



CHA

CHICAGO HOUSING
AUTHORITY™

Asset Preservation Program (APP)

Theresa Olson, Deputy Chief of Asset Preservation

Asset Preservation

1.

Ensure CHA's compliance with regulatory and other external requirements as well as our own standards of operations performance

2.

Ensure relationships with 3rd parties are managed appropriately and the performance of the assets are optimal

3.

Ensure financial controls are in place to responsibly budget, spend, track and forecast cash needs

4.

Ensure preservation of affordable housing!

We handle:

- Asset Management
- Mixed Income developments
- Financial Controls
- Green & Healthy Homes
- Data Integrity
- Program Compliance
- Sustainability

What is the APP?

- The APP unifies CHA's financial, physical, and operational preservation efforts into a single, proactive system that detects early risk and deploys targeted interventions to sustain affordability.
- The APP is the unifying system through which all properties are evaluated, prioritized, and supported.
It enables a holistic understanding of asset health and directs departmental resources strategically.

What is the APP's Purpose?

- **Predict** when activities or courses of action might impact optimal performance
- **Prevent** threats or exacerbation of threats to the operational, financial, or physical stability
- **Preserve** and extend the life of the asset by deploying tools early and efficiently

Operating Model

- **Viability Triad**
 - Operational Health
 - Financial Health
 - Physical Health
- **Scoring Weights**

Preservation Tools

Tool 1: Preservation Pipeline

When to Use: Financial and physical gaps requiring new capital or subsidy optimization.

Objectives: Stabilize DSCR; right-size reserves; fund scope aligned to 20-yr needs; extend affordability.

Guardrails: Resident protection plan; capital stack feasibility; covenant compliance; insurance and climate stress tests.

KPIs: Post-recap DSCR ≥ 1.15 ; reserves health; NSPIRE \uparrow ; affordability term extended.

Tool 2: Capital Program (Bridge for Urgent Needs)

When to Use: Life-safety/critical EOL systems at risk before recap closing.

Objectives: Prevent degradation; reduce emergency orders; buy time for Tool 1.

Guardrails: Eligible scope definitions; completion clocks; documentation feeds into Tool 1 underwriting.

KPIs: Life-safety cleared; NSPIRE/REAC ↑; emergency work orders ↓; insurance normalizes.

Tool 3: Restructure of Agreements

When to Use: Misaligned/dated covenants; weak remedies; ambiguous roles, and new deals.

Objectives: Clarify obligations; strengthen remedies; modernize ops standards; extend affordability.

Objective performance triggers: Tighter cure periods, escalation ladders, updated maintenance/inspection standards (NSPIRE alignment), and reserve and reporting policies

KPIs: Fewer repeated findings; faster cures; KPI attainment within two quarters.

Tool 4: Contract Compliance Accountability

When to Use: Chronic ops underperformance; unfulfilled covenants; resident-impact issues.

Objectives: Drive management excellence via structured enforcement.

Artifacts: Notice templates; evidence logs; cure plan rubric; monthly/quarterly/annual compliance scorecards.

KPIs: operational and financial health improvement; reduced severe findings; improved resident satisfaction ratings.

Tool 5: Exit Strategy

When to Use: Persistent CVS < 40, failed cures, or governance breakdown.

Objectives: Protect affordability and asset integrity via ownership transition or alternative structure.

Pre-Conditions: Documented failures; resident transition plan; source pre-qualified vendor/owner pool for successor; BOD approvals; regulatory diligence.

KPIs: Seamless transfer; stabilization within 2–3 quarters; affordability protections intact/extended.

CHA Development Updates

QUESTIONS?