

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, 8, 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 Administration~~
17 ~~or a local housing authority administering an FmHA program.~~

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

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

30 (e) "Assisted housing" or "assisted housing development"
31 means a rental housing development, or a mixed use development

1 that includes rental housing, that receives government
2 assistance under any of the following programs:

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

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

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

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

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

15 (6) Programs under Section 514 or 515 of the Housing
16 Act of 1949.

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

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

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

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

28 ~~(3) insured, assisted or held by HUD under Section 236 of~~
29 ~~the National Housing Act;~~

30 ~~(4) insured or held by HUD under Section 514 or 515 of the~~
31 ~~Housing Act of 1949; or~~

32 ~~(5) held by HUD and formerly insured under a program listed~~
33 ~~in this subsection (c).~~

34 (f) "Tenant" means a tenant, subtenant, lessee, sublessee
35 or other person entitled to possession, occupancy or benefits
36 of a rental unit within the assisted ~~subsidized~~ housing.

1 (g) "Tenant Association" means an association, corporation
2 or other organization that represents at least a majority of
3 the tenants in the assisted ~~subsidized~~ housing building.

4 (h) "Prepayment" means the payment in full or refinancing
5 of the federally insured or federally held mortgage
6 indebtedness prior to its original maturity date, or the
7 voluntary cancellation of mortgage insurance, on an assisted
8 housing development described in paragraph (2), (3), or (4) of
9 subsection (e) that would have the effect of removing the
10 affordability restrictions applicable to the assisted housing
11 development under the programs described in paragraph (2), (3),
12 or (4) of subsection (e).

13 (i) "Termination" means:

14 (1) the expiration or early termination of an assisted
15 housing development's participation in a federal subsidy
16 program for assisted housing described in paragraph (1) of
17 subsection (e), or

18 (2) the expiration or early termination of an assisted
19 housing development's affordability restrictions described
20 in Section 42(g) of the Internal Revenue Code for assisted
21 housing described in paragraph (7) of subsection (e), when
22 that event results in an increase in tenant rents, a change
23 in the form of subsidy from project-based to tenant-based,
24 or a change in use of the assisted housing development to a
25 use other than rental housing.

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

32 (k) "Affordability restrictions" means limits on rents
33 that owners may charge for occupancy of a rental unit in
34 assisted housing and limits on tenant income for persons or
35 families seeking to qualify as tenants in assisted housing.

36 (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 assisted
4 ~~subsidized~~ housing, complete prepayment, or complete a
5 termination unless, not less than 12 6 months before the
6 prepayment, termination, sale, or disposal, the owner submits
7 to all tenants of the assisted ~~subsidized~~ housing and to all
8 affected public entities ~~IHDA~~ a notice of intent to complete
9 prepayment, complete termination, sell, or otherwise dispose
10 of the property.

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

20 (b) Within 60 days after the date of the owner's notice
21 pursuant to subsection (a), the tenants may notify the owner
22 that they have formed a Tenant Association meeting the
23 requirements of this Act and shall designate the name of its
24 representative or representatives in the notice. The Tenant
25 Association may enter into an agreement with a not-for-profit
26 corporation or private purchaser in which the not-for-profit
27 corporation or private purchaser agrees to represent the
28 residents and maintain the development in a manner that
29 preserves the housing development's existing affordability
30 restrictions or that would qualify the housing development as
31 affordable housing as defined in the Illinois Affordable
32 Housing Act. The agreement must set forth the minimum length of
33 time that the affordability restrictions will be in effect. The
34 Tenant Association and individual tenants in the assisted
35 housing shall each have the right to bring an action for

1 specific performance or other injunctive relief for
2 enforcement of the agreement, and the agreement must contain
3 provisions to this effect along with such other remedies for
4 breach as the Tenant Association and the not-for-profit
5 corporation or private purchaser may agree. Once such an
6 agreement is entered into, the not-for-profit corporation or
7 private purchaser shall assume all rights and responsibilities
8 attributed to the Tenant Association under this Act.

