  
4 assistance under any of the following programs:

5 (1) New construction, substantial rehabilitation,  
6 moderate rehabilitation, property disposition and loan  
7 management set-aside programs, or any other program  
8 providing project-based rental assistance, under Section  
9 8 of the United States Housing Act of 1937, as amended.

10 (2) The Below-Market-Interest-Rate Program under  
11 Section 221(d)(3) of the National Housing Act.

12 (3) Section 236 of the National Housing Act.

13 (4) Section 202 of the National Housing Act.

14 (5) Programs for rent supplement assistance under  
15 Section 101 of the Housing and Urban Development Act of  
16 1965, as amended.

17 (6) Programs under Section 514 or 515 of the  
18 Housing Act of 1949.

19 (7) Section 42 of the Internal Revenue Code.

20 "Subsidized housing" means any housing or unit of housing  
21 financed by a loan or mortgage insured or held by HUD as  
22 follows:

23 (1) insured or held by HUD under Section 221(d)(3) of  
24 the National Housing Act and assisted under Section 101 of  
25 the Housing and Urban Development Act of 1965 or Section 8 of  
26 the United States Housing Act of 1937;

27 (2) insured or held by HUD and bears interest at a rate  
28 determined under the proviso of Section 221(d)(3) of the  
29 National Housing Act;

30 (3) insured, assisted or held by HUD under Section 236  
31 of the National Housing Act;

32 (4) insured or held by HUD under Section 514 or 515 of  
33 the Housing Act of 1949; or

34 (5) held by HUD and formerly insured under a program

1 ~~listed-in-this-subsection-(e)-~~

2 (f) "Tenant" means a tenant, subtenant, lessee,  
3 sublessee or other person entitled to possession, occupancy  
4 or benefits of a rental unit within the assisted subsidized  
5 housing.

6 (g) "Tenant Association" means an association,  
7 corporation or other organization that represents at least a  
8 majority of the tenants in the assisted subsidized housing  
9 building.

10 (h) "Prepayment" means the payment in full or  
11 refinancing of the federally insured or federally held  
12 mortgage indebtedness prior to its original maturity date, or  
13 the voluntary cancellation of mortgage insurance, on an  
14 assisted housing development described in paragraph (2), (3),  
15 or (4) of subsection (e) that would have the effect of  
16 removing the current low-income affordability restrictions  
17 contained in the applicable laws and the regulatory  
18 agreement.

19 (i) "Termination" means an owner's decision not to  
20 extend or renew its participation in a federal subsidy  
21 program for assisted housing described in paragraph (1) of  
22 subsection (e) either at or prior to the scheduled date of  
23 the expiration of the contract, or the termination of the  
24 rental restrictions for assisted housing described in  
25 paragraph (7) of subsection (e) that may result in an  
26 increase in tenant rents or a change in the form of subsidy  
27 from project-based to tenant-based.

28 (j) "Affected public entities" means: the mayor of the  
29 city in which the assisted housing development is located or,  
30 if the development is located in an unincorporated area, the  
31 chairperson of the county board; the appropriate public  
32 housing authority, if any; and IHDA.

33 (Source: P.A. 86-810.)

1 (310 ILCS 60/4) (from Ch. 67 1/2, par. 1154)

2 Sec. 4. Notice of intent to sell.

3 (a) An owner may not sell or otherwise dispose of  
4 assisted subsidized housing, complete prepayment, or  
5 terminate a subsidy contract or rental restrictions unless,  
6 not less than 12 6 months before the sale or disposal, the  
7 owner submits to all tenants of the assisted subsidized  
8 housing and to all affected public entities IHDA a notice of  
9 intent to sell or otherwise dispose of the property.

10 (b-5) Every notice required under subsection (a) must  
11 include the address of the assisted housing, characteristics  
12 of the property including the number of units, and the names  
13 and addresses of the owners. The notice must also include the  
14 date on which the owner intends to sell, lease, or otherwise  
15 dispose of the property, complete prepayment, or terminate  
16 rental restrictions, as well as a detailed list of applicable  
17 rental restrictions. IHDA shall adopt rules concerning the  
18 content, format, delivery, and publication of such notices.

