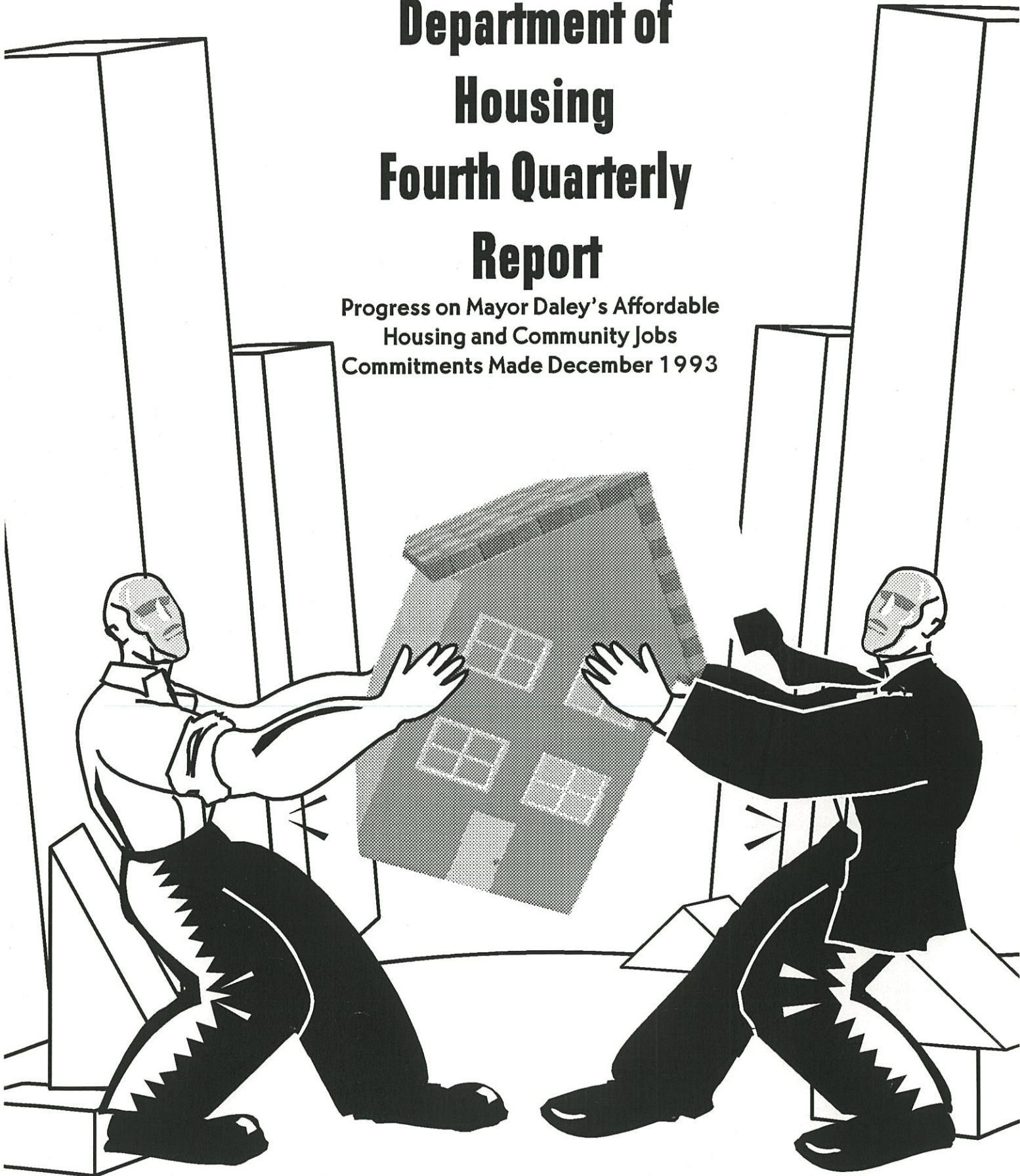


# Analysis of the 1994

## Department of Housing Fourth Quarterly Report

Progress on Mayor Daley's Affordable  
Housing and Community Jobs  
Commitments Made December 1993





### 1. DOH intentionally overcounts the number of units that it creates

DOH double-counts and sometimes triple counts the units that it claims to create. When the same project receives financing from more than one DOH subsidy program, these units are counted twice and sometimes three times. Its 1994 report overcounts the units that it created by at least 1067 units as a result. The actual number may be higher, since our analysis is limited to only those programs for which DOH provides the necessary detail in their quarterly reports. We know for certain, though, that at least 25% of the 4276 units DOH claims to have created in 1994 were not created at all.

