



City of Chicago
Richard M. Daley, Mayor

Department of Housing
Marina Carrott
Commissioner

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January 17, 1995

To: Alderman Ambrosio Medrano, Chairman
City Council Housing Committee

From: Marina Carrott, Commissioner
Department of Housing

Marina Carrott

Re: Department of Housing
Fourth Quarter Report

1994 marked the implementation by the Department of Housing (DOH) of Mayor Daley's five-year plan for affordable housing. Despite a lack of demand for some of the programs which the plan makes available to the affordable housing community, and a slower than anticipated start for a few others, the year was one of considerable achievement, in which we employed all of our multi-family loan funds and low-income housing tax credits, designated the first tax increment financing district to benefit affordable housing, and introduced a number of new programs designed to meet previously unfulfilled needs. Attached are the reports evidencing the activities of DOH for the fourth quarter of 1994, and for the year as a whole.

In this summary, I will address each of the components of Mayor Daley's Affordable Housing Plan in the order in which they appear on the production and expenditures chart.

AFFORDABLE HOUSING BOND INITIATIVE: Unfortunately, the Illinois Housing Development Authority (IHDA) remained unresponsive to DOH attempts to employ \$2,000,000 of our funds for the purpose of writing down the rate of interest on \$6,000,000 of proceeds from an IHDA affordable housing bond. In order to put the \$2,000,000 to good and immediate use, DOH requested and received City Council authorization to reallocate it for the purpose of making multi-family loans directly and independently of IHDA. These funds were committed in 1994.

The impact of our inability to leverage our dollars with IHDA's low-interest bond proceeds was a reduction in the number of units which could be produced. We



had anticipated that 100 units would benefit from a cooperative financing program; as the only source of subsidized financing, these funds benefitted only 40 units.

LOW-INCOME HOUSING TRUST FUND: The City of Chicago's Low-Income Housing Trust Fund has awarded virtually all of the \$4,000,000 committed by the Mayor for the purpose of providing annual rental subsidies to individuals and families. The unexpended balance is awaiting final approval of the Trust Fund's Board of Directors. Because the subsidies were larger than DOH had projected, the number of households who benefit from these funds will be slightly short of our anticipated goal: a total of 1472 after the final actions of the Board, compared to an estimate of 1667.

The Trust Fund also committed \$1,400,000 of HOME dollars designated by DOH for the fund's Affordable Rents for Chicago Program to permanently reduce rents for low-income individuals and households. In this instance, the amount of subsidy required to produce the benefit was less than DOH had estimated; with approximately 90% of the funds expended, 91 households, rather than the projected 53, have been assisted by this program.

CDBG FLOAT LOANS: DOH did not receive an application for a CDBG float loan in 1994, and the CDBG Float Committee has yet to resolve the issue of the interest rate charged on CDBG float loans to affordable housing developers. During the first quarter of 1995, DOH will be sponsoring a CDBG float loan application in the amount of \$3,000,000, which will inevitably lead to a further discussion of interest rates.

HOUSING REVENUE BONDS: Despite our efforts to publicize our bonding capacity and the manner in which housing revenue bonds can be employed for the creation of affordable housing, we were unable to identify a proposed development which could generate sufficient cash flow to support a bond.

CITY FEE WAIVERS: Two factors contributed to the fact that the value of permit fees waived by various City Departments, for the benefit of projects financed by DOH, was less than anticipated:

- Fewer units were financed by the Affordable Housing Bond initiative, CDBG float loans or housing revenue bonds, for reasons explained previously in this document.
- The actual value of the waivers, approximately \$300 per unit, was less than the projected \$340.

TAX INCREMENT FINANCING: With the creation of the City's first tax increment financing (TIF) district for the benefit of affordable housing, DOH accessed \$1,800,000 of TIF proceeds, which provided financing for 96 units of affordable housing.

MULTI-FAMILY REHAB AND CONSTRUCTION: DOH supplemented the 1994 HOME, CDBG, and corporate funds budgeted for multi-family housing with the \$2 million intended for the Affordable Housing Bond initiative (discussed previously in this memorandum), and \$6.5 million of Strategic Neighborhood Action Program and Rental Rehab funds, both carried over from prior years. Moreover, multi-family loans totalling \$3.7 million, which were made from 1993 HOME and CDBG funds, did not receive City Council approval until early 1994. In consequence, the total amount of DOH multi-family loans which were approved by City Council in 1994 was just over \$50,000,000, as opposed to projected loans of \$38 million. Using these funds, DOH was able to provide debt financing for 1742 units of affordable housing, considerably more than the 1269 units we had anticipated assisting with loans.

