CHICAGO REHAB NETWORK

53 WEST JACKSON BLVD.
CHICAGO, ILLINOIS 60604

FACSIMILE:
312.663.3562

TELEPHONE:
312.663.3936

Department of Housing
1999-2003 Affordable Housing Plan
Quarterly Progress Report – Fourth 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:

Units Created By Income 2003 through 12/31/03							
	0-15% AMI	16-30% AMI	31-50% AMI	51-60% AMI	61-80% AMI	81-120% AMI	Total Units
Multi-Family	2995**	1217	1391	396	103	34	6162*
Single-Family	1	25	99	84	239	389	952
Improvements	248	738	826	83	92	124	2486

**2037 of these units are rental assistance via the Chicago Low Income Housing Trust Fund.*
***1400 of these units have been preserved through the HUD Mark-to-Market contract renewal program, and the Class S County Tax Abatement for contract renewals.*

The report notes that over $4 million dollars have been committed towards the **HUD Mark up to Market** program, with a production of almost 900 units. It is unclear if those dollars are actually controlled by the City of Chicago or allocated distributed directly from HUD to owners choosing to refinance.

Competition for the **Low Income Housing Tax Credit** is very steep. Shown below is a breakdown of tax credits allocated by type of housing and owner.

Of the 13 Tax Credit recipients approved by City Council in 2003, 8 were counted in 2002 and 5 in 2003 when the credits were awarded. Of all the tax credit units funded in 2003, 316 units were in projects that included public housing units. This amounts to 61% of the tax credit units in that period.

Owner	For Profit	9 projects
	Non Profit	4 projects
Type of Housing	Senior	3 projects
	Supportive	1 projects
	CHA replacement	7 projects
	Family Rental	2 projects

In order to gauge the need and the future projections for tax credit allocations, a report on applications received for each round of funding should be published. Similar to the report produced by the Illinois Housing Development Authority, this should include project name and type, applicant contact, set-aside categories, number of units, number of low income units, and tax credit amount requested. In essence, this would serve to inform elected officials and the public as to the waiting list or "pipeline" that is under consideration at the Department of Housing. It would also paint a fuller picture of the potential pool of housing that could be developed if additional resources were identified through other bodies of government. Further, it would allow developers to plan their projects with an accurate gauge of the demand that exists.

Utilization of Resources

Several programs, including the Tax Credit Equity noted above, are at close to full utilization rate. These include Multifamily Loans, Affordable Rents for Chicago, the Trust Fund, Troubled Buildings Initiative, and the Neighborhood Lending Program Purchase/Rehab and Preservation line items.

Other programs are underutilized:

Program	Utilization Rate	Resources Remaining
Multifamily Programs		
Multifamily Mortgage Revenue Bonds	11%	$68,000,000
SRO Refi Rehab	40%	$300,000
TIF-NIP (Multifamily)	37%	$628,660
Single Family Programs		
New Homes for Chicago	32%	$1,475,000
HomeStart Program	50%	$12,000,000
City Fee Waivers	40%	$120,136
Condo Rehab	0%	$500,000
City Mortgage Program	25%	$44,977,753
Asset Control Area	0%	$600,000
Improvement		
Neighborhood Lending (improvement)	42%	$3,972,491
Bungalow Rehab Tax Credit	45%	$246,942

To the extent that any of these resources are unrestricted, they should be reallocated to areas of greatest need – which in our view would be towards rental family housing, particularly in light of the above analysis of tax credit equity projects funded recently.

We are pleased to see the first reporting of the **Mayoral Affordable Requirements Ordinance** that was passed last April and requires affordable housing development in projects receiving city benefits. Whether or not any payments have been made "in lieu" to the Affordable Housing Opportunities Fund has not been reported to date, but we would expect to see that in future quarterly reports.

Of the 540 affordable units reported as created from this Ordinance, over 300 are in projects related to CHA redevelopment – which has its own policies as to the unit mix that is required per development. The essence of the Affordable Requirements Ordinance is to include affordable housing in market rate development when for profit developers are utilizing public resources – and CHA redevelopment projects really fall outside this category in our view.

CPAN – the Chicago Partnership for Affordable Neighborhoods program has resulted in the addition of 59 units to the affordable housing stock in 6 wards, with an average write-down of over $92000 per affordable unit. Increased marketing and modeling of this program for other wards might increase its utilization.

A critical piece of legislation in Springfield that requires the continued support of the City of Chicago is SB2329. This is an amendment to the SB 2329 Amending Illinois' Federally Subsidized **Housing Preservation Act**, and has received the support of the City of Chicago as it is in line with the goals outlined in the ***Build, Preserve, Lead*** 5-year housing plan.

Here is a brief summary of SB 2329:

- Changes language of the existing statute to refer to subsidized housing as assisted housing, including housing funded with Low Income Housing Tax Credits.
- Purchase rights are triggered by any action that terminates rental affordability – not just prepayment or opt out.
- Tenant Associations will be allowed to purchase their building or transfer their purchase rights to the non-profit or for-profit developer of their choice.

In February, CRN released its **2003 Affordable Housing Fact Book**. In addition to housing data and trends by community area and ward, each county in Illinois is profiled along with the top 50 municipalities. We are providing complementary copies to all Chicago alderman and members of the Illinois delegation, as well as CRN members. If you haven't already received the 3-volume set, please contact us at your convenience. We will be happy to design a training for your staff members that would look at the specifics in your wards.

Finally, we want to reiterate our continued support for both inclusionary zoning and new tools to prevent displacement, such as land trusts, land banking, and nonprofit preferences in funding decisions.

We must note the rising call for **property tax reform**. Community development and the Rehab Network itself were born out of similar struggles that we are hearing across the city today about rising property taxes – that is, the critical importance of developing neighborhoods for existing residents, without displacing those same residents due to the gentrification that results from increased property values.

Now we see the consequences of the real estate boom with all parts of the city wanting relief from the risk of displacement. We are in support of property tax changes that prevent displacement and have appreciated Assessor Houlihan and the County Commissioner's leadership in this area over the last several years. In fact, Cook County's leadership is demonstrated in this current DOH report with the reporting of Class S properties, an incentive to owners of expiring Section 8 properties. Fair tax policy must be based on people's ability to pay. How will both renters and homeowners who are finding affordable housing in today's CPAN and mixed income developments be supported with property tax relief when their costs inevitably rise?

Across the city advocates 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 the 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.