



Analysis of the First Quarter 2012 Housing Report

Accepting the Challenge: Five Year Affordable Housing Plan, 2009-2013

Presented May 16, 2012

The city's report lays out a comprehensive grid of the programs the Department employs to support the affordable housing needs of the city's citizenry. The report also details the budgetary plan and production goals for the year. We recognize the Department is tasked to do more with fewer resources and believe they have laid out an effective framework, but will point out the serious decrease in resources for MF development and preservation. As is normal the first quarter activity reports on the significant role of the Low Income Housing Trust Fund and the value of reliable long term resources in meeting the needs of low income households in the city. While the report reflects standard activity in its programs for the first quarter, it does provide us an opportunity to reflect on how to support the Department's fundamental mission of strengthening Chicago neighborhoods.

Our ***Building the Future Chicago*** Platform continues to be a relevant source of policy recommendations to assist Chicago in coming out of the recession. Many of our recommendations – including strategies to create wealth and jobs – are focused on building a robust and affordable Chicago where people want to remain and prosper. Specifically, we believe that intentionality is required to target assets and to **“Circulate city and government investments among local institutions and companies to assure local workforce participation and a development culture that leverages investment and builds the city economy.** All contracts, grants, and public/private partnership arrangements, including advancing those who have the capacity to train and hire low income Chicagoans, should be actively prioritized to Chicago-based institutions.” The history of community development in Chicago and across the country has many lessons to reveal about turning economies around and building assets.

One key lesson is that the development details matter – creating jobs in the City, buying materials in the City, hiring City residents. These decisions have a ripple effect that strengthens the whole city and should be examined and reinforced within the innovative and historic ***Building a New Chicago*** Infrastructure Trust. A second recommendation is to consider housing as an eligible use for the revenue generated in the Infrastructure Trust and its financing authority. Eleven years ago the Chicago Rehab Network and its allies proposed to the State of Illinois that housing rehab and development should be considered infrastructure and therefore included in bond issuances. The State's capital plan presently includes \$130,000,000.00 for housing. “Retrofit Chicago” as part of the new Infrastructure Trust could allow capital investment into aging housing that the City has funded since the early 1990s. This stock of

federally supported rental housing in the City is substantial and will without question require some level of refinance assistance based on current market dynamics. Additionally, it is worth exploring whether a pool of capital could be structured to impact the foreclosure problem in Chicago and compliment the city's micro-market recovery program.

Without question the recession has ravaged Chicago's housing market and the realities of unemployment and income stagnation make it difficult to see a path forward. Leadership and innovation to stabilize the housing market must be a critical piece of any blueprint to move our City forward to once again enable the tax base to grow as rehabbed properties are put back into service. Existing city revenues for housing are significant to the overall city budget as demonstrated in the chart below, yet insufficient to meet the need.

It is important to note that the HOME revenues were decreased significantly last year by 37% and the Mercy Portfolio Services is reporting that the majority of their funds are committed; therefore, structuring new resources toward housing makes sense and is quite timely and critical.

Among the **Top Twenty Budget Appropriations for 2012** are two key DHED revenue sources from the Federal government's US Dept of Housing and Urban Development: the Neighborhood Stabilization Program and the HOME program. These are large programs which not only create housing, but generate revenue, create spending power, and create jobs.

FUND TYPE	FUND CODE	FUND DESCRIPTION	DEPARTMENT DESCRIPTION	APPROPRIATION ACCOUNT DESCRIPTION	2012 ORDINANCE (AMOUNT \$)
Local	100	CORPORATE FUND	DEPARTMENT OF POLICE	SALARIES AND WAGES - ON PAYROLL	1,033,610,179.00
Local	100	CORPORATE FUND	FIRE DEPARTMENT	SALARIES AND WAGES - ON PAYROLL	415,280,984.00
Local	510	BOND REDMPTN/IN F	FINANCE GENERAL	INTEREST ON FIRST LIEN BONDS	319,016,000.00
Local	740	O'HARE REVENUE FUND	FINANCE GENERAL	INTEREST ON THIRD LIEN BONDS	311,253,322.00
Local	683	POLICEMEN ANN/BENFT	FINANCE GENERAL	EMPLOYEE ANNUITY/BENEFT	210,175,000.00
Local	100	CORPORATE FUND	FINANCE GENERAL	TEXT FILE - EXTRA LONG	192,265,730.00
Local	681	MUNICIPAL EMPLOYEE	FINANCE GENERAL	EMPLOYEE ANNUITY/BENEFT	164,169,000.00
Local	510	BOND REDMPTN/IN F	FINANCE GENERAL	PAYMENT OF BONDS	149,306,000.00
Local	200	WATER FUND	FINANCE GENERAL	INTEREST ON FIRST LIEN BONDS	113,000,000.00
Grants	784	CMAQ	CHICAGO DEPT OF TRANSPORTATION	CONSTR BLDG/STRUCTURE	107,507,000.00
Grants	890	HEAD START	FAMILY AND SUPPORT SERVICES	PROF & TECHNICAL SERVICES	102,339,367.00
Local	100	CORPORATE FUND	FINANCE GENERAL	CLAIMS MED CARE-ANN/DEP	95,145,379.00
Grants	0S85	NEIGHBORHOOD STABILIZATION PROGRAM	HOUSING AND ECONOMIC DEVELOPMT	LAND ACQUISITION	87,198,000.00
Local	100	CORPORATE FUND	FINANCE GENERAL	HMO PREMIUMS	87,041,568.00
Local	100	CORPORATE FUND	DEPT STREETS AND SANITATION	SALARIES AND WAGES - ON PAYROLL	86,376,035.00
Local	684	FIREMENS ANN/BENFT	FINANCE GENERAL	EMPLOYEE ANNUITY/BENEFT	85,652,000.00
Grants	624	O'HARE AIRPORT	DEPARTMENT OF AVIATION	PROF & TECHNICAL SERVICES	85,000,000.00
Grants	0K11	HOME INVESTMENT PARTNERSHIP	HOUSING AND ECONOMIC DEVELOPMT	REHABILITATION LOANS GT	84,794,894.00
Local	740	O'HARE REVENUE FUND	DEPARTMENT OF AVIATION	SALARIES AND WAGES - ON PAYROLL	80,148,913.00
Local	353	Emergency Comm Fund	Finance General	Operation of OEMC	71,933,000.00

