

# SUMMARY OF ARPA HOUSING ASKS

N.B.: This does not reflect every ask from every entity, and it's not intended to be a comprehensive solution to the state's housing crisis. Instead, it's a summary of various proposals intended to provide substantial support to people at every stage of the housing continuum, from people sleeping outside to long-time homeowners trying to stay in their homes.

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|---|----------------------|
| <b>Ending Homelessness</b>                                      | <b>\$160 million</b> |
| 1,500 new emergency supportive housing beds                     | \$120 million        |
| 150 new permanent supportive housing units                      | \$40 million         |
| <b>Affordable Rental Housing</b>                                | <b>\$325 million</b> |
| Continued support for COVID-19 Affordable Housing Grant Program | \$225 million        |
| Revolving Housing Production Fund                               | \$100 million        |
| <b>First Time Home Ownership</b>                                | <b>\$100 million</b> |
| Equitable purchase/rehab loans and affordability subsidies      |                      |
| <b>Support for Existing Homeowners</b>                          | <b>\$200 million</b> |
| Single-family-home rehab grants                                 | \$100 million        |
| Owner-occupied rehab grants with affordability                  | \$100 million        |
| <b>Innovative Solutions</b>                                     | <b>\$70 million</b>  |
| State Land Bank Capacity Program and community land trusts      | \$40 million         |
| Reentry housing for people exiting prison                       | \$20 million         |
| Landlord Incentive Fund   | \$10 million         |
| <b>Total</b>  | <b>\$855 million</b> |

## **Ending Homelessness**

### 1,500 new emergency supportive housing beds: \$160 million

The Supportive Housing Providers Association (SHPA) estimates that the statewide need for emergency supportive housing is 3,329 beds on any given night. Given that the pandemic has disrupted the traditional emergency shelter system (which relied largely on congregate settings like church basements), there has been a shift toward non-congregate emergency housing (like hotels) with a higher level of supportive services than provided in many existing homeless shelters.

“Non-congregate emergency supportive housing is an intervention that emphasizes housing-focused case management services, to help reduce trauma and improve exits to permanent housing. Non-congregate emergency supportive housing models have been extremely successful serving the hardest to house, leading to permanent housing outcomes for these vulnerable populations. All communities should provide crisis diversion and housing placement services to support the emergency supportive housing intervention.”

SHPA estimates that the per-bed property acquisition/rehab cost is approximately \$80,000. Fifteen hundred new emergency supportive housing beds will make considerable headway toward getting our most vulnerable neighbors off the streets and on the path toward stable housing. Ten percent of units should be dedicated to supporting returning residents.

### 150 New Permanent Supportive Housing Units: \$40 Million

Supportive housing is critical to ending homelessness in Illinois and achieving housing stability for many Illinoisians. Supportive Housing is innovative, evidence-based, and person-centered. It connects affordable housing and supportive services to Illinoisians who need them. To achieve housing stability, Illinois will need an additional 40,749 units of supportive housing.

\$40 Million for the development of Permanent Supportive Housing through the IHDA PSH Program. These are one-time funds to provide capital and longtime operating subsidies to create 150 new units of PSH. Incentives should be offered for projects developed in rural areas. Ten percent of units should be dedicated to supporting returning residents.

## **Affordable Rental Housing**

### Continued support for COVID-19 Affordable Housing Grant Program: \$225 million

We passed this program in 2021 as part of HB 2621, and appropriated \$75 million to the Illinois Housing Development Authority (IHDA) to fund it. All parties in the negotiations agreed that \$75 million would be allocated each year for four years, for a total commitment of \$300 million.

The program provides gap financing to affordable housing developments, helping deals that are just shy of the financing they need come to fruition. IHDA reports that it's allocated over \$60 million of this already, bringing hundreds of new units online. Increased construction and labor costs due to the pandemic have made these additional resources vital. We should also expand the eligibility of these dollars to include permanent supportive housing.

### Revolving Housing Production Fund: \$100 million

To increase the supply of affordable housing without requiring ongoing appropriations, we could create a revolving housing production fund seeded by a combination of ARPA and revenue-backed bonds, modeled after a successful program in Montgomery County, Maryland. The seed money is replenished when the housing is constructed by a bond issuance backed by future rental income.

This is similar to the program proposed in HB 5018 (Evans) (Do Pass / Short Debate Housing Committee; 014-008-000), an initiative of the Housing Authority of Cook County (HACC). We recommend setting aside 40% of these dollars for Cook County to fund HACC's proposal, and making the remaining dollars available statewide to other public entities.