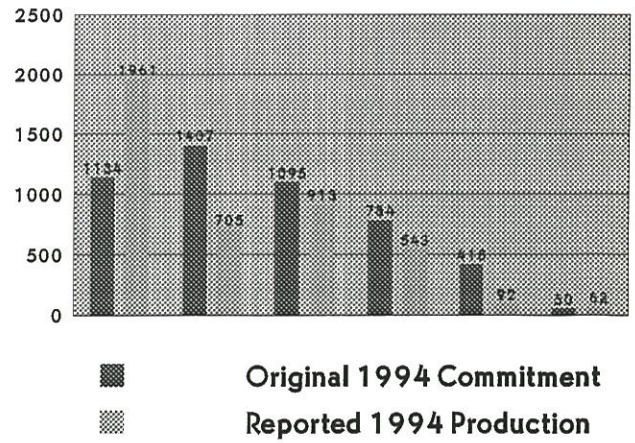
### 2. DOH's actual 1994 production falls far short of Mayor Daley's commitment.

In December 1993, Mayor Daley committed the Department of Housing to producing 4,888 units of affordable housing in 1994. According to DOH's figures, the department actually created 4,276 units of housing during the year. This total, however, fails to account for double and triple counting which occurs when single projects receive money from more than one source within the department. After accounting for such overcounting, DOH can claim to have produced only 3,209 units. This total is only 66% of Mayor Daley's original commitment.

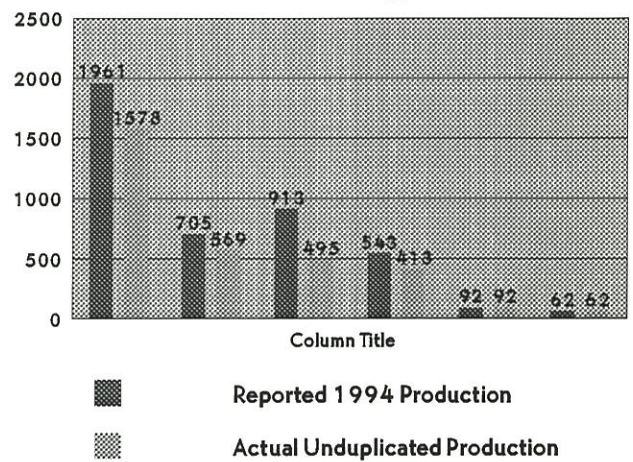
### 3. DOH has failed to expend sufficient funds in new affordable housing programs

Several of the new programs committed to financing the development of affordable housing in 1994 did not expend sufficient funds. The first three programs alone account for 17% of the units originally committed by Mayor Daley.

**DOH Production**  
Units of Housing

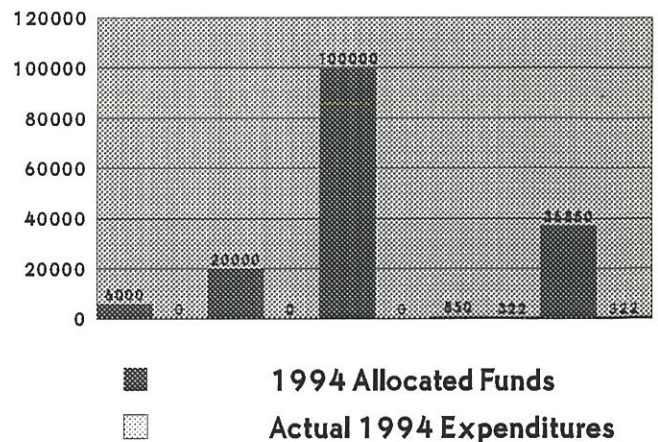


**DOH Production**  
Units of Housing



*In almost every instance, the reported production of housing units exceeds the actual production*

**DOH Fund Expenditure**





## 4. DOH is failing to meet the needs of families in Chicago

The City of Chicago is required by federal regulation to produce a five-year plan for creating affordable housing called the Comprehensive Housing Affordability Strategy (CHAS). In its 1993 CHAS, the City stated, "The Community Profile indicates that families are particularly disadvantaged in their search for affordable housing. The city will encourage the provision of a balance of adequate units for large as well as small households in rehabilitating multi-family buildings."

