



POLICIES FOR AN AFFORDABLE CITY - 2008

The Chicago Rehab Network's Policy Platform calls for recognizing affordable housing as a fundamental engine and priority for Chicago's economic growth. For our city to maintain a strong and sustainable environment for its families, affordable housing must be placed on equal footing with city projects as prominent as airport expansion, the Olympic bid, or the development of Millennium Park. Creation and preservation of affordable housing creates jobs, purchases materials, and produces renters and owners who have enough income to spend on other critical life needs. Whether a household shops at Aldi or Whole Foods, the City reaps economic benefits.

PRESERVE NEIGHBORHOODS

City policies should be adopted to ensure that affordable rental units are not lost. While the state and federal government must also play a role, the City must take the first step to institutionalize processes that preserve its dwindling stock for current and future Chicagoans. Preserving what we have demands City leaders make determined and proactive policy choices.

Recommendations

- Create **allocation priorities** to assure that resources are awarded to projects with the longest proposed affordability. Many states and localities award resources and require affordability periods in excess of 30 years.
- Place the preservation of affordable housing as first priority for taking advantage of opportunities in the new **Green Sector** and other incentives offered by the City.
- Halt the loss of family-size (2+ bedroom) rental units by dedicating **policies and resources towards re-growing the stock of family-size apartments** in the City's housing program allocations. Over 50% of all units produced by the City's Low Income Housing Tax Credits (LIHTC) between 2000 and 2007 were 1-bedroom units.
- Invoke a **moratorium on condo conversions** until an effective tracking policy can be developed to analyze and effectively mitigate what the loss of the rental unit(s) will mean to the local community. The US Housing Market Conditions report published in November 2007 found that 16,000 rental units have been lost to conversion in the last 3 years in Chicago. A policy that continues to avoid regulating this development will result in further loss of family rental housing in Chicago.
- **Inventory publicly owned land and bank appropriate parcels** for affordable housing in the Chicago Community Land Trust, prioritizing parcels in gentrifying communities. The development of the USX site in South Chicago, for example, should include planning for affordable housing based on the needs of existing local residents as a priority. Further the Land Trust should expand into rental housing where appropriate.
- Ensure the application of **mixed income developments that consider neighborhood context** and prioritize the needs of the local place-based housing market. The planned

demolition of Lathrop Homes for redevelopment as mixed-income, for instance, is a misapplication that ignores local context. A full review of the lease/sales status of mixed finance properties should be conducted to determine the effectiveness of that approach.

- Utilize **place-based development frameworks** which uncover neighborhood housing needs through community development corporations, community groups, and other local leaders. Resist utilization and creation of boutique-type programs which have the result of stimulating niche housing developers and cloud demand for housing resources. The core consideration in this place-based framework is consideration of existing needs and assets in a community.

EXPAND LEADERSHIP

City leaders should create new processes of civic engagement and community involvement to hear and dialogue on community needs. Fear of “NIMBYism” has stifled creativity and leadership. Misunderstandings exist which separate market definitions from affordable definitions. Finally, we call for leadership targeted towards city decision makers about affordability – what it means in different neighborhoods, how incomes relate to housing costs, and how affordability strengthens the city.

Recommendations

- Plans to **create and dispose of city assets** must include **impact studies on affordable housing and the community**. Reuse of city controlled assets – like the many public schools that are slated for closure – should be intentionally evaluated for use as affordable housing rather than being sold for undirected market uses.
- Create an **Affordable Housing Cost Benefit Analysis** policy which would require coordination between departments and allow for the **reduction of costs** which hamper affordable development. It would provide an analysis of costs deriving from policies/regulations and allow the City Council to consider legislation with those consequences in mind.
- **Eliminate barriers to developing family housing** when market analysis can demonstrate need. Review policies which hinder development of family rental housing.
- **Examine the New Homes for Chicago** program to review projects that work, and those that have been challenged, for instance, because sales prices are out of line with local need.
- **Improve Troubled Buildings Initiative** and preserve in the housing stock with affordability restrictions so they are available in the future and not subject to market dynamics.
- Set policy to begin acquiring and transferring **foreclosed, abandoned or near-abandoned** homes to nonprofit owners to manage and house Chicagoans. This is an opportunity to expand and create housing options, such as rental housing. Undirected by policy, abandoned homes negatively impact a neighborhood, lead to depressed values, and can trigger gentrification which will not benefit long-time residents. Policies to demolish these properties are shortsighted and ignore the demand for affordable housing in the city.
- Implement a constantly **updated information system that efficiently tracks and communicates**-all proposed, considered, and approved City policies. Since our 2007 Platform, significant progress has been made through the City Clerk’s Office with regard to increased transparency in city policymaking. The next level would allow citizens to track progress on legislation and to engage with city decision makers as to neighborhood appropriateness and needs.

- Increase **transparency in the Departments of Planning, Zoning, Building, and Construction/Permits** to allow for better utilization of public resources, based on the reporting model exemplified by the Department of Housing.

COMMIT RESOURCES

CRN believes the City has the capacity and leadership to craft a solution for affordable housing that is proportionate to the need of its citizens. Historically, CRN has recommended increased City resource commitments via corporate resources, such as hotel taxes and dedicated portions of transaction taxes. Today, as the evidence is mounting in favor of rebuilding the stock of affordable housing, we call again for an **increased resource commitment** that would reverse the path the city is on.

Recommendations

- Utilize existing **TIF funds** for both creation and preservation of at-risk housing. A recent city ordinance pooled over \$100 million over 5 years towards the rehabilitation of over 20 schools. Mirror this creativity to pool financing for affordable housing and to deepen the city's commitment.
- Reap a portion of the **benefits from sale of city assets** into the Chicago Low Income Housing Trust Fund, as was modeled through the lease of the Skyway.
- Include affordable housing development in the city's **capital program funding**. Many years ago CRN advocated that the State of Illinois consider affordable housing as infrastructure to its economic success, and that it should be eligible for capital program funding. The City of Chicago's Capital Improvement Program has five general criteria for inclusion in the Capital Program – affordable housing meets all 5 criteria and should reap the benefits of city allocations, bonds, and/or pass-thru monies from the federal government.
- **Reduce Costs** and ensure preservation of existing affordable stock by passing city policy to forego **property taxes** from nonprofit owned affordable housing. This not only benefits the long-term viability of the affordable housing asset, but secures the availability of the housing for future generations by reducing a key operating expense.
- Eliminate the contradictions in **targeting resources**. The debate has been in the realm of an existing pie of resources – that income targeting could be lowered to the city median (vs. PSMA) with fewer units resulting. A sustainable policy for an affordable city would always prioritize housing need related to existing residents in a community with affirmative efforts to protect that housing from market forces.
- **Enable the City's new Affordable Housing Preservation Ordinance** with sufficient resources to entice preservation purchasers to renew and preserve these properties as affordable rental housing.