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## Comments on Proposed City Budget

Good Evening. For the record, my name is Pia Hermoso, Program Officer at the Chicago Rehab Network. We are a non-profit coalition of over 40 community development corporations and housing advocates in the city of Chicago. We are here tonight to briefly comment on the issue of affordable housing and its priority within the proposed 2008 City of Chicago budget.

The city's contribution from the Corporate Fund to the Department of Housing has increased substantially – it has doubled to \$31 million after many years in the \$15 million dollar range.

This increase is due to the expected collection of fees from the Zoning Code's Downtown Density Bonus which requires the inclusion of affordable housing units in private developments in exchange for profit gained from increased density. Under this program, developers may choose to pay an in lieu of fee rather than create an affordable housing unit.

This collection of fees is what accounts for most of the increase from the Corporate Fund to the Department of Housing. We would note, however, that these fees are not yet collected but are projected and anticipated.

We recommend that the revenue collected through the Downtown Density Bonus – and through the Affordable Housing Opportunities Fund be shown as actual revenue line items. As is true for other sources of revenue such as hotel and business taxes, liquor taxes, and permit fees, recording these revenues as such will reveal important snapshots of its contribution to city policies over a period of years.

Without question, we are pleased at the development of these new resources and city policies to support affordable housing. Both the Downtown Density Bonus and the Affordable Housing Opportunities Fund represent policies which capitalize on a booming real estate market by capturing private dollars into public expenditures. Of course, as the real estate market slows down, these resources will also dwindle.

The need for affordable housing in Chicago is a multidimensional issue which affects owners and renters, individuals and families, people with special needs and the homeless. These challenges are increasing – not dwindling – as evidenced by increasing housing cost burden and foreclosures.

So we must call on the City to dig deeper – to invest more of its corporate fund resources towards housing. Like public safety, education, health, and transportation – quality affordable housing is a critical part of the infrastructure which makes a city work. Without it, the strength of our neighborhoods and the broader community will be compromised.

Thank you for the opportunity to speak on this matter.