Despite the city's intentions, though, 72% of the units created by DOH through the Multi-Family Rehab and New Construction Program for households earning under \$15,000 were either shelter beds, SRO units, studios, or one-bedrooms. Indeed, 63% of the units created for people at the lowest income levels did not include a single bedroom. Clearly, most of the units created by DOH benefit single people. Families are largely left out.

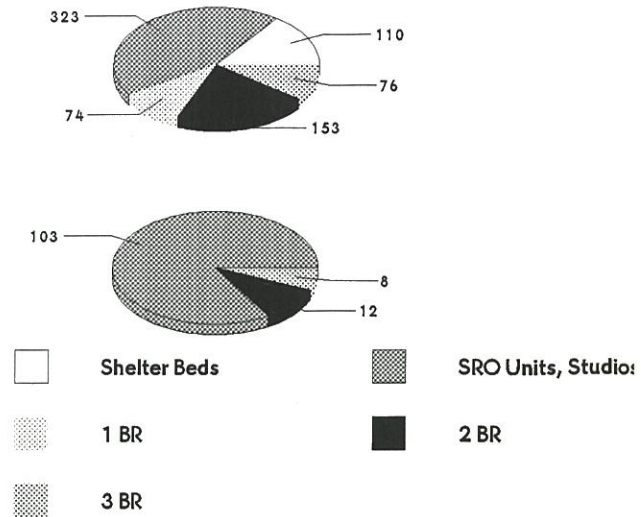
In fact the department's focus on creating small units of housing is manifest at all income levels. The table below considers all project through the Multi-Rehab and New Construction Program, shelter beds, SRO units, studios, and one bedrooms account for 65% of all the units produced.

## 5. The size of DOH subsidies increases as the income of the people served increases

Through the Multi-Family Rehab and New Construction Program, DOH provides low-interest loans to developers who create housing. The amount of the loans, which might also be called subsidies, is analyzed below. Note that higher income housing is receiving higher subsidies than lower income housing. Indeed, as the income level of the people served increases, the average subsidy increases.

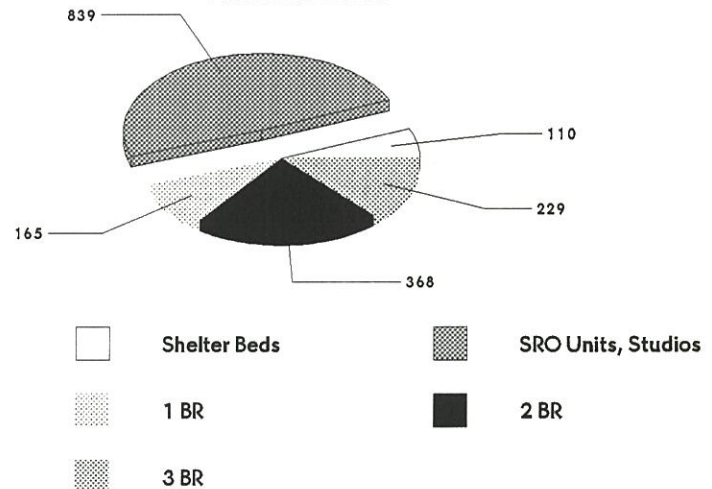
Of course, projects which receive a loan through the Multi-family Rehab and New Construction Programs may also receive subsidies through DOH's Tax Credit program or its low Income Housing trust fund (LIHTF) program. We might expect that, once we account for these additional subsidies, lower income housing might receive total per unit subsidies that are equal or higher than those received by higher income housing. In fact, when we account for the additional subsidies provided to Multi-family projects, the problem remains.

