



City of Chicago
Richard M. Daley, Mayor

Department of Housing

Marina Carrott
Commissioner

318 South Michigan Avenue
Chicago, Illinois 60604
(312) 747-1655
(312) 744-1691 (TT/TDD)
(312) 747-1670 (FAX)

April 26, 1995

To: Alderman Ambrosio Medrano
Chairman, Housing Committee

From: Marina Carrott
Housing Commissioner

Re: Department of Housing: First Quarter, 1995
Report of Housing Creation and Preservation

During the first quarter of this year the Department of Housing (DOH) made significant, if selective, progress towards achieving the goals of the second year of Mayor Daley's five-year Affordable Housing Plan. In the course of this memorandum, I will comment on the highlights of the quarter's activity.

1995 ESTIMATE OF UNITS CREATED OR PRESERVED:

Attached to this memorandum are the projections of affordable housing units which will be created and preserved with the assistance of DOH or the Chicago Low Income Housing Trust Fund (LIHTF) in 1995. At the request of the Housing Committee, we have attempted to estimate the number of units which would receive assistance from more than one source of funds. A separate document provides the specifics of those estimates and explains the underlying assumptions. Both the projections and the quarterly report totals are tallied in two ways: on a cumulative basis (units projected for each funding source) and on a net basis, after units accessing multiple sources of funds are eliminated.

DOH's ability to create additional units of housing has historically rested, in part, on the contribution of subsidies - tax credits, loans and grants - by the Illinois Housing Development Authority (IHDA). Although I have written the Acting Director of IHDA to request a projection of their 1995 Chicago activity, I have yet to receive a response. Based on that fact, and IHDA's continued refusal to accept most Chicago applications before the fourth quarter, we have assumed that Chicago transactions, with the exception of those which receive financing from the IHDA multi-family bond, will receive no significant amount of state assistance, and that DOH will be, for all



practical purposes, the sole source of public subsidies.

Over the past few years, as development and operating budgets have escalated, and as projected rents have been reduced to serve a larger number of residents at the lowest end of the income range, the amount of public subsidy needed to produce a unit of affordable housing has increased substantially. Today it is not unusual for DOH and the LIHTF to be asked to finance eighty, or even ninety, percent of development costs. The impact on our unit output, especially if there is no state assistance, is significant: after netting out units which will require multiple sources of DOH/LIHTF funding, we are projecting that approximately 3400 units of affordable housing will be created by these two organizations in 1995.

IHDA BOND INITIATIVE: IHDA is proceeding with what is anticipated to be its last multi-family bond for the foreseeable future. DOH has offered to cooperate with IHDA by providing interest rate write-downs for a number of Chicago developments which could not otherwise employ bond financing. At this time, the number of units which would be created, and the cost to DOH cannot be determined. Our projections are based on 1995 funding budgeted for this initiative and our projection of the amount of bond proceeds which would be required for a typical unit of low-income housing.

LOW INCOME HOUSING TRUST FUND: During the first quarter, the Board of the LIHTF approved the use of all of the \$4,000,000 budgeted for annual rental subsidies in 1995. A schedule of the developers whose projects received subsidies is attached to this memorandum.

CDBG FLOAT LOANS, MULTI-FAMILY LOANS: During the quarter, Greater Southwest Development Corporation received approval of a \$3,060,000 CDBG float loan, which will be employed for short term financing of an elderly housing development known as Churchview Manor II. City Council also approved a DOH loan in the amount of \$6,400,000 for this project.

LOW INCOME HOUSING TAX CREDITS: DOH has received applications totalling almost \$17,500,000 for our 1995 low-income housing tax credit allocation of \$3,480,000. Staff have been reviewing some 60 tax credit applications, and awards will be made in the second quarter. Regrettably, many viable and attractive opportunities to create low-income housing will not receive tax credits due to the scarcity of this resource.

In response to information requested by the Housing Committee during the course of the last quarterly report, I submit the following:

DOH BROCHURE: The Committee requested that the department create a brochure which will explain our multi-family loan application process in a simplified and straightforward manner. We have decided to employ an outside contractor for this task. Two potential candidates have been identified and are being approached. At the present time, with applications exceeding \$220 million in the pipeline, we are not accepting additional applications.

BREAKDOWN OF 1994 ACTIVITY: Attached to this memorandum is a breakdown of all 1994 housing creation funds awarded to not-for-profit and for-profit developers.

NEW HOMES FOR CHICAGO: Also attached is a report on all New Homes for Chicago developments which have received DOH funding since the inception of the New Homes program. At the next meeting of the Housing Committee, I will be prepared to discuss the evolution of the New Homes for Chicago program.