## **First-time home ownership**

Equitable purchase/rehab loans and affordability subsidies: \$100 million

From Neighborhood Housing Services of Chicago (NHS) and the Chicago Rehab Network (CRN):

For too many decades, Latino and Black majority neighborhoods have been denied access to equitable loan products, which is key to the maintenance and improvement of the single-family housing stock. Our comprehensive effort will offer innovative and equitable loan terms. This loan capital is a renewable resource that will be repaid, sold, or otherwise regenerated, and its impact will be felt within the homeownership ecosystem for years to come.

In order to be effective, NHS and CRN suggest coupling the equitable loan product with two additional tools: a loan-loss reserve, to provide banks confidence to make loans to non-traditional buyers; and flexible grants of \$25,000 - \$50,000 to cover appraisal gaps, closing costs, or rehab for health and safety upgrades.

## **Support for Existing Homeowners**

Single-family-home rehab grants: \$100 million

Rising property taxes and high construction and labor costs have made deferred maintenance a serious problem for many homeowners. This is particularly true for lower-income and fixed-income residents, like many seniors.

This is modeled on HB 4949 (Collins) (Do Pass / Short Debate Housing Committee; 014-008-000), which would provide grants “to reduce the cost of repair and rehabilitation, to remove or correct health or safety hazards, to comply with applicable housing standards or codes, or to make needed repairs to improve the general living conditions.” HB 4949 only applies to “legacy seniors” — we should contemplate what populations should be targeted for this relief.

Owner-occupied rehab grants with affordability: \$100 million

Owner-occupied apartment buildings up to a certain number of units could receive similar support. Here, though, we imagine tying it to long-term affordability: instead of a grant, the owner could receive a forgivable loan. Through a simple annual attestation form, they would have to provide leases showing that their rents are remaining affordable for a certain number of years. If they keep their units affordable for the duration of that time, the loan would be forgiven.

## **Innovative Solutions**

### Expand State Land Bank Capacity Program and Support Community Land Trusts: \$40 million

From a letter produced by the South Suburban Mayors and Managers Association (SSMMA):

Land banks are governmental agencies that focus on converting abandoned, vacant and tax-delinquent properties into productive assets. Land banks work to acquire abandoned properties before they deteriorate and then connect these properties to owners that will maintain them and pay taxes. At the same time, land banks help communities clear out the structures that are beyond repair, creating an environment where new investments can thrive.

The Illinois Housing Development Authority (IHDA) launched the Land Bank Capacity Program (LBCP) in 2017 to provide start-up funding and technical assistance to create land banks. This funding would support the eight currently operating land banks in Illinois, serving Chicagoland, Rockford, Peoria, Quad Cities, Quincy/Jacksonville, and other communities across the state.

Eligible uses of this funding would also include support property acquisition and rehab by community land trusts, which are a well-established model to provide lasting community assets and permanently affordable shared equity homeownership opportunities. Community land trusts are a particularly useful tool to preserve affordability in communities with rapidly increasing housing values.

### Reentry housing for people exiting prison: \$20 million

People exiting prison and their families often don't have a safe roof over their heads, due to housing discrimination and federal funding prohibitions blocking access to housing. Unstable living conditions are a significant challenge to their ability to succeed. This proposal includes acquisition and rehab of multifamily affordable housing and permanent supportive housing, as well as \$3 million to establish and operate the Illinois Reentry Housing Institute, which would help project development teams create housing development plans and, upon completion of the program, access sources of development financing administered by IHDA. As 40% of returning residents come home to the City of Chicago, we propose 40% of the funding be dedicated to the city.

### Landlord Incentive Fund: \$10 million

Washington State's Landlord Mitigation Program was enacted in 2018 to provide landlords with an incentive and added security to work with a tenant that is receiving public rent assistance. The program offers up to \$1,000 to the landlord in paying for some potentially required move-in upgrades, up to fourteen days' rent loss and up to \$5000 in qualifying damages caused by a tenant during tenancy.

We propose \$10 million to a similar program in Illinois, while expanding the eligible tenants to include other populations that need assistance with the costs of securing an apartment (e.g., paying security deposits, move in fees and/or first month's rent) and/or face challenges finding rental property owners willing to rent them for reasons such as lack of credit or rental history, including returning residents and refugees.