19 (b) Within 60 days after the date of the owner's notice  
20 pursuant to subsection (a), the tenants may notify the owner  
21 that they have formed a Tenant Association meeting the  
22 requirements of this Act and shall designate the name of its  
23 representative or representatives in the notice. The Tenant  
24 Association may conclude an agreement with a not-for-profit  
25 corporation or private purchaser in which the not-for-profit  
26 corporation or private purchaser agrees to represent the  
27 residents and maintain the development in a manner that  
28 preserves the development's low-income benefits. Once such an  
29 agreement is concluded, the not-for-profit corporation or  
30 private purchaser shall assume all rights and  
31 responsibilities attributed to the Tenant Association under  
32 this Act.

33 (Source: P.A. 86-810; 86-1352.)

(310 ILCS 60/5) (from Ch. 67 1/2, par. 1155)

Sec. 5. Offer for sale to Tenant Association. Within 60 days after the Tenant Association has complied with the requirements of Section 4, the owner shall, before selling, leasing or otherwise disposing of the assisted housing, completing prepayment, or terminating a subsidy contract or rental restrictions property, provide to the Tenant Association a bona fide offer for sale of the property which shall contain the essential terms of the sale, including, at a minimum, the following: the sales price; the terms of seller financing, if any, including the amount, the interest rate, and amortization rate thereof; the terms of assumable financing, if any, including the amount, the interest rate, and the amortization rate thereof; and proposed improvements, if any, to the property to be made by the owner in connection with the sale.

(Source: P.A. 86-810.)

(310 ILCS 60/6) (from Ch. 67 1/2, par. 1156)

Sec. 6. Notice of intent to purchase.

(a) The Tenant Association shall notify the owner in writing, within 90 30 days after the receipt of the bona fide offer of sale, of its intent to purchase the assisted subsidized housing.

(b) The owner shall, after receiving a notice pursuant to subsection (a), comply with any reasonable request to make documents available to the Tenant Association, during normal business hours at the owner's principal place of business within 15 days of receiving such a request, including but not limited to: a floor plan of the development; itemized lists of monthly operating expenses, capital expenditures in each of the 2 preceding calendar years and deferred maintenance costs; the amount of project reserves; utility consumption rates; copies of financial and physical inspection reports

1 filed with federal, State or local agencies; the most recent  
2 rent roll; a list of tenants; a list of vacant units; and a  
3 statement of the vacancy rate at the development for each of  
4 the 2 preceding calendar years.

5 (Source: P.A. 86-810.)

6 (310 ILCS 60/7) (from Ch. 67 1/2, par. 1157)

7 Sec. 7. Bona fide offer to purchase; contract.

8 (a) The Tenant Association shall, within 90 days after  
9 it notifies the owner of its intent to purchase, provide the  
10 owner with a bona fide offer to purchase evidenced by a  
11 purchase contract reflecting a sales price and terms agreed  
12 to by the parties or the sales price and terms determined  
13 pursuant to subsection (b) of this Section and an earnest  
14 money deposit equal to 5% of the bona fide offer to purchase.

15 (b) If the parties are unable to agree to a sales price  
16 within the first 60 days of the 90 day period specified in  
17 subsection (a), the sale price of the assisted subsidized  
18 housing shall be based upon its fair market value as  
19 determined by 2 independent appraisers qualified to perform  
20 multi-family housing appraisals. One appraiser shall be  
21 selected and paid by the owner and the other shall be  
22 selected and paid by the Tenant Association. If the  
23 appraisers fail to agree upon a fair market value, the owner  
24 and the Tenant Association shall either jointly select and  
25 pay a third appraiser whose appraisal shall be binding, or  
26 agree to take an average of the 2 appraisals. All appraisers  
27 shall be MAI certified. The determination of the sales price  
28 pursuant to this subsection shall be completed within the 90  
29 day period specified in subsection (a) of this Section.

30 (c) The Tenant Association shall agree to close on the  
31 sale within 90 days from the date the parties sign the  
32 contract to purchase.

33 (Source: P.A. 86-810; 86-1352.)

1 (310 ILCS 60/10.1) (from Ch. 67 1/2, par. 1160.1)

2 Sec. 10.1. Civil action against owner. The Tenant  
3 Association, or one or more tenants in the assisted  
4 subsidized housing, may bring a civil action against an owner  
5 who has violated this Act. An owner found to have violated  
6 any provision of this Act shall, in addition to any other  
7 damages, pay a civil penalty to each tenant in the assisted  
8 subsidized housing in the amount of \$500 per tenant, and  
9 shall also pay the attorney's fees and costs incurred in  
10 bringing the action.

11 (Source: P.A. 86-810; 86-1352)

12 Section 99. Effective date. This Act takes effect upon  
13 becoming law.