CHICAGO ABANDONED PROPERTIES PROGRAM (CAPP): Also attached is a schedule of all CAPP-related activity since the inception of the CAPP program.

Thank you for the opportunity to make this report. As I write it, I am painfully aware that the current U.S. Congress will soon return to session to continue debate of the 1995 Rescission Package. Of total rescissionary measures ranging from \$13 billion (Senate version) to \$17 billion (House version), federal housing programs stand to lose between \$4.6 and \$7.2 billion. Many sources of financing for both

public and privately created low-income housing are in jeopardy, including Community Development Block Grant funds. I urge the members of the Housing Committee to defend our federal housing programs, and to ask their City Council colleagues to do the same.

CITY OF CHICAGO DEPARTMENT OF HOUSING
PROJECT SUMMARY, LOANS APPROVED BY CITY COUNCIL

FIRST QUARTER, 1995

NAME OF BORROWER/DEVELOPER: Limited Partnership to be Formed/Greater Southwest Development Corporation

FOR-PROFIT/NOT-FOR-PROFIT: Not-for-profit

PROJECT NAME AND ADDRESS: Churchview II
6300 South Kedzie Avenue

WARD/ALDERMAN: 14/Edward Burke

CITY COUNCIL APPROVAL: March 9, 1995

APPLICATION DATE: December 1993

TYPE OF PROJECT: New construction of a five-story residential and medical/office complex containing 102 units of housing for seniors.

DOH LOAN

Amount: \$6,408,727 (HOME/Corporate Funds/Program Income)

Rate: 0%

Maturity: 17 years

Repayment: \$826/month; balloon payment at maturity.

Security: Second Mortgage

Special Conditions: None

CD FLOAT LOAN:

Amount: \$3,060,000

Rate: 3.5%

Term: 24 months

Security: Irrevocable, direct-pay letter of credit, provided in the amount of principal and anticipated interest for the CD Float loan.

Purpose: The CD Float loan will be used as a bridge loan for the tax credit equity. Its use will produce a savings of \$274,000 in the project development costs over two years.

UNITS/RENTS

<u>Type</u>	<u>Number</u>	<u>Rent</u>	<u>Income Group</u>
Studio	8	\$340	31-50%
1 Bedroom	32	\$405	31-50%
1 Bedroom	51	\$480	51-60%
2 Bedroom	1	\$488	31-50%
2 Bedroom	<u>10</u>	\$575	51-60%
Total	102		

Utilities: Owner pays for heat, cooking gas and water. Tenant pays for electricity.

PROJECT COSTS

	<u>Amount</u>	<u>Per Unit*</u>	<u>%</u>
Acquisition	\$ 1,870,500	\$ 18,338	15.9%
Construction	7,497,000	73,500	63.7%
Soft Costs	1,903,227	18,660	16.2%
Developer Fee	<u>498,000</u>	<u>4,882</u>	<u>4.2%</u>
Total	\$11,768,727	\$115,380	100%

* The per unit cost is based on 102 residential units; however, the total costs include commercial construction. Subtracting the portion for commercial construction, yields an approximate cost of \$10,591,854 (\$103,842 per unit) for the residential development.

PROJECT FINANCING

<u>Source</u>	<u>Amount</u>	<u>Lien Position</u>	<u>Rate</u>	<u>Term/ Amort</u>	<u>Per Unit</u>	<u>%</u>
Marquette Bank	\$ 2,050,000	1st	9.25%	15/30	\$ 20,098	17.4%
DOH	6,408,727	2nd	0%	17	62,831	54.5%
FHLB	250,000	Grant	N/A	N/A	2,451	2.1%
Tax Credit Equity	<u>3,060,000</u>	Equity	N/A	N/A	<u>30,000</u>	<u>26.0%</u>
Total	\$11,768,727				\$115,380	100%

DOH Loan Closings - First Quarter
January 1 - March 31, 1995

<u>Developer/Project</u>	<u>City Council Approval Date</u>	<u>Loan Closing Date</u>
1. Arnold Giles 4350-52 South Lake Park	-	January 26, 1995
2. Williams/Anderson 5846-48 South King Drive	July 13, 1994	February 8, 1995
3. Englewood Renovation Project, Inc. 6750-56 South Green Street	October 5, 1994	February 27, 1995
4. Senior Suites Chicago South Shore Limited Partnership 2345-61 East 67th Street	December 21, 1994	March 8, 1995

COMPARISON OF 1994 DOH PRODUCTION (FOR PROFIT vs. NOT FOR PROFIT)

