

March 2025

Rental Housing Support Program Funding Allocation Task Force

Report

In 2005, The Illinois General Assembly created the Rental Housing Support (RHS) Program Act. The purpose of this Act is to create a state program to help localities address the need for decent, affordable, permanent rental housing. The program created by this Act benefits (i) all individuals who record real estate related documents by helping to stabilize real estate values in the State, (ii) rental property owners by subsidizing the portion of rent that many of their tenants are unable to pay, (iii) those individuals who own real estate in the State by providing an option for affordable rental housing should they one day face foreclosure, and (iv) tenants who participate in the program by providing them with rental assistance and the ability to achieve financial stability so that they are able to become property owners themselves.

The Act also called for the creation of the Illinois Rental Housing Support Program Funding Allocation Task Force. The Task Force's mission is to study and make recommendations regarding the equitable distribution of rental housing support funds across the State. The Task Force is also tasked with working with the Illinois Housing Development Authority (IHDA) as funding allocations will be required to be adjusted due to data released by the United States Census Bureau on the 2020 decennial Census.

This report summarizes the key elements discussed in Task Force meetings regarding the collection and distribution of Rental Housing Support funds throughout the State, how IHDA is administering the Program, and recommendations regarding the equitable distribution of the funds going forward.

Task Force Members:

- Rep. Curtis J. Tarver, II - Chair
- Alan Zais - Local Administering Agencies

- Christine Kahl - Non-profit Housing Advocacy Organization
- Jason Sethen - General Counsel for The Chicago Low-Income Housing Trust Fund,
- John C. Ackerman - Tazewell County Clerk,
- John Mirkovic - Cook County Recorder (Metro)
- Josh Langfelder - Sangamon County Recorder (Small Metro)
- Karen Davis Illinois Housing Development Authority
- Karen A. Stukel - Recorder of Deeds Will County
- Lisette Castaneda – Commissioner, Chicago Department of Housing, (Formerly Executive Director, LUCHA),
- Lori Baker - representing the Governor’s Office,
- Lori Gadbois - Recorder for Kankakee County and Board Member for the Illinois Association of County Clerks & Recorders (Rural)
- Mary Keating - Director of Community Services for DuPage County,
- Rachael Parker - Representing Don Harmon Peoria County Clerk,
- Randy McGill - Executive Director for Kankakee County Housing Authority,
- Steven Fox – Marion County Clerck

Affordable Housing Challenges in Illinois

In many parts of this State, large numbers of citizens are faced with the inability to secure affordable rental housing due to either insufficient wages or a shortage of affordable rental housing stock, or both. Many families that have difficulty securing decent housing, are subjected to overcrowding, pay too large a portion of their total monthly income for housing and consequently suffer the lack of other basic needs, live in substandard or unhealthy housing, or experience chronic housing instability. Instability and inadequacy in housing limits the employability and productivity of many citizens, adversely affects family health and stress levels, and impedes children's ability to learn.

Such instability produces corresponding drains on public resources and contributes to an overall decline in real estate values. Unaffordable rental rates lead to frequent tenant turnover and difficulty filling vacancies. This results in unstable income streams for rental property owners, the limited ability of owners to properly maintain their properties, substandard rental housing, and greater rates of foreclosure. High tenant turnover, poorly maintained properties, vacant and abandoned properties, and overcrowded housing negatively impact the safety and health of communities and the real estate values within such communities.

To that end, in 2005, The Illinois General Assembly created the Rental Housing Support Program (RHS) Act. The purpose of this Act is to create a state program to help localities address the need for decent, affordable, permanent rental housing. The program created by this Act benefits (i) all individuals who record real estate related documents by helping to

stabilize real estate values in the State, (ii) rental property owners by subsidizing the portion of rent that many of their tenants are unable to pay, (iii) those individuals who own real estate in the State by providing an option for affordable rental housing should they one day face foreclosure, and (iv) tenants who participate in the program by providing them with rental assistance and the ability to achieve financial stability so that they are able to become property owners themselves.

About the Rental Housing Support Program Act

The Rental Housing Support Program (RHS Program) is designed to promote permanent housing through the funding of rent subsidies for these “rent burdened” extremely low-income households.

- The RHS Program was created within the Illinois Housing Development Authority. The Authority was tasked with administering the Program and adopt rules for its implementation.
- The RHS Program is designed to reach extremely and severely low-income tenants, with incomes below 30% of median income, with 50% of the eligible tenants having incomes below 15% of median income.
- The RHS program is designed as a “unit based” program. The subsidy assistance will remain with the unit and not follow the tenant.
- The RHS Program, like all rental assistance programs requires “maintenance of effort” funding; without significant incremental increases in funding from year to year, the program is not able to assist new tenants annually.

