

The push for affordable housing:[Chicago Final Edition]

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The Daley administration is drafting a plan that will establish the city's affordable housing strategy through 2008. There can be little doubt that more homes and apartments are needed for people with moderate incomes, not to mention those who scrape along the poverty line.

A new report by the not-for-profit Chicago Rehab Network sheds some light on the problem.

"Although the city issued 18,257 new construction permits between 1993 and 2002, the city also issued 15,970 demolition permits," the report says. What gets built usually is pricey; what gets razed typically is just the opposite.

Speaking at a rally earlier this year, Ald. Toni Preckwinkle (4th) addressed the shortfall.

"Although we create between 2,000 and 3,000 units of affordable housing a year with public resources, that is not nearly enough to meet the need," she said. According to one estimate, "we were short about 50,000 units and, as multifamily buildings get demolished and converted into condominiums, we need even more affordable units."

The Chicago Rehab report makes a number of recommendations, including an increase in city funding, to \$95 million annually, to help finance moderately priced projects. Chicago officials say the city now spends about \$33 million a year.

But Preckwinkle and more than 20 other aldermen have gone far beyond the organization's recommendations.

Under a proposed measure they support, developers of all projects with 10 units or more would be required to set aside at least 25 percent for moderate-income purchasers and renters.

Mayor Richard Daley opposes the ordinance. And though the aldermen in question should be applauded for their good intentions as well as their atypical gumption in challenging the mayor, Daley is correct on this issue.

Forcing developers to provide lower-than-market prices for a quarter of what they build could have unfortunate consequences. Some developers would decide not to do business in Chicago. Others might build, but would increase the cost of their market-rate units to make up for lost revenue on the "subsidized" ones.

And in those few cases in which developers simply absorbed the costs, the city and other local units of government would pay a price: less in property taxes from the lower-priced

homes and, because income helps determine the value of apartment buildings, less from rental properties as well.

Under a measure sponsored by Daley and passed by the council earlier this year, developers who receive city subsidies or buy city- owned land at reduced prices are required to set aside 20 percent of their units at prices defined as affordable. This seems to be a reasonable approach. It's the cost of getting a hand from the city.

This, of course, does not relieve Daley of the responsibility to explore all possible avenues to increase production of housing that people of moderate means can buy or rent. In a commendable effort over the last five years, the city has marshaled \$1.6 billion in local, state and federal funds for housing. The new five-year plan should be even more aggressive. The need is there.