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Analysis of the DOH Quarterly Report
3rd Quarter, 2007
Presented December 4, 2007

Introduction

Thank you for the opportunity to present our analysis of the Department's 3rd Quarter Progress Report 2007.

Nothing underscores the importance of a robust affordable housing response than the Budget deliberations this past Fall. The 2008 City Budget did pass but an aldermanic concern about the increasing cost of living expenses in Chicago, with the most deleterious impacts on the poor and their housing cost burden, was evident. With rising foreclosures, the slowing housing market, and overall economic downturn, affordable housing support becomes even more relevant.

In light of this urgency, we have learned some valuable insights. We learned that ownership is not for everyone and thus, a healthy rental housing stock remains vital in maintaining stable communities. We also learned that innovation is central to finding ways to make homeownership within reach for many working families in Chicago. And so we are encouraged by the leadership of Bill Howard and the West Humboldt Park First Community Land Trust, DOH, Alderman Burnett, and several other partners for their vision and work as they celebrated the groundbreaking of the West Humboldt Park Homes on November 19, 2007, a project to be developed under the New Homes for Chicago program. The development will truly set a benchmark for affordable homeownership in the West Humboldt Park community and throughout Chicago as all homes will be affordable to households earning 60% of the area median income or $45,200 for a family of four. This project will include 10 new affordable single family homes, each with three bedrooms and two and a half bathrooms. With the help of subsidies from IHDA and DOH, a portion of the $224,000 development cost per unit was offset in order to reduce the purchase price to $163,000. Additionally, the homes will be placed under the West Humboldt Park First Community Land Trust to ensure its affordability in perpetuity.

A variety of responses is critical to meet the need for affordable housing and the 3rd Quarter report represents the range of the department's capacity. CRN has begun conducting trainings that focus on maximizing existing programs towards the creation of affordable housing. Last week, we held a training session for non-profit community developers and attended by DOH staff on the use of TIF for affordable housing. In the next quarter, we will host another training focused on the New Homes for Chicago and the Citywide Land Trust program to spotlight best practices and innovation and to encourage their use throughout the city.

New Unit Production: January 2007 – September 2007

Production Overview and Analysis

At the end of the 3rd Quarter 2007, DOH reports production of 5,263 new multi-family, 1,509 single family units, and 1,390 preserved units (Table 1). DOH has assisted a total of 8,162 units, representing 66% of the year-end goal, and committed $521,660,749, representing 96% of the year-end goal, at the end of the 3rd quarter. After deducting Rental Subsidy units which are renewed every year, and Safety and Code Enforcement units, the actual new Multi-family units created total 2,263.

The following tables provide further detail on the Department's production and commitments for the 3rd Quarter.

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Table 1. Production Overview- January 1, 2007 – September 30, 2007

	0-15%	16-30%	31-50%	51-60%	60-80%	81-100%	101+%	YTD Total
Multi-Family*	1909	1490	1114	354	149	1	246	**5263**
Less Rental Subsidy Units	*-1564*	*-1025*						***-2589***
Less Heat Receivership Units	*-21*	*-93*	*-214*	*-67*	*-16*			***-411***
Net MF New Units**	**324**	**372**	**900**	**354**	**149**	**1**	**246**	**2263**
Single Family less Multiple Benefits	1	10	72	90	308	438	449	**1506+#**
Improve and Preserve	67	372	548	99	162	107	35	**1390**

*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, Supportive Housing Rental Assistance, and Safety and Code Enforcement Programs.
+ There were 138 units reported under the Teacher Homebuyer Assistance program but the sum of units by income level under this program actually adds up to 135 units
# This total includes 138 TBI Single Family units in which income levels served have not yet been determined.

Table 2. Commitments Overview- January 1, 2007 – September 30, 2007

	Total Anticipated Funds	1st Quarter Commitments	2nd Quarter Commitments	3rd Quarter Commitments	YTD	% of Goal
Multi Family	$305,474,949	$16,987,691	$47,459,994	$192,062,794	$256,510,479	83.97%
Single Family	$214,808,750	$74,582,825	$85,382,575	$90,560,906	$254,455,476	118.46%
Home Improvement	$21,401,500	$3,360,892	$4,471,882	$2,864,602	$10,694,793	46.70%

Also, in the Homeownership programs (Appendices page 8), the Troubled Buildings Initiative for Single Family notes that of the 147 units total units assisted, there are 138 units in which income levels served have not yet been determined. What are the income targets for all TBI units? How does the department determine income levels for TBI units? Are there long term affordability restrictions in place?

Donation Tax Credit

At the end of the 3rd Quarter, commitments for the Illinois Affordable Housing tax credits of the Donations Tax Credits have already surpassed the year's goals by a reported 199%. What are the implications of exceeding the budgeted commitment by this significant amount? Also, tax credits allotment for Oakwood Shores is reported to have already included 2008 reservations. How will this effect next year's budgeted commitments?

Project Summaries

The six projects approved in this quarter includes Randolph Tower City Apartments, a 43-story former office building in the Loop; Pioneer Village, a project that preserves 152 project-based Section 8 senior apartments; Phase III of Antioch Homes, a non-profit mixed-income development in Englewood; Oakwood Shores, part of the CHA redevelopment of the Madden-Wells-Darrow Homes; Victory Centre, a 102-unit senior housing development; and 170 units within the Lawndale Restoration rehabilitation project.

We are pleased to see a detailed project profile for the Randolph Tower City Apartments, which received TIF financing and therefore included a 20% affordable housing set-aside. With this project, however, we recommend that the resources counted towards production goals be proportional to the affordable units created due to the inclusionary mandate. In this instance there are 62 units of affordable housing set-aside within the 307-unit project with a total development

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cost of $97,481,168 or $317,528 cost-per-unit. Almost 100% of the project's financing is derived from public sources. See details in following chart:

Table 3. Project Financing: Randolph Tower City Apartments

Source	Amount	Per Unit
TIF	$10,000,000	$32,573
Tax Exempt Bonds	$66,500,000	$216,612
Historic Tax Credit Equity	$20,613,587	$67,145
Owner Equity	$367,581	$1,197
Total	$97,481,168	$317,528

At a cost-per-unit of $317,528, the actual committed funds towards affordable housing creation (62 units) are $19,686,736 which would adjust the year-to-date Multi-family commitment to $178,116,047 or 58.5% of the year's goal instead of the reported $256,510,479 or 84.0%.

Accordingly, the units counted towards production goals should also reflect actual affordable units created. An actual year-to-date production, less the 245 market-rate Multi-family units in Randolph Tower City Apartments that were counted towards unit goals, would be 5,018 multi-family units (63.3% of the goal) or 2,018 Net Multi-family New Units (less Rental Subsidy and Code Enforcement units). We believe these calculations are more representative of DOH's production and commitment.

Finally, we also appreciate the reporting of the Historic Tax Credits in the DOH Progress Report. Tracking this program will hopefully encourage further use. Our interest, as is this Committee's, is that the credits serve an affordable population. Insofar as our understanding of the Historic Tax Credit program and its lack of a requirement to include affordable units in projects that use these credits, we request that in future reporting that the Historic Tax Credits and the Equity generated from these credits are tracked separately from the Low Income Housing Tax Credits.