At December 31, 1994 nominal amounts of CDBG, HOME and Rental Rehab funds for multi-family housing remained uncommitted; regrettably, DOH has no expectation of being able to significantly augment our 1995 multi-family budget from other sources.

SINGLE-FAMILY REHAB: In mid-1994 DOH modified our single-family rehabilitation loan program to make it more attractive to low-income borrowers. However, usage of the program remains extremely low. It is our intention to launch a marketing initiative in 1995, designed to increase awareness and understanding of this and other single-family programs.

NEW HOMES FOR CHICAGO: In the fall of the year, DOH introduced a deep subsidy version of our New Homes for Chicago program, designed to provide homeownership opportunities for households earning between 50% and 80% of the area median income. (The original New Homes program assists households earning up to 120% of

area median.) DOH has allocated \$1,690,000 of 1994 HOME and HOME match funds for this new program. While interest is growing, only one developer has been approved for participation in New Homes deep subsidy, with the result that we ended the year somewhat short of our projected expenditures and unit production for New Homes as a whole. Uncommitted funds will be carried over to 1995.

LOW INCOME HOUSING TAX CREDITS: Sales of the City's 1994 tax credit allocation to investors yielded \$19.1 million dollars of equity, which was invested in 789 units of affordable housing. Both of these totals are substantially in excess of what was projected, in part because DOH is achieving a higher rate of pay-in from tax credit investors. A new practice of awarding less than the total amount of tax credits for which a project is eligible (which nevertheless allows investors to gain all of the benefit of depreciation) will be fully implemented in 1995. This strategy is intended to increase the number of developers who have access to tax credit equity, and to further boost investor pay-in rates.

EMERGENCY HOUSING ASSISTANCE PROGRAM (EHAP): DOH expended all of the funds budgeted (and then some) for our EHAP program. Per unit costs were lower than anticipated, partly because more two- and three- flat buildings were served by the program; in consequence, we were able to assist 1755 households as opposed to the estimated 1300.

HOME REPAIRS FOR ACCESSIBLE AND INDEPENDENT LIVING (HRAIL): All of the department's 1994 HRAIL funds were awarded to delegate agencies. The rate of expenditure (93%) reflected on this report results from the timing of voucher submission and actual disbursement of funds. The total number of units assisted, when all expenditures are taken into account, is expected to reach the projected amount. I will provide a final report on 1994 HRAIL production at the time of my first quarter 1995 report.

HAPP, FACADE IMPROVEMENT, LEAD-SAFE HOMES INITIATIVE AND SRO FIRE SAFETY IMPROVEMENTS: These four categories represent new programs which were introduced in 1994 or will be introduced in 1995, and to which no expenditures can be attributed.

HAPP will be announced to the public in the first quarter of this year. 1995 funding for HAPP will be at the same level as was budgeted for 1994.

A marketing and outreach effort is being implemented in order to increase response to the Facade Improvement program. Chicago has been awarded a \$750,000 federal earmark for the purpose of expanding this program, which is in jeopardy as the newly-elected Congress considers recessionary measures.

The Lead-Safe Homes program will be introduced shortly. A total of \$3.4 million remains available to fund this new program.

The SRO Fire Safety program is off to an understandably slow start, given that the governing ordinance incorporates a January, 1995 deadline for Fire Department approval of plans for fire safety measures in single-room occupancy buildings. The \$2 million allocated for this program in 1994 will be carried over into 1995.

HEAT RECEIVER PROGRAM: The 1994 Heat Receiver program was able to operate with a substantially smaller commitment of funds than was budgeted, thanks in large measure to the efforts of a very professional and effective receiver. 379 units, as opposed to the projected 100, were served by this program.

HOMEBUYERS' ASSISTANCE PROGRAM: This program has been made available to eligible purchasers of New Homes for Chicago dwellings. DOH is in the process of expanding the program to allow two not-for-profit community organizations to refer homebuyers for assistance.