	For Profit		Not for Profit		Total	
	\$	Units	\$	Units	\$	Units
LIHTF Rental Subsidy	1,381,248	469	2,488,367	969	3,869,615	1,438
LIHTF ARC Program	1,005,000	73	397,500	18	1,402,500	91
Multifamily Loans	35,939,307	973	14,376,144	754	50,315,451	1,727
Tax Increment Financing	--	--	1,808,000	96	1,808,000	96
LIH Tax Credits	8,420,166	399	10,681,393	390	19,101,559	789
New Homes for Chicago	1,036,000	51	650,000	41	1,686,000	92
Totals	47,781,721	1,965	30,401,404	2,268	78,183,125	4,233
	61%	46%	39%	54%		

CAPP FINANCING REPORT 4/15/95

1st Quarter, 1995

Borrower Dewayne Sandifer Address 4323 W. Cermak Units 2-units CAPP_Financing \$47,780 Total_Project_Costs \$135,640 Income_Level 2 - 61%-80%

DOH PRODUCTION AND EXPENDITURE COMPARISON TO PLAN (January 1 - March 31, 1995)

	1995							1995						
	Allocated Funds	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	YTD Expenditures	% of Goal	Projected Units	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	YTD Units	% of Goal
HOUSING CREATION														
Affordable Housing Bond Initiative	6,000,000	--				--	--	133	--				--	--
Low Income Housing Trust Fund *														
Dedicated Revenue Stream	4,000,000	4,000,019				4,000,019	100.00%	1,472	1472				1,472	100.00%
CDBG Float Loans *	20,000,000	3,060,000				3,060,000	15.30%	667	102				102	15.29%
Housing Revenue Bonds *	10,000,000	--				--	--	200	--				--	--
City Fee Waivers *	700,000	71,710				71,710	10.24%	18	2				2	11.11%
Tax Increment Financing *	2,000,000	--				--	--	100	--				--	--
Multifamily Rehab & New Construction														
HOME Multifamily Prgms (\$24,343,000)	51,016,707	6,408,727				6,408,727	12.56%	1,275	100				100	7.84%
CDBG Multifamily Prgms (\$10,298,707)														
Corp/HOME Match (\$3,375,000)														
Sect.108 Multifamily Prgm (\$12,000,000)														
Federal Earmark for HIV/AIDS Housing (\$1,000,000)														
Mortgage Credit Certificate Program	25,000,000	--				--	--	250	--				--	--
CAPP Financing	350,000	47,780				47,780	13.65%	14	2				2	14.29%
Single Family Rehab														
CDBG (\$ 500,000)	1,165,000	--				--	--	39	--				--	--
HOME (\$ 665,000)														
Homebuyer's Assistance	250,000	--				--	--	50	--				--	--

* May be used with other DOH financing.

DOH PRODUCTION AND EXPENDITURE COMPARISON TO PLAN (January 1 - March 31, 1995)

	1995							1995						
	Allocated Funds	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	YTD Expenditures	% of Goal	Projected Units	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	YTD Units	% of Goal
New Homes for Chicago Corporate (\$1,000,000) HOME-Deep Subsidy (\$ 1,500,000)	2,500,000	--				--	--	93	--				--	--
Low Income Housing Tax Credits *	17,400,000	--				--	--	870	--				--	--
Total Housing Creation	140,381,707	13,588,236	0	0	0	13,588,236	9.68%	5,181	1,678	0	0	0	1,678	32.39%
(Less Multiple Benefit Units)								(1,775)	(102)	0	0	0	(102)	
Net Housing Creation								3,406	1,576	0	0	0	1,576	46.27%
HOUSING PRESERVATION														
CDBG														
EHAP	3,400,000	948,811				948,811	27.91%	971	403				403	41.50%
H-RAIL: (Production Only)	1,700,000	79,902				79,902	4.70%	755	49				49	6.49%
HAPP	1,290,000	--				--	--	129	--				--	--
Heat Receiver	150,000	--				--	--	600	549				549	91.50%
Housing Facade Program	750,000	31,795				31,795	4.24%	176	13				13	7.39%
Weatherization (Delivery Only)	4,284,000	1,162,297				1,162,297	27.13%	2380	597				597	25.08%
Lead-Safe Homes Initiative	1,700,000	--				--	--	170	--				--	--
SRO Fire Safety Improvements	--	--				--	--	800	--				--	--
Total Housing Preservation	13,274,000	2,222,805	0	0	0	2,222,805	16.75%	5,981	1,611	0	0	0	1,611	26.94%
Total Creation + Preservation	153,655,707	15,811,041	0	0	0	15,811,041	10.29%	11,162	3,289	0	0	0	3,289	29.47%
Net Total Creation + Preservation								9,387	3,187	0	0	0	3,187	33.95%

* May be used with other DOH financing.