Housing Production By Unit Type

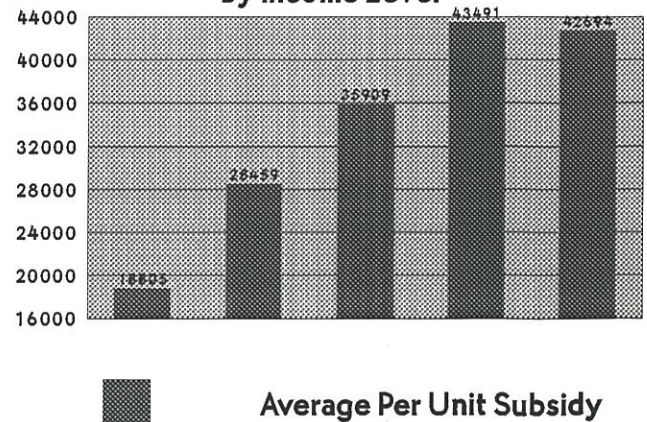


*Shelter Beds, SRO's and Studios compose the majority of units created for households earning \$15,000 or less.*

DOH Subsidies All Income Levels



Average Per Unit Subsidy By Income Level





## 6. Most Multi-Family rehab projects are too expensive for large percentages of people who live in the neighborhoods where the projects are being rehabbed.

The majority of DOH funds spent through the Multi-Family Rehab and New Construction Program do not benefit the poorest Chicagoans. According to the final 1994 DOH report, 67% of the funds the department expended through this program benefited households earning over \$15,000 annually. That is, DOH spent about two-thirds of its funds to help house people in the higher income categories. Also according to DOH figures, 55% of the units created through the program benefited households earning over \$15,000. As the table below indicates, the percentage of households earning under \$15,000 in the wards where the projects were located is very high (35% of all ward households, on average). The Multi-Family Rehab and New Construction Program tends not to benefit these people.

CRN's analysis of the program revealed similar numbers to those reported by DOH. According to our figures, over 65% of all funds expended through the Multi-Family Rehab Program created units affordable only to households earning over \$15,000. That is, DOH spent nearly \$33 million through the Multi-Family Rehab program to house earning over \$15,000 annually, neglecting the high percentage of households in these neighborhoods earning less.

According to the DOH final report, the Multi-Family Rehab and New Construction Program spent a grand total of \$50,387,36. As the table above indicates, \$32,914, 806 of this total (or 65%) was spent to benefit households earning over \$15,000 annually. In addition, DOH reported that the Multi-Family Rehab program created a grand total of 1742 units in 1994. The table above makes clear that 852 of these units (or 49%) were not affordable to a high percentage of the households located in the wards where the rehab took place.

	# units affordable only to households earning over \$15,000	DOH Subsidy	% of ward households earning under \$15,000
6034 S. Prairie	33	992791	45%
5001 S. Drexel	33	1953951	37%
1443 W. Farwell	19	811181	28%
1900 S. Harding	34	1013271	48%
6037 West Grand	86	3656563	28%
5000 W. Monroe	11	559503	28%
4655 S. Lake Park	116	4091505	40%
5846 S. King Drive	7	272803	45%
3244 W. 59th St.	86	3755557	25%
542 N. Pine	166	6288522	40%
6750 S. Green	10	203219	25%
7722 N. Marshfield	44	1339512	28%
6 N. Hamlin	103	2782273	45%
1131 S. Sacramento	8	339612	45%
2345 E. 67th	96	4854543	33%
<b>Total</b>	<b>852</b>	<b>\$32,914,806</b>	<b>35%</b>



7. The rents in DOH projects are higher than the median rents in the wards where projects are located.

Most of the projects funded by DOH through the Multi-Family Rehab and New Construction Program provide rents that are higher than the median rents in the ward where the project is located. Listed below are all of the projects funded through the program in 1994, excluding projects intended for Section 8 certificate holders and projects providing shelter beds.