Targeting of RHS Program Resources:

Funding for this program was based on a \$10 surcharge on recorded, real estate related documents (\$9 paid to the Illinois Department of Revenue (IDOR) and deposited into the fund, and \$1 available to county assessors for program collections and other operations). Effective July 1, 2023, Public Act 102-1135 increased the state surcharge that all Illinois County Recorders must collect for the Rental Housing Support Program Fund for the recording of all real estate-related documents. Beginning July 1, the portion of the Rental Housing Support Program State surcharge paid to the Illinois Department of Revenue (IDOR) increased from \$9 to \$18

- Funding is prorated geographically, based on U.S. Census data for the number of very low-income households in an area, paying more than 30% of their income for rent. The designated Geographic Areas are:
 - ⁱChicago,
 - ⁱⁱSuburban Chicago,
 - ⁱⁱⁱSmall metropolitan areas, and
 - ^{iv}Rural communities

The 2020 Census data was provided to IHDA in September 2023. The calculation showed that while the number of “rent burdened” households in Chicago increased over the previous Census, the number of similarly “rent burdened” households also increased throughout the rest of the state. This state-wide increase reduced Chicago’s pro-rata share of the funding. The data showed that there are 632,290 eligible households in Illinois. Of that total, 233,310 (37%) households reside in Chicago and 398,995 (63%) reside throughout the state. After calculation, the percentage paid to the city of Chicago was reduced from 43% to 37%. This new percentage paid took effect in July 2024. The amount paid was \$6,956,559.74 based on total receipts of \$18,801,802.80.

The allocation for Chicago, (municipalities with population greater than 2 million) is directly administered by the Chicago Low Income Housing Trust Fund, a nonprofit affiliate of the Chicago Department of Housing.

RHS Program Model

IHDA, as program administrator, makes funding (up to 3 years) available through a Request For Proposals (RFP) for “local administering agencies”, to identify property owners willing to rent to qualified tenants. Local administering agencies include local governing bodies, not-for-profit organizations, or local public housing authorities. Participating landlords are required to provide safe and habitable housing, and to income qualify tenants on an annual basis.

IHDA also targets a minimum of 10% of the resources to provide permanent support (15 years) for new affordable rental units. This long-term operating support commitment is designed to assist with long term rental assistance for the targeted population and persons with special needs, in existing units, or new units to be created in conjunction with other IHDA financing.

Recommendations from the Rental Housing Support Program Funding Allocation Task Force

Purpose:

Study, make recommendations, and work with Illinois Housing Development Authority regarding the equitable distribution of rental housing support funds across the State.

Challenge:

The current level of funding going toward affordable housing for households at or below 30% AMI is insufficient.

Task Force Recommendation:

- The legislature should identify new sources to put toward this fund.

- Basing the distribution of Rental Housing Support Program Act dollars on need is the appropriate way to distribute these funds, but *all* areas of the state do have a need for affordable housing. IHDA should receive additional funding to ensure that:
 - a. All areas of the state are represented by a Local Administering Agency (LAA). Where a county has a lower need for affordable housing, it may be more efficient to combine several counties under one LAA.
 - b. All LAAs are trained in how to support and process landlord applications under the RSHP Act.
 - c. All LAAs receive support in identifying landlords and developers in their areas who are willing to take on RHSP-funded units.
 - d. All areas/counties of the State are given adequate time to identify such prospective landlords before affordable dollars are reallocated to different areas (implement a 1-year hold period).
 - e. Prioritize areas of the state which have never – or rarely – received RHSP Act funding.
 - f. IHDA should work with county officials to identify regions of the state where it would make sense to consolidate LAA status and hold funding for said regions, in accordance with 2(d) above.

Challenge:

Several counties are unaware of how to obtain RHS funding for their communities or find it difficult to apply for funding.

Task Force Recommendations:

- IHDA and the legislature should work together to identify ways to make it easier to apply for and use the funds, including, but not limited to, prioritizing Long Term Operating Support(LTOS) Projects and/or new construction projects, and coordinate the use of funds for Permanent Supportive Housing(PSH), and PSH set-aside units, State Referral Network(SRN) Units, and Low Income Housing Tax Credit(LIHTC) Projects.
- Refine the Request for Proposal Process, potentially add points for letter of support from Clerks & Records Assn.

