

Department of Housing  
1999-2003 Affordable Housing Plan  
**Quarterly Progress Report – Third Quarter 2003**

Analysis by Chicago Rehab Network

This quarter's report published by the Department of Housing is an excellent overview of the affordable housing work occurring throughout the City. This document improves every quarter in its ability to convey the impact of public policy on the lives of families and individuals in Chicago's neighborhoods.

**Production Overview:**

<b>Units Created By Income 2003 through 9/30/03</b>							
	0-15% AMI	16-30% AMI	31-50% AMI	51-60% AMI	61-80% AMI	81-120% AMI	Total Units
Multi-Family	2216	928	754	327	31	32	4288*
Single-Family	0	20	72	73	163	228	612
Improvements	163	535	623	63	66	97	1817

\*2000+ of these units are rental assistance from the CLHITF

Note: The 4200+ multifamily units funded cost the City over \$69 million dollars – while the 612 single family homes cost the City \$50 million dollars.

A review of the Department's resources committed show several programs with less than 50% spent to date. Only 7% of Tax Credit Equity and 9% of the Multifamily Mortgage Revenue Bond dollars are committed thus far. We know that these resources can be recaptured if not allocated, so we ask if these dollars will be committed in the fourth quarter of 2003. New Homes for Chicago is at a 36% utilization rate which also raises a question as to how many units can be completed in this fourth quarter to reach the goal for that program.

The report notes over \$50 million available for reallocation, mostly from the City Mortgage and HomeStart Programs. As has been reported over several quarters, these programs are consistently underutilized, so we are pleased that the Department has taken steps to reallocate those dollars. We hope that these funds can be repackaged and targeted towards multifamily development or multifamily preservation purposes where the bulk of the housing need remains.

SRO Refi Rehab and the Condo Rehab Programs have no dollars spent during this calendar year, though \$500,000 has been budgeted towards each program.

Two projects are summarized in this quarter's report: Pershing Court and Renaissance Saint Luke.

Pershing Court is an 80 unit multifamily development with a \$210,000 per units cost. With one-third of its units for CHA residents, it is a stellar example of what mixed income housing should be as all households served will be under 60% of area median income. The project financed, as summarized, raises several questions for future examination. The Department is contributing \$4.3 million to this deal, with CHA putting in \$2.9 million. We are unclear about the Department's policy for funding these mixed income projects and the ways in which HOME dollars and HOPE VI dollars are allocated within the financing structure.

The other project summarized is the Renaissance Saint Luke senior project to be constructed on Belmont Avenue in Lakeview. The per unit costs on this project is \$141,000 for the 90 unit building.

The Troubled Buildings Initiative reports 317 units assisted during 2003 is an excellent track record for a relatively new program. We also note that the Neighborhood Lending Program has been refashioned into a program of the Neighborhood Housing Services. What is the government's financial role in these two programs, if any? Is this a commitment which reflects investment from financial institutions? Who is responsible for tracking this production? While reporting may be valuable, it could be misleading about the Department's actual activity and whether or not this confuses private leveraged capital with public resources. Does this 18 million dollars in the Neighborhood Lending Program represent a privatization effort by the Department?

Regarding the Preservation activities noted in the report, we are glad the Department is tracking efforts to preserve expiring buildings. The report notes 586 units assisted through the HUD Mark-to-Market program for a total of \$278,000. We are unclear about the flow of resources from the Department towards these units. Are all renewed Mark-to-Market projects be counted towards the Department's unit goals in upcoming reports? Similarly, 347 units of Class S are counted towards the production goals. Is this the number of owners who have been approved for the County's tax abatement program? What is the actual capital flowing from the Department to the owner in these developments?

We appreciate the detailed report of the Chicago Partnership for Affordable Neighborhoods (CPAN) program. It would be useful to understand the actual financing for these agreements – particularly to see the detail around the write down average which is at over \$90,000 per unit. Because this is a voluntary program, its success is completely dependent on the leadership of alderman and community groups that work to ensure the program is utilized in a local neighborhood. Case studies and financial modeling would be a powerful tool to allow other neighborhoods to utilize this program.

This quarter's report announces the Mayor's Affordable Housing Task Force. We have been calling on greater city coordination and elevation of affordable housing in other city departments for many years now. We are hopeful that this Task Force will set transparent goals, report on its outcomes, and allow for public comment to result in the strongest results possible.

We look forward to commenting on the new 5-year Affordable Housing Plan that was released last month. In terms of policy, we are particular interested in hearing about the proposed downtown set-aside being discussed by the Zoning Reform Committee. Advocates across the city have been working hard to educate leaders of the need for inclusionary zoning in all neighborhoods in the City. Much education has occurred to combat this myth that inclusionary zoning will stop development. Rather, we continue to believe that the essence of this policy is to create units for all Chicagoans, and it has in other cities. It will incent development in areas where the market is soft, and protect long-term residents in gentrifying areas. We know that the downtown set-aside will not slow development downtown, nor will a set-aside in all of Chicago's neighborhoods.