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

10 (310 ILCS 60/5) (from Ch. 67 1/2, par. 1155)

11 Sec. 5. Offer for sale to Tenant Association. Within 60
12 days after the Tenant Association has complied with the
13 requirements of Section 4, the owner shall, before selling,
14 leasing, completing prepayment, completing termination, or
15 otherwise disposing of the property, provide to the Tenant
16 Association a bona fide offer for sale of the property which
17 shall contain the essential terms of the sale, including, at a
18 minimum, the following: the sales price; the terms of seller
19 financing, if any, including the amount, the interest rate, and
20 amortization rate thereof; the terms of assumable financing, if
21 any, including the amount, the interest rate, and the
22 amortization rate thereof; and proposed improvements, if any,
23 to the property to be made by the owner in connection with the
24 sale.

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

26 (310 ILCS 60/6) (from Ch. 67 1/2, par. 1156)

27 Sec. 6. Notice of intent to purchase.

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

32 (b) The owner shall, after receiving a notice pursuant to
33 subsection (a), comply with any reasonable request to make
34 documents available to the Tenant Association, during normal

1 business hours at the owner's principal place of business
2 within 15 days of receiving such a request, including but not
3 limited to: a floor plan of the development; itemized lists of
4 monthly operating expenses, capital expenditures in each of the
5 2 preceding calendar years and deferred maintenance costs; the
6 amount of project reserves; utility consumption rates; copies
7 of financial and physical inspection reports filed with
8 federal, State or local agencies; the most recent rent roll; a
9 list of tenants; a list of vacant units; and a statement of the
10 vacancy rate at the development for each of the 2 preceding
11 calendar years.

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

13 (310 ILCS 60/7) (from Ch. 67 1/2, par. 1157)

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

15 (a) The Tenant Association shall, within 90 days after it
16 notifies the owner of its intent to purchase, provide the owner
17 with a bona fide offer to purchase evidenced by a purchase
18 contract reflecting a sales price and terms agreed to by the
19 parties or the sales price and terms determined pursuant to
20 subsection (b) of this Section and an earnest money deposit
21 equal to 5% of the bona fide offer to purchase.

22 (b) If the parties are unable to agree to a sales price
23 within the first 60 days of the 90 day period specified in
24 subsection (a), the sale price of the assisted ~~subsidized~~
25 housing shall be based upon its fair market value, based on its
26 highest and best use, without affordability restrictions, as
27 determined by 2 independent appraisers qualified to perform
28 multi-family housing appraisals. One appraiser shall be
29 selected and paid by the owner and the other shall be selected
30 and paid by the Tenant Association. If the appraisers fail to
31 agree upon a fair market value, the owner and the Tenant
32 Association shall either jointly select and pay a third
33 appraiser whose appraisal shall be binding, or agree to take an
34 average of the 2 appraisals. All appraisers shall be MAI
35 certified. The determination of the sales price pursuant to

1 this subsection shall be completed within the 90 day period
2 specified in subsection (a) of this Section.

3 (c) The Tenant Association shall agree to close on the sale
4 within 90 days from the date the parties sign the contract to
5 purchase.

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

7 (310 ILCS 60/8) (from Ch. 67 1/2, par. 1158)

8 Sec. 8. The provisions of this Act shall not apply to any
9 of the following: a government taking by eminent domain or
10 negotiated purchase; a forced sale pursuant to a foreclosure;
11 ~~or~~ a transfer by gift, devise or operation of law; or an
12 owner's sale or other disposition of assisted housing in a
13 manner pursuant to which the property after the sale or other
14 disposition continues to be assisted housing as defined in this
15 Act.

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

17 (310 ILCS 60/10.1) (from Ch. 67 1/2, par. 1160.1)

18 Sec. 10.1. Civil action against owner. The Tenant
19 Association, or one or more tenants in the assisted ~~subsidized~~
20 housing, may bring a civil action against an owner who has
21 violated this Act. An owner found to have violated any
22 provision of this Act shall, in addition to any other damages,
23 pay a civil penalty to each tenant in the assisted ~~subsidized~~
24 housing in the amount of \$500 per tenant, and shall also pay
25 the attorney's fees and costs incurred in bringing the action.

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

27 Section 99. Effective date. This Act takes effect upon
28 becoming law.