Source: 2012 Annual Appropriations Ordinance, Office of Budget and Management, City of Chicago

Analysis of First Quarter 2012 Activities

The Department reports committing about \$41 million to assist 3200 units during the first quarter of 2012. The biggest variance we find is in anticipated resources. The above chart shows anticipated resources comparing change between 2011 and 2012. The Department has \$66 million less for rental housing in 2012 than in 2011. A portion of this part of this may be attributed to federal reductions of the HOME program from \$28 million to \$17 million CDBG from \$75 million to \$71 million.

	2011	2012	Change
Multi Family	\$355,442,732	\$288,880,552	(\$66,562,180)
Single Family	\$63,504,100	\$62,160,125	(\$1,343,975)
Improve and Preserve	\$16,042,832	\$14,882,768	(\$1,160,064)
Programmatic Applications	\$1,250,000	\$1,250,000	\$0
Total	\$436,239,664	\$367,173,445	(\$69,066,219)

Table 1. CRN Analysis of Unit Production: January – 2012 First Quarter

1st Quarter 2012 Housing Benefits by By Income

	Projected Units	0-15%	16-30%	31-50%	51-60%	60-80%	81-100%	101+%	YTD Total
Multi-Family*	3,184	1,831	909	155	154	112	15	8	3,184
<i>Less Rental Subsidy Units</i>	-2593	-1,759	-834						-2,593
<i>Less Site Improvements and Heat Receivership Units</i>	-179	-9	-41	-93	-29	-7		-44	-179
Net MF New Units**	412	63	34	62	125	105	15	-36	412
Single Family less Multiple Benefits	662	0	8	4	3	56	13	20	104
Improve and Preserve	2,010	7	48	73	40	60	14	6	248

*Net Multi Family units after subtracting units receiving multiple benefits

**These are new Multi Family units created through DHED programs not counting units assisted by the Low-Income Housing Trust Fund which are renewed every year, Supportive Housing Rental Assistance, and Safety and Code Enforcement Programs.

Table 2. Commitments and Unit Production Totals Reported by Department of Housing and Economic Development – Year to Date 2012

2012	Total Projected Commitments	1st Quarter Commitments	YTD	% of Goal
Multi Family	\$288,880,552	\$41,183,661	\$41,183,661	14.26%
Single Family	\$62,160,125	\$16,744,202	\$16,744,202	26.94%
Improve and Preserve	\$14,882,768	\$1,810,630	\$1,810,630	12.17%
Programmatic Applications	\$1,250,000	\$0	\$0	0.00%
Total	\$367,173,445	\$59,738,493	\$52,787,066	12.10%

Approved Multifamily Developments

The City Council approved financing for two Multifamily Projects this quarter:

Sarah's House

Sarah's Circle will acquire and rehab a 10-unit building in Uptown to house women who are homeless or at risk of homelessness.

- **Income targets:**
 - Serving at or below 60% AMI
 - 10 studio units
- **Total development cost:**\$3.9 million **Per unit cost:** \$391,075

Bronzeville Senior Apartments

Full rehabilitation of a 97 senior building originally known as the Paul G. Stewart Development in Bronzeville. This is a renewing Project-based Section 8 property.

- **Income targets:**
- 97 one-bedroom units at or below 60% AMI
- **Total development cost:** \$18,320,288 **Per unit cost:** \$188,869