Challenge:

There is a lack of transparency regarding receipt of fees from each county and use of funds.

Task Force Recommendations:

- The Comptroller’s office, treasurer’s office, and IHDA as applicable, should compile and publish:
 - a. Receipt amounts from each county/area (treasurer/comptroller).
 - b. Utilization of RHSP Act dollars per county/area (IHDA).

APPENDIX A

2024 Rental Housing Support Program Funding Allocation

Local Administering Agencies (LAAs)

Agency	Service Area	2024 Funding
CEDA	Suburban Cook	\$898,688
CHAMPAIGN	Champaign	\$8,990
DUPAGE	DuPage (excluding Aurora)	\$894,243
HCP	Suburban Cook	\$1,492,646
HENRY	Henry, Bureau, Knox, Whiteside and Stark	\$213,805
HOUSING FORWARD	Cook County	\$496,708
IACAA	Henry, Mercer, Rock Island, Boone, Winnebago, Adams, Brown, Pike, Schuyler, Edwards, Gallatin, Hamilton, Saline, Wabash, Wayne, White, Bond, Clinton, Marion, Washington, Clay, Effingham, Fayette, Shelby, Moultrie, Christian, Montgomery, Franklin, Williams, Jefferson, Clark, Coles, Crawford, Cumberland, Douglas, Edgar, Jasper, Lawrence, Richland, Bureau, Carroll, LaSalle, Lee, Marshall, Ogle, Alexander, Hardin, Johnson, Massax, Pope, Pulaski, Union, Putnam, Stark, Whiteside, Sangamon	\$637,338
KANKAKEE	Kankakee and Will County	\$75,069

KENDALL	Kendall, Grundy County (excluding Aurora and Joliet)	\$561,444
LAKE COUNTY	Lake	\$323,552
LAZARUS HOUSE	Kane	\$406,455
MADISON	Madison	\$167,979
MCHENRY	McHenry	\$127,997
ROCK ISLAND	City of Rock Island	\$298,889
SPRINGFIELD	City of Springfield	\$14,135
ST. CLAIR	St Clair County	\$210,289
WINNEBAGO	Jo Daviess, Ogle, Winnebago, Boone and Stephenson	\$697,636
Total Funded to Local Administering Agents (LAAs)		\$7,525,863

APPENDIX B

2024 Rental Housing Support Program Funding Allocation

Long Term Operating Support (LTOS)

Agency	Service Area	2024 Funding
ARBORETUM WEST	Monroe	\$25,512
BERWYN APTS	Monroe	\$65,795
BRADFORD	Coles	\$43,777
CHURCH STREET	McHenry	\$47,015
COLUMBIA	Whiteside	\$101,294
COURTYARD	Massac	\$86,699
CREEKVIEW	Cook	\$51,112
FULTON COMMONS	Coles	\$14,385
HAVEN HOUSE	Cook	\$70,824
HF BROADVIEW	Cook	\$64,357
HIGHLAND PLACE	Cook	\$86,854
HOW EVANSTON	DuPage	\$27,376
IMPACT	Peoria	\$16,560
KIRWAN	DuPage	\$30,938
LANDINGS ON VILLA	Jackson	\$44,652
MADISON AVE	St. Clair	\$82,310

MAIN STREET LOFT	Jefferson	\$60,094
MILESTONE APT	Cook	\$67,385
MORRISON	Cook	\$18,821
MT. VERNON	Massac	\$74,675
MUSTACCHI	Williamson	\$28,662
NEW STAR LEAVITT	Will	\$35,658
PARKVIEW APTS	McHenry	\$30,695
PHOENIX PROJECT	Will	\$36,570
PRAIRIE TRAIL	Will	\$52,719
TOWERVIEW	McHenry	\$21,267
TRINITY	Will	\$139,133
Total Funded to LTOS Developers		\$1,425,139
Total 2024 RHS Funding		\$8,951,002

ⁱ The geographic distribution shall be re-determined by the Authority each time new U.S. Census data becomes available. The last distribution was calculated based on the 2020 Census data and implemented in 2024.

ⁱⁱ Suburban Chicago consists of Cook County excluding Chicago, DuPage County, Lake County, Kane County, Will County, and McHenry County.

ⁱⁱⁱ Small metropolitan areas consist of Springfield, Rockford, Peoria, Decatur, Champaign-Urbana, Bloomington-Normal, Rock Island, DeKalb, Madison County, Moline, Pekin, Rantoul, and St. Clair County and

^{iv} Rural communities include all areas of the State not specifically named above.