DOH PRODUCTION AND DISTRIBUTION OF RESOURCES BY INCOME LEVEL (January 1 - March 31, 1995)

		Units by Income Level						
Comments		0-16% \$0-8,000	17-30% \$8-15,000	31-50% \$15-26,000	51-60% \$26-31,000	61-80% \$31-41,000	81-120% \$41-62,000	Total Units
HOUSING CREATION								
Affordable Housing Bonds Initiative	IHDA/City Bonds - 1% First Mortgages							--
Low Income Housing Trust Fund*								
Dedicated Revenue Stream	Project Based Rental Subsidy	890	582					1,472
Affordable Rents for Chicago	0% Second Mortgages							
CDBG Float Loans *	First Mortgage Construction Financing			41	61			102
Housing Revenue Bonds *	First Mortgage Permanent Financing							--
City Fee Waivers *	Units generated by \$700,000 in Fee Waivers @ \$35,000/unit				2			2
Tax Increment Financing *	Future Tax Increment Used to Support First Mortgage Financing							--
Multifamily Rehab + New Construction								
HOME Multifamily Programs (\$24,343,000)				41	59			100
CDBG Multifamily Programs (\$10,298,707)								
Corp/HOME Match (\$ 3,375,000)								
Section 108 Multifamily Programs (\$12,000,000)								
CAPP Financing (\$350,000)						2		2
Single Family Rehab								
CDBG (\$ 500,000)								--
HOME (\$ 665,000)								
Homebuyer's Assistance (\$250,000)								--

* May be used with other DOH financing.

DOH PRODUCTION AND DISTRIBUTION OF RESOURCES BY INCOME LEVEL (January 1 - March 31, 1995)

Units by Income Level							
Comments	0-16% \$0-8,000	17-30% \$8-15,000	31-50% \$15-26,000	51-60% \$26-31,000	61-80% \$31-41,000	81-120% \$41-62,000	Total Units
New Homes For Chicago							
Corporate (\$ 1,000,000)							--
HOME - Deep Subsidy (\$ 1,500,000)							
Low Income Housing Tax Credits *							--
Equity Generated by \$3,479,657 in Annual Tax Credits							
Total Housing Creation	<u>890</u>	<u>582</u>	<u>82</u>	<u>122</u>	<u>2</u>	<u>0</u>	<u>1,678</u>
(Less Multiple Benefit Units)			<u>(41)</u>	<u>(61)</u>			<u>(102)</u>
Net Housing Creation	<u>890</u>	<u>582</u>	<u>41</u>	<u>61</u>	<u>2</u>	<u>0</u>	<u>1,576</u>
<u>HOUSING PRESERVATION</u>							
CDBG							
EHAP (\$3,400,000)	157	140	78	26	2		403
H-RAIL (\$1,700,000 Production Only)	14	23	8	2	2		49
HAPP (\$1,290,000)							--
Heat Receivership (\$150,000)	5	198	247	56	43		549
Housing Facade Program (\$750,000)	5	3	5				13
Weatherization	351	182	57	5	1	1	597
Funds from Department of Energy and Health and Human Services							
Lead-Safe Homes Initiative							--
\$3.4MM Grant Spread over Two Years							
SRO Fire Safety Improvements	--						--
Total Housing Preservation	<u>532</u>	<u>546</u>	<u>395</u>	<u>89</u>	<u>48</u>	<u>1</u>	<u>1,611</u>
Total Creation + Preservation	<u>1,422</u>	<u>1,128</u>	<u>477</u>	<u>211</u>	<u>50</u>	<u>1</u>	<u>3,289</u>
Net Total Creation + Preservation	<u>1,422</u>	<u>1,128</u>	<u>436</u>	<u>150</u>	<u>50</u>	<u>1</u>	<u>3,187</u>

* May be used with other DOH financing.

Units Accessing Multiple 1995 DOH Programs

	Units by Income Level						Total Units
	0-16%	17-30%	31-50%	51-60%	61-80%	81-120%	
	\$0-8,000	\$8-15,000	\$15-26,000	\$26-31,000	\$31-41,000	\$41-62,000	
HOUSING CREATION							
CDBG Float Loans *							
Greater Southwest Development Corp			41	61			102
Housing Revenue Bonds							0
Tax Increment Financing							0
Low Income Housing Tax Credits							0
Total	0	0	41	61	0	0	102

* Primary assistance provided under multifamily loan programs.