IHC Member Update: COVID-19 Response

The Illinois Housing Council is in active discussions with our public partners to ensure the health and safety of tenants living in subsidized housing, as well as the financial stability of our members’ properties. As residents in our communities become financially strained by the pandemic, we know that our members are concerned about the consistency of rent payments and financial health of their developments. As eviction moratoriums are enforced throughout the state, there will be adverse impacts to cash flow. We know our members also have concerns about pipeline projects and closing and completion delays.

Below is a summary of our discussions with leadership from the Illinois Housing Development Authority (IHDA). IHDA has assembled an internal working group focused on assessing and addressing the existing challenges resulting from COVID-19 and developing recommended solutions at both the state and federal levels. IHDA is committed to working with IHC to address our members’ concerns.

Although staff is working remotely, IHDA remains accessible and open for business as usual.

Asset Management

- IHDA recognizes the importance of utilizing operating reserves for loss of rental income and the need to expedite these requests. IHDA has expanded the number of staff that are able to approve such requests. IHDA recognizes that reserves may need to be used for a variety of expenses including: additional deep cleaning, resident services, temporary staff or loss of rental income. IHDA is committed to maintaining flexibility in the use of operating reserves during this time.

- IHC has recommended that IHDA consider providing a moratorium on soft debt mortgage payments. Borrowers should immediately communicate to IHDA if they are having problems making a payment and IHDA will work to determine the appropriate response.

- Earlier this month, IHDA issued the following guidance to owners/agents of properties with IHDA funding regarding the modification of asset management activities based on COVID-19. (See IHDA Management Bulletin #492 for the complete notice).

  - All site visits, on-site management/file reviews and periodic physical inspections have been suspended for the time being.

  - Late fees on IHDA mortgage products are being waived.

  - Due dates for submission of financial audits are being extended by 30 days.

Multifamily

- The deadline for 9% Low Income Housing Tax Credit (LIHTC) applications has been extended to April 13, 2020. The new target Board date for 2020 LIHTC applications is July 17, 2020.
Applications for 4% LIHTCs are being accepted on a rolling basis during the second and third quarters of 2020.

Construction inspections of occupied rehabilitation projects are suspended through April 30, 2020
  - Inspections for new construction and unoccupied rehabilitation projects are limited.
  - The timely review of draw requests will continue.

Flexibility is being provided to sponsors close to closing whose developments may impacted by market forces related to higher interest rates.

Deals may be shifted from IHDA financing products to conduit structures to secure the best rates and terms.

The National Council of State Housing Agencies (NCSHA) is advocating to the IRS and the U.S. Department of the Treasury for a 12-month extension for several key LIHTC-related deadlines including: 10 percent test deadlines, placed in service deadlines and rehabilitation expenditure deadlines. NCSHA’s full letter outlining these requests is attached.

Other updates:

- IHC is also in active discussions with our investor/syndicator members to discuss COVID-19 challenges, including the need to use six-month capitalized operating reserves on projects that are suffering deficits as well as the potential need for a moratorium on debt service should that be able to be arranged. We are also discussing how to handle any delays on projects in the pipeline.

- HUD’s Federal Housing Administration (FHA) “Office of Multifamily Housing Programs” has issued the a Q & A on COVID-19 for multifamily housing stakeholders.

- IHC is also reaching out to our partners at other funding jurisdictions to discuss the need to use operating reserves to stabilize projects and to consider temporary forbearance of HOME loan repayments.