July 7, 2010

TO: Joint Committee Hearing of Finance and Housing and Real Estate
RE: Sweet Home Chicago Ordinance

A terrible and startling fact of the past decade is the number of households who are cost burdened in the city – paying more than 30% of their income for housing – which as of 2008 exceeded half of all Chicago households. Thirty percent of renters pay more than half of their monthly income for housing. News of declining home prices frequently masks how serious housing affordability has become for the stability of all of the city's neighborhoods. Fully 70% of all households in Chicago are eligible for housing assistance based on their income. (See attached chart)

Moreover, the foreclosure crisis in Chicago is far from being abated. Although the City received $150 million in federal Neighborhood Stabilization grants to address vacant and foreclosed properties, that amount is anticipated to assist only about 2,000 units over three years. New foreclosure filings average about 1,800 per month and a burgeoning problem is the rate of foreclosure completions. Since January, there have been almost 12,000 completed foreclosures in Chicago with a rate of about 2,300 completions each month. We are well-aware of the blighting effects of vacant and foreclosed properties in communities.

Members of the Chicago Rehab Network know first-hand the strong neighborhood interest and demand for affordable housing. In partnership with the city and state, they have put systems in place to determine local neighborhood needs and to analyze supply/demand issues. Because community needs change, we support the role of community development corporations who have led the charge for affordable housing in Chicago's neighborhoods for 40 years. These institutions are accountable to a board of directors, directed by a mission to strengthen both people and neighborhoods, and reinvestment dollars for long term preservation of their assets.

The Department of Community Development spends its resources with unprecedented leadership, transparency, and accountability. The Mayor, City Council and the departmental leaders have created a unique department that is responsive to community and bases its performance on clearly articulated goals. <u>The resources at its disposal are, however, wholly insufficient to meet the needs of Chicago.</u>

Since our 2001 Valuing Affordability Conference and yearly training workshops on TIF and affordability, to our policy platform of 2008, The Chicago Rehab Network has called for increasing the use of TIF funds. Utilizing existing TIF funds for both creation and preservation of at-risk housing is smart public policy. The city has demonstrated innovation with past TIF funding by pooling over $100 million over 5 years towards the rehabilitation of over 20 schools. So we know it can be done.

We recommend the city mirror this creativity by supporting the Sweet Home Chicago Ordinance for affordable housing and to deepen the city's ability to strengthen the economy through housing.

The majority of Chicagoans can benefit from the provisions of the Sweet Home Chicago Ordinance. Under the ordinance, rental developments would qualify for TIF funds if half of the units are targeted to households earning 50 percent or less than the area median income. This translates to approximately 445,727 households, or 43 percent of all households in Chicago, who could benefit from this ordinance.

In addition, it would require that 40 percent of the total units assisted with TIF funds every year throughout the City must serve households with the most critical needs— those earning less than 30 percent of the area median income. In Chicago, almost one-third of all households, or about 300,000 households, fall in this category.

Housing is foundational. The facts are in: kids do better in school, people are healthier and the economy is stronger with a safe, decent and affordable place to live.

The current effort of the CHA to enroll families onto its waiting list should indicate to all the incredibly overwhelming need for housing. With over 125,000 families applying during only a three day period, this should provide sufficient evidence that more needs to be done.

