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Chicago Rehab Network
Analysis of the DOH Quarterly Report
1st Quarter, 2007
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Introduction

We are pleased to present our analysis of the 1st Quarter 2007 DOH Progress Report. The first quarter of 2007 welcomes a change in city leadership and a renewed commitment to address the critical need of affordable housing in the City of Chicago. The long-awaited passage of the amendments to the Affordable Requirements Ordinance expands the current program and gives private interests more opportunities to become involved in the creation of affordable housing. We are especially pleased that the city has announced a new city initiative to preserve the critical stock of affordable rental housing and recognizing that the loss of units to conversion or blight takes away from the health of the city and the needs of current and future Chicagoans.

We would like to congratulate our newly elected leaders in this Committee. For more than a decade, the Chicago Rehab Network and the Department of Housing have worked together to create an open and transparent reporting process through the Department's Quarterly Progress Reports and subsequent analyses by CRN. No other city department undertakes this level of public involvement and we encourage new leadership to promote an open dialogue such as this forum among other city departments as well.

Affordable Requirements Ordinance

The debate surrounding the amendments to expand the ARO reflects how critical housing affordability has become within the city and its residents. The predominant issue around the provision of affordable housing has been and continues to be, *affordable for whom*? Although we applaud and support any government action designed to promote financial and social investments towards affordable housing, we reiterate our stance regarding Area Median Income targeting for affordable units receiving city assistance. As stated in our Platform, we are calling for a redefined income indicator that is in accordance with city median income instead of a regional median income basis, which significantly diverts affordable housing resources away from households who need it most.

The expansion of the current ordinance, which has been already in effect since 2003, is estimated to produce and additional 1,000 actual units within market-rate developments or an equivalent in in-lieu-of fees, which will be directed into an Affordable Housing Fund that will provide monies primarily for the Low-Income Housing Trust Fund and other housing programs. One of the major provisions added into the ARO is the incorporation of a rule that triggers the ARO whenever a rezoning is authorized in an eligible development. This includes the following types of zoning changes:

1. Rezoning to permit a higher floor area ratio
2. Rezoning to residential use in a non-residential district in order to develop housing
3. Rezoning to permit household living uses on the ground floor of a building to one that allows a residential use and the ground floor is subsequently developed into housing.

With the passage of the expanded ARO and the addition of rezoning triggers, we would like to bring forth some important questions regarding the changes in the implementation and reporting of ARO activities. For instance, a CRN review of one month's rezoning activity in the City Council Journal of Proceedings reveal over 40 instances of rezoning authorizations for residential developments which potentially could invoke the affordability requirements. However, the current reporting within the Journal of Proceedings for these types of zoning reclassifications does not include any detailed information that would be necessary to evaluate the effectiveness and impact of the ARO, such as the number of affordable units created.

We would like clarification on the reporting rules for eligible developments seeking zoning reclassification under the new amendments of the ARO.

Downtown Density Bonus - Commitment Update

Like the Affordable Requirements Ordinance, the Downtown Density Bonus requires developers receiving city assistance include affordable units in market-rate developments or pay a fee per unit. At the end of the first quarter, DOH has received $7,871,896 in fee-in-lieu payments and created 34 affordable for-sale units from two of 39 total developments participating in the Downtown Density Bonus Program. The city already has a commitment of $25,664,889 thus far from developers opting to pay the fee in lieu of units.

New Unit Production: January 2007 – March 2007

Production Overview and Analysis

In response to the high level of activity last year, DOH has placed an aggressive production strategy for 2007. According its 2007 estimates of production, DOH anticipates assisting a total of 12,309 units with $543,185,199 in total commitments. A summary chart comparing last year's production and this year's estimates is below with a breakdown according to DOH's program categories:

Table 1. Production Comparison- 2006 and 2007

	2006 Estimated Funds	2006 Estimated Units	2006 Actual Funds	2006 Actual Units	2007 Estimated Funds	2007 Estimated Units
Multi Family	$257,830,005	7600	$335332919	7572	$305,474,949	7930
Single Family	$104,922,900	1226	$172,494,035	1697	$214,808,750	2014
Home Improvement	$21,989,682	2315	$17,995,759	2340	$21,401,500	2365
GO Bonds	$1,000,000	-	$800,000	2	$1,500,000	-

For the first quarter of 2007, DOH assisted 722 new multi-family units (less Low-Income Housing Trust Fund units, which are renewed every year, Site Improvements and Code Enforcement units), 372 single family units, and 189 preserved units (Table 2). Spending activity for single family unit production is ahead at 34% of the year's goal (Table 3). While multi-family and improvement expenditures are at 7% and 16% of year-end goals, respectively.

Table 2. Production Overview- January 1, 2007 – March 31, 2007

	0-15%	16-30%	31-50%	51-60%	60-80%	81-100%	101+%	YTD Total
Multi-Family*	1573	980	204	134	95	1		**3,008**
Less Rental Subsidy Units	*-1272*	*-881*						**-2,153**
Less Site Improvements and Heat Receivership Units	*-4*	*-19*	*-43*	*-13*	*-3*			**-83**
Net MF New Units**	**297**	**80**	**161**	**121**	**92**	**1**		**772**
Single Family less Multiple Benefits	1	8	25	24	63	118	100	**372**
Improve and Preserve	24	109	202	32	60	19	13	**189**

*Net Multi Family units after subtracting units receiving multiple benefits
**These are new Multi Family units created through DOH programs not counting units assisted by the Low-Income Housing Trust Fund which are renewed every year, and units assisted by Site Improvements and Code Enforcement Programs.

Table 3. Commitments Overview- January 1, 2007 – March 31, 2007

	Total Anticipated Funds	1st Quarter Commitments	YTD	% of Goal
Multi Family	$305,474,949	$20,355,251	$20,355,251	6.66%
Single Family	$214,808,750	$74,582,825	$74,582,825	34.72%
Home Improvement	$21,401,500	$3,360,892	$3,360,892	15.7%

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