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Analysis lauds city transparency, but says rising poverty, stagnant budget will hurt efforts to preserve affordable housing

In an analysis of the city Department of Housing's Second Quarterly Report, the Chicago Rehab Network lauds the agency for its leadership in several areas and transparency shown in information conveyed in the city document.

The Chicago Rehab Network, however, also notes some areas of concern about affordable housing based on increased poverty, spending levels in the Five-Year Affordable Housing Plan, cost of city lots to non-profit developers, and the need to increase the overall housing budget. The analysis was released today and is available via fax.

"Affordable housing remains an elusive goal for many Chicago residents, whether police officers and teachers, or single moms and security guards. The Department of Housing has pursued innovative strategies, like the Low-Income Housing Trust Fund, and the Downtown Density Bonus that allows developers to support affordable housing by building units or making a contribution to a fund that preserves affordability," said Kevin Jackson, executive director of the Chicago Rehab Network.

"But we feel increased poverty will make it even harder for struggling families to avoid using more than one-third of their income to have a place to live, and that the need for affordable housing demands a significant increase in the Department of Housing's budget. The budget has not risen significantly for the past seven years," Jackson observed.

According to the Chicago Rehab Network analysis:

- Transaction Tax revenue shows a strong 5-year growth trend of 34 %, but the city's financial commitment to affordable housing is a disproportionately rate of only 7.2%. The City of Chicago 2007 Preliminary Budget Estimate puts the Department of Housing budget at \$15.3 million. This budget amount is disappointing. The very low growth projection is out of proportion with growing housing problems for many Chicagoans.
- Estimates from the American Community Survey show that Chicago's median household income has increased from \$38,625 to \$41,015 although still slightly below the national median. However, the number of individuals in all households living in poverty in Chicago has increased—up from 19.6% in 2000 to 21.3%. Every dollar that a family can save on housing is another dollar to meet an important need. Too many families continue to pay too much of their income to keep roofs over their heads.

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- The second quarter of 2006 marks the half-way point of the city's third Five-Year Affordable Housing Plan, committing \$969,409,705 and assisting 23,401 units since the plan's implementation. Multifamily unit production is at 49% of the Plan's goals while spending is already at 62%. At this level of spending, the cost for multifamily development will outpace the final plans production goals that could result in significant unit shortage.
- There have been significant changes to the New Homes For Chicago program, including increased price caps to \$195,000 for single family homes and to \$265,000 for two flats; growth of funds available by \$2 million from the downtown density bonus proceeds; city-owned lots will be sold to affordable housing developers at a \$50,000 discount, up from the current \$20,000 discount. The "increased discount," though a policy improvement, often results in a "shifting" of subsidies that can be counter to increasing affordable housing.

To receive a copy of the five-page Chicago Rehab Network analysis, contact Pia Hermosa at 312-663-3936. Chicago Rehab Network executive director Kevin Jackson is also available for interviews.

The Chicago Rehab Network (CRN) is a citywide coalition of community-based development organizations. Founded in 1977 by community groups seeking to pool expertise and share information, the coalition membership consists of over 40 housing organizations representing over 60 city neighborhoods. Over the years CRN's members have created tens of thousands of affordable housing units and made a visible impact on some of Chicago's most disinvested communities, while preserving affordable housing in some of its most rapidly gentrifying ones. Visit www.chicagorehab.org for more information.