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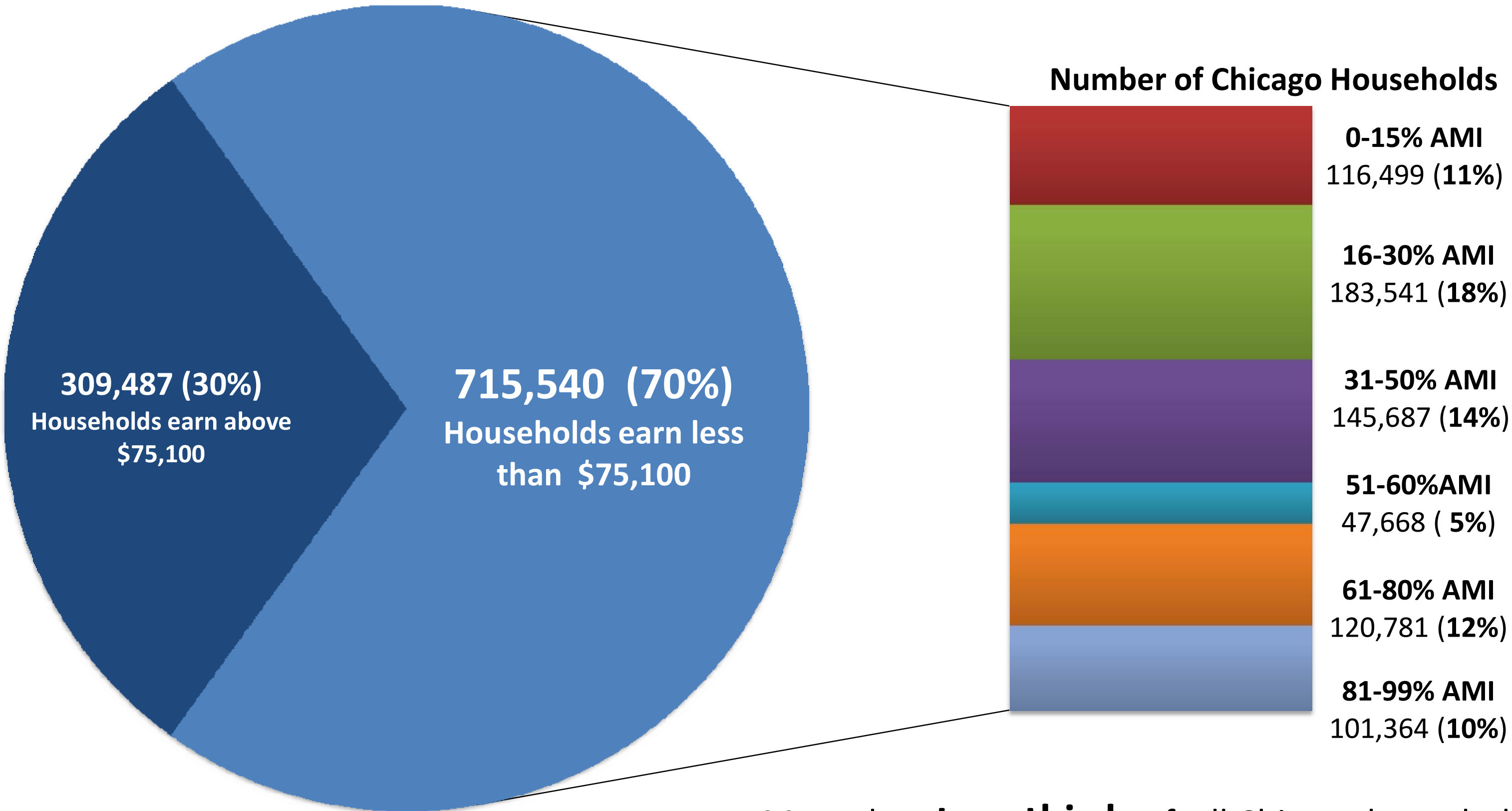
Who lives in Chicago?



More than **two-thirds** of all Chicago households **earn less than 100% of the Area Median Income** (**$75,100** for a family of four).

Source: U.S. Census Bureau, 2008 American Community Survey; Total households:1,025,027; Estimates of ACS income as percent of AMI by CRN

City of Chicago

2009 HOUSING FACT SHEET

Chicago Rehab Network

Population

Population	2000	2007	2008	% change since 2000
Total population	2,896,016	2,737,996	2,741,455	-5.3%
% Immigrant	21.7%	21.6%	21.4%	-1.4%
Total Households	1,061,921	1,022,916	1,025,027	-3.5%
Average household size	2.67	2.61	2.61	-2.2%
Total Family Households	632,558	594,038	572,177	-9.5%
Average family size	3.50	3.49	3.59	2.6%
Total Non-Family Households	429,370	428,878	452,850	5.5%
Percent of residents in poverty	19.6%	20.5%	20.6%	2.6%

Race & Ethnicity

Race & Ethnicity	2000	2007	2008	% change since 2000
White	1,215,315	1,012,608	1,230,718	1.3%
African American	1,065,009	955,603	949,110	-10.9%
Hispanic or Latino	753,644	772,426	770,386	2.2%
Asian or Pacific Islander	127,762	135,431	134,954	7.1%
Native American/Hawaiian	10,290	5,471	7,493	-27.2%

Income

Income	2000	2007	2008	% change since 2000
Median household income*	$48,071	$45,505	$46,911	-6.0%
HUD Area median income	$67,900	$71,600	$71,600	5.4%
Households earning < $25,000	349,634	305,838	300,040	-14.2%
As a percent of all households	32.9%	29.9%	29.3%	-11.0%
Unemployment rate	10.1%	9.2%	9.4%	-6.9%
Households by Income level				
less than $25,000	349,634	305,838	300,040	-14.2%
$25,000 - $49,999	304,810	242,245	235,621	-22.7%
$50,000 - $74,999	188,700	180,747	179,879	-4.7%
$75,000 or more	218,820	294,086	309,487	41.4%

