

Naturally Occurring Affordable Housing Occupies ‘the Space Between’

And luckily, Illinois and Chicago are working to preserve unsubsidized rentals—the backbone of vintage buildings.

By Stacie Young, Crain’s Chicago Business, April 8, 2022

Before masks, the space between our eyeballs and chin was just there, a given. Who knew how much we appreciated that space until it disappeared?

The same thing is happening in the housing arena. Just as I took for granted unmasked lipstick and unmuffled speech pre-COVID, for years we have taken for granted our existing Naturally Occurring Affordable Housing, or NOAH. It means rental housing that is affordable without using public subsidies. It occupies "the space between" (a term first coined in a [Minnesota report](#)). That space is between higher rent, market-rate buildings in higher-cost markets, and lower-rent government-assisted subsidized properties.

NOAH includes the city's backbone of vintage buildings, both multifamily and two- to four-flats, in neighborhoods with lower property values (compared to, say, the pricier North or Northwest sides). Lower values mean relatively lower rents. From Community Investment Corporation's experience of providing credit to finance NOAH preservation, we know that many of those buildings are owned by responsible small local businesses, and many of those small businesses are owned by people of color. Incidentally, those diverse small businesses are providing quality housing and supporting the local ecosystem with local vendors and staff, while at the same time bridging the racial equity gap by building wealth for their families.

But back to those buildings.

The unsubsidized NOAH stock comprises 75% of affordable rental housing across the country. That's a big chunk to overlook. Nor can we afford to overlook that chunk: Replacing lost rental units with new construction costs twice or three times as much. We need to pay attention to these buildings, and preserve them by keeping them in good condition.

So what needs to happen to preserve NOAH?

Illinois and Chicago are lucky to have a head start with several strategies to keep rental building costs low: think energy efficiency; building code relief, including the new plumbing and building code; and the [new statewide rental property tax incentive](#). [Initiatives](#) are also afoot to preserve two- to four-unit properties, which tend to be owner-occupied, and house upwards of one-third of Chicago's rental stock.

Plus, thanks to Chicago's robust [CDFI community](#), financing is readily available for NOAH properties, both big and small. CIC, one of those CDFIs, also partners with the

city of Chicago to identify and [preserve troubled rental buildings across the city, through a program called the Troubled Building Initiative](#). That program alone has preserved 14,600 affordable rental units since 2003.

Chicago's arsenal of work is ahead of the curve but still not nearly enough. That's why a 12-year-old policy collaborative known as The Preservation Compact is pushing further by [cataloguing and sharing what other cities and states are doing to preserve NOAH](#) across the country.

Solving America's affordable housing crisis will take more than simply building more housing. It will also require protecting our existing affordable housing by supporting established strategies, studying lessons learned in other cities and adopting what makes sense for our neighborhoods.

Mask-optional guidance may have you jumping for joy or furrowing your brow, but either way, we all now think differently about the space between our eyeballs and chin. We also need to think differently about the NOAH stock. When we see and support NOAH in that space between, we win on many fronts. We help families live in quality housing. We support responsible, smaller, diverse building owners in their efforts to build generational wealth. And we keep blocks and neighborhoods healthy and vibrant. That's something we should never take for granted.

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