With respect to DOH's achievement of the overall goals for the first year of the Mayor's housing plan, I offer the following comments:

USE OF FUNDS: Taking into account the employment of funds carried over from previous years, DOH expended or committed a total of \$89 million for housing creation and preservation, as opposed to a budgeted \$119 million, or 75% of the funds which were committed for this purpose. Although we did not receive applications for some of our programs - most notably housing revenue bonds and CDBG float loans, recent upward trends in interest rates suggest that these two initiatives will offer increasing value to housing developers, and may well be accessed in future years. Moreover, a portion of unused 1994 funds, including those for the SRO fire safety and lead-safe home programs, will be carried over into 1995.

UNITS CREATED OR PRESERVED: On a cumulative basis, DOH housing creation and preservation programs assisted a total of 9700 units, 90% of our projected total of 10,800. As we explained at the time the Mayor's housing plan was implemented, some housing developers take advantage of multiple funding sources. In 1994, 459 units of affordable housing benefitted from DOH loans in combination with tax credit and/or Low Income Housing Trust fund awards.

RESIDENTS SERVED BY INCOME LEVELS: As part of his Affordable Housing program, Mayor Daley committed that minimum percentages of the multi-family units created with the assistance of DOH would serve individuals and households within the lowest income segments of the population, classified by the percentage of the area median income which they earn. DOH has far exceeded these minimum goals with respect to all of our 1994 housing creation and preservation activities.

The Department of Housing, with the assistance and cooperation of housing advocates, developers, community-based organizations, other City departments, and the City Council, looks forward to another productive year in 1995.

**DOH Loan Closings - Fourth Quarter
October 1 - December 31, 1994**

<u>Developer/Project</u>	<u>City Council Approval Date</u>	<u>Loan Closing Date</u>
1. AIDS Care, Inc. 303 West Barry Street	September 14, 1994	October 31, 1994
2. City Lands Corporation Austin Square	October 5, 1994	December 13, 1994
3. Travelers & Immigrants Aid 4848 North Winthrop	June 6, 1994	December 21, 1994
4. Allen S. Diamond 7722-28 North Marshfield	November 10, 1994	December 31, 1994

94 LOW INCOME HOUSING TAX CREDIT SUMMARY

1994 Original Allocation	3,479,657
Homan Square (Returned Credit)	436,000
Austin Square (Returned Credit)	1,236,530
LUCHA (Returned Credit)	132,800
TOTAL	5,284,987
Less Commitments	(5,284,987)
Total Funds Available	0

APPLICANT NAME	F/P NFP	PROPERTY ADDRESS	WARD	DU'S	TAX CREDIT AMOUNT	SYNDICATOR	GROSS EQUITY GENERATED
Austin Square	FP	542 N. Pine (7 Scattered Sites)	28 29	166	1,236,530	CEF	4,262,654
Bickerdike/Nuestro Pueblo	NFP	901-03/909-15 N. Sacramento 3026-28/3029-31 W. Belden 2651-55 W. Wabansia	1 35 26	66	179,927	NEF	1,255,526
Community Housing Partners	NFP	6100 South Wabash	20	24	149,555	CEF	783,438
Habitat Co., The	FP	3250-3314 W. Maypole Street	28	152	547,939	ENTERPRISE	2,794,283
Homan Square	FP	3417-43 W. Lexington	24	50	220,000	CEF	931,000
Lawndale Christian Development Corp.	NFP	1857-61 S. Pulaski 1900 S. Harding	24 24	33 15	289,188	NEF	1,608,292
LUCHA/West Humboldt	NFP	1152-58 N. Christiana 3339-41 W. Division	26	68	132,800	CEF	863,689
PRIDE/Rebecca Walker	NFP	221 S. Central 126 S. Central	29	64	345,819	NEF	1,778,164
REZMAR-Kensington Court Apts.	FP	4655 S. Lake Park	4	65	295,562	CEF	1,733,328
Senior Lifestyle Corp.	FP	59th and Sawyer	14	86	503,340	RICHMAN	2,691,000
Senior Lifestyle Corp.	FP	2345-2361 E. 67th Street	5	96	273,881	RICHMAN	1,572,525
St. Edmund's	NFP	5658 S. Michigan Avenue 5700 S. Michigan Avenue	20 20	12 23	221,137	NEF	1,172,025
TACH/Paul G. Stewart	NFP	42nd & King Drive	3	96	669,471	NEF	3,821,817
Thresholds	NFP	334-44 N. Menard	29	57	219,838	NEF	1,258,048
TOTAL				1,073	5,284,987		26,523,789