Housing Units

Housing Units	2000	2007	2008	% change since 2000
Total Housing Units	1,152,868	1,188,595	1,195,229	3.7%
Total Occupied Housing Units	1,061,921	1,022,916	1,025,027	-3.5%
Owner-Occupied	464,865	510.581	492,157	5.9%
Renter-Occupied	597,063	512,335	532,870	-10.6%
Vacancy rate (All Units)	7.9%	13.9%	14.2%	80.5%
Homeowner vacancy	4.7%	3.8%	4.6%	-2.1%
Rental vacancy	5.7%	8.3%	7.3%	28.1%

Housing Market

Housing Market	2000	2007	2008	% change since 2000
Median home value*	$165,541	$297,812	$287,500	73.7%
Median home sales price*	$218,642	$278,631	$238,341	9.0%

Foreclosures

Total Foreclosure filings 2008	**16,058**
Total value of foreclosed mortgages	**$4.7 billion**
Total amount of property tax liability	**$33.9 million**
Total Foreclosure filings Jan-June 2009	**10,162**
Total value of foreclosed mortgages	**$3.4 billion**
Total amount of property tax liability	**$30.6 million**

Housing Cost Burden

Renters	2000	2007	2008
% paying over 30% of income	49.6%	52.7%	51.9%
Median monthly gross rent*	$796	$864	$863
HUD Fair Market Rent (2BR)	$762	$944	$899

Number of Renter Households and their Monthly Rent Payments in 2008		% change in households since 2007	since 2000
less than $750	182,411	-7.6%	-55.3%
$750 to $999	156,741	5.8%	51.1%
$1,000 to $1,499	128,952	13.6%	142.5%
$1,500 or more	51,685	19.3%	174.1%

Owners with Mortgages	2000	2007	2008
% paying over 30% of income	34.4%	51.0%	50.3%
Median monthly owner cost*	$1,571	$1,937	$1,940

Number of Mortgaged Households and their Mortgage Payments in 2008		% change in households since 2007	since 2000
less than $1000	28,674	-13.9%	-49.5%
$1,000 to $1,499	73,934	-8.7%	5.6%
$1,500 to $1,999	91,175	-7.1%	182.1%
$2,000 or more	172,423	6.3%	697.5%

Cost Burdened Households by Income

Income level	Renter HH	Owner HH
less than $20,000	89.1%	99.8%
$20,000 - $49,999	79.6%	92.0%
$50,000 - $74,999	11.2%	67.1%
$75,000 or more	2.8%	21.9 %

Housing Snapshot

Housing stress. The share of homeowners who are cost burdened increased from about one in three mortgage-holders in 2000 to one in two in 2008. The cost burden rate among renters remained the same since 2000, increasing about 2 percentage points to 52 percent. Overall, about half of all Chicago households spend more than a third of their income on housing.

Housing mismatch. Households earning below the City's median household income--$46,911--bear the brunt of housing costs: four out of five renters who earn less than $50,000 annually are cost burdened. Among owners, two out of three mortgage -holders earning between $50,000 and $75,000 annually--well above the city median--spend more than a third of their income on housing. Owners with monthly housing costs of over $2,000 increased seven-fold since 2000. A household would need to earn at least $85,000 to afford that payment.

Increasing rate of foreclosures. In the first half of 2009, foreclosure filings are already 63 percent of the total foreclosure filings in 2008. In a year and a half, over $8 billion worth of mortgages went into foreclosure.

Increasing demand for rental housing. There are 18,400 fewer owner households in 2008 from the prior year. Renter households, on the other hand, show the opposite trend. After falling 14 percent from 2000 to 2007, renter households increased by 4 percent in 2008 from the prior year.

Housing cost. Home values fell by 3.5 percent in 2008 from the previous year after benefiting from significant increases since 2000. The median rent, which has also been steadily increasing since 2000 fell slightly by 0.11 percent

* Dollar amounts adjusted for inflation

Sources: 2000 U.S. Census; 2007, 2008 American Community Survey; Illinois Real Estate Market Pulse www.; Foreclosure data from RealInfo.net; HUD Faiir Market Rents and Income limits; *A Picture of Chicago Foreclosures*: monthly reports on foreclosures in Chicago, CRN 2008, 2009 available at www.chicagorehab.org