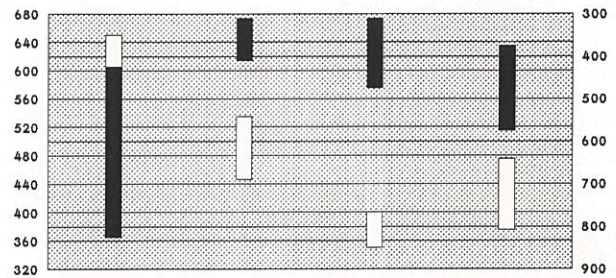
Project Address	Ward	Unit Sizes	Project Rents	Ward Median Rent (190)
6034 S. Prarie	20	"2 BR, 3 BR"	"494-525, 575-630"	417
5001 S. Drexel	4	"1 BR, 2 BR, 3 BR"	"454,545,629"	389
1443 W. Farwell	49	"1 BR, 2 BR"	"525, 650"	429
2345 E. 67th St.	5	"Studio, 1 BR"	"416-500, 446-535"	392
1530 N. Sedgwick	42	Studio	360-480	704
1900 S. Harding	24	"1 BR, 2 BR, 3 BR"	"175-300,211-350, 238-400"	301
6037 W. Grand	29	"Studio, 1 BR"	"416-500, 446-535"	373
4655 S. Lake Park,				
5606 S. Wabash"	4 & 20	"1 BR, 2 BR, 3 BR"	"425, 525-600, 650-780"	"Ward 2 - 312, Ward 4-289"
5846 S. King	20	"3 BR, 4 BR"	"500-700, 750"	312
3244 W. 95th	14	"Studio, 1 BR"	"416-500, 446-535"	329
Austin Square (7 sites) 301, Ward 28 - 306, Ward 29 - 373"		"24, 28,29"	"Studio, 1BR, 2 BR, 3 BR"	"317,416,507,585" "Ward 24 -
6750 S. Green	17	"1 BR, 2 BR"	"350, 400"	340
7728 N. Marshfield	49	"Studio, 1 BR"	"375, 425-475"	429
6 N. Hamlin	28	SRO	180-285	306



## 8. DOH subsidizes developers to provide rents available on the open market

DOH provides large subsidies to developers who create housing with rents equal to or even higher than the rents available on the private market in the same neighborhood. Below are listed four projects funded by DOH in 1994 through their Multi-Family Rehab and New Construction program. The rents provided in each project are compared to private market rent ranges in the project neighborhood. The private market rent ranges were gathered by the Chicago Sun-Times in December 1994.

DOH Subsidized Rents Versus Private Market Rents



## 9. The Multi-Family Rehab program at DOH is inefficient

The Multi-family Rehab and New Construction program is inefficient. The table lists all projects funded through this program for which the necessary information is available. All of the projects below were either approved by city council in 1994 or closed on their DOH rehabilitation loan some time during the year. As the table indicates, DOH typically requires nearly 8 months from the date they receive an application to win city council approval. From this point, the department typically needs another five months to close the deal. Hence, program applicants can expect to close on their DOH loan over one year from the time they submit their application.

Address	Application Date	City Council Approval	Closing Date	# Months
1530 N. Sedgwick	8/17/93	4/13/94	8	Pending
334 N. Menard	9/29/93	4/13/94	7	Pending
6100 S. Wabash	8/1/93	5/4/94	9	Pending
1900 S. Harding	10/13/93	5/4/94	7	Pending
6037 W. Grand	1/11/94	5/4/94	4	Pending
5000 W. Monroe	11/1/93	5/18/94	7	Pending
4848 N. Winthrop	3/23/93	6/6/84	14	12/21/94
8954 S. Commercial	4/11/93	10/7/93	6	5/10/94
3417 W. Lexington	4/1/93	9/15/93	6	6/27/94
4655 S. Lake Park	2/10/94	7/13/94	5	Pending
5846 S. King Drive	10/93	7/13/94	10	Pending
3244 W 59th	4/24/94	8/3/94	3	Pending
303 W. Barry	4/6/94	9/14/94	5	10/31/94
11152 N. Chrisiana	6/20/92	8/4/93	13	info not available
542 N. Pine	10/20/93	10/5/94	12	12/13/94
6750 N. Green	6/1/94	10/5/94	4	Pending
7722 N. Marchfield	9/1/94	10/10/94	13	12/31/94
6 N. Hamlin	11/24/93	11/10/94	12	Pending
1131 S. Sacramento	2/3/94	12/21/94	10	Pending
2345 E 67th	10/7/94	12/21/94	2	Pending

