

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 (a-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.)

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

2 Sec. 5. Offer for sale to Tenant Association. Within 60
3 days after the Tenant Association has complied with the
4 requirements of Section 4, the owner shall, before selling,
5 leasing or otherwise disposing of the property, provide to
6 the Tenant Association a bona fide offer for sale of the
7 property which shall contain the essential terms of the sale,
8 including, at a minimum, the following: the sales price; the
9 terms of seller financing, if any, including the amount, the
10 interest rate, and amortization rate thereof; the terms of
11 assumable financing, if any, including the amount, the
12 interest rate, and the amortization rate thereof; and
13 proposed improvements, if any, to the property to be made by
14 the owner in connection with the sale.

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

16 (310 ILCS 60/6) (from Ch. 67 1/2, par. 1156)

17 Sec. 6. Notice of intent to purchase.

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

22 (b) The owner shall, after receiving a notice pursuant
23 to subsection (a), comply with any reasonable request to make
24 documents available to the Tenant Association, during normal
25 business hours at the owner's principal place of business
26 within 15 days of receiving such a request, including but not
27 limited to: a floor plan of the development; itemized lists
28 of monthly operating expenses, capital expenditures in each
29 of the 2 preceding calendar years and deferred maintenance
30 costs; the amount of project reserves; utility consumption
31 rates; copies of financial and physical inspection reports
32 filed with federal, State or local agencies; the most recent
33 rent roll; a list of tenants; a list of vacant units; and a

1 statement of the vacancy rate at the development for each of
2 the 2 preceding calendar years.

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

4 (310 ILCS 60/7) (from Ch. 67 1/2, par. 1157)

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

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

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

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

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

32 (310 ILCS 60/10.1) (from Ch. 67 1/2, par. 1160.1)

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

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

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