09-Jan-95

DEPARTMENT OF HOUSING
 APARTMENT MIX AND RENT STRUCTURES
 YTD COMMITMENTS AS OF: 12/30/94

EXPENDITURES
 BY % OF MEDIAN INCOME

NUMBER OF UNITS
 BY % OF MEDIAN INCOME

COMMENTS

PROJECT NAME/ADDRESS	FUNDING AMT.	BDRMS	UNITS	RENTS	0-17%	18-30%	31-50%	51-60%	61-80%	0-17%	18-30%	31-50%	51-60%	61-80%	COMMENTS
REZMAR/LAKE PARK 4655 S. LAKE PARK	2,731,996	1	4	425			168,123					4			
		2	20	525			840,614					20			
		2	8	575				336,246					8		
		2	8	600				336,246					8		
		3	8	650				336,246					8		
		3	5	600				210,153					5		
		3	12	700				504,368					12		
REZMAR/WABASH 5606 S. WABASH	1,359,509	2	36	525			959,654					36			
		3	15	650				399,855					15		
WILLIAMS AND ANDERSON 5848 S. KING DR.	272,803	3	2	700				77,943					2		
		4	4	750				155,888					4		
		3	1	500				38,972					1		
SENIOR LIFESTYLE CORP. 3244 W. 59TH	3,755,557	0	31	416			1,353,747					31			
		1	4	446			174,686					4			
		0	45	500				1,965,109					45		
		1	6	535				262,015					6		
ENGLEWOOD RENOVATION 6750-56 S. GREEN	203,219	1	4	350			81,286					4			
		2	6	400			121,933					6			
DIAMOND, ALLEN 7722-38 N. MARSHFIELD	1,339,512	0	30	375			913,304					30			
		1	2	425			60,887					2			
		1	12	475				365,321					12		
AUSTIN SQUARE 542 N. PINE (7 SCATTERED SITES)	6,288,522	0	44	317			1,666,837					44			
		1	17	416			644,005					17			
		2	59	507			2,235,077					59			
		3	46	587			1,742,603					46			

09-Jan-95

DEPARTMENT OF HOUSING
 APARTMENT MIX AND RENT STRUCTURES
 YTD COMMITMENTS AS OF: 12/30/94

PROJECT NAME/ADDRESS	FUNDING AMT.	BDRMS	UNITS	RENTS	EXPENDITURES BY % OF MEDIAN INCOME					NUMBER OF UNITS BY % OF MEDIAN INCOME					COMMENTS
					0-17%	18-30%	31-50%	51-60%	61-80%	0-17%	18-30%	31-50%	51-60%	61-80%	
AIDSCARE 303 W. BARRY	577,523	12	15	128	577,523						15				(BEDS)
LUCHA 1414 N. WASHTENAW	59,558	1	1	435	5,956						1				
		1	1	375			5,956					1			
		1	1	395			5,956					1			
		2	2	404			11,910					2			
		2	1	420			5,956					1			
		3	3	500			17,868					3			
		3	1	450			5,956					1			
DIXON, JEROME 1131-33 S. SACRAMENTO	466,967	2	1	450			42,453					1			
		2	2	460			84,903					2			
		2	1	495				42,453					1		
		2	4	505				169,805					4		
		2	3	510				127,353					3		
PETER HOLSTEN 6 NORTH HAMLIN/SRO	7,455,412	0	103	285			2,782,236					103			
		0	103	265			2,782,236					103			
		0	70	180	1,890,940						70				ARC
SENIOR SUITES 2345-61 E. 67TH ST.	\$4,854,543	0	34	416			\$1,719,312					34			
		0	50	500				\$2,528,400					50		
		1	5	446			\$252,847					5			
		1	7	535				\$353,984					7		
TOTAL	41,797,071		1,425		9,056,348	4,891,059	19,639,307	8,210,357	0	525	121	537	242	0	
					21.7%	11.7%	47.0%	19.6%	0.0%	36.8%	8.5%	37.7%	17.0%	0.0%	

* In buildings with Project Based Section 8, any low income tenant will pay 30% of his/her income for rent, thus making the units affordable to households at 0-30% of median income. The Section 8 certificates are connected with the building, not to the individual tenants