



# BUILDING OUR FUTURE CHICAGO

## A Shared Vision of the Future

***Chicago is at a turning point.*** The changes in leadership necessitate an examination of the policies needed to positively impact our communities. The path ahead requires an honest viewing of policies enacted, unproven expectations, and opportunities missed that can inform new pathways for the future.

A commitment to ensuring that city residents and our communities directly benefit from development decisions and resource allocations is our vision for Chicago's future. While the subsidized affordable housing stock is stable though insufficient to meet dire needs – it is the market rate system that is crippled by foreclosures and lost value that directly impacts the city budget and tax base.

***The field of community development has for forty years tackled problems of broken and dysfunctional markets.*** Adding value by insisting on accountability, understanding local supply and demand, practices which promotes long-term stewardship of assets, and involving community residents, Chicago's community development corporations have sold and own *hundreds of millions of dollars* in assets that house Chicagoans - working families, seniors and low income residents.

These private sector accomplishments rival the non-subsidized traditional development sector in complexity based on fiduciary responsibility, accountability, the nature of the markets chosen for development, and the long term commitment to improving the quality of life of local residents.

***We know that safe, decent affordable housing is foundational for educational and employment success, community stability, and regional competitiveness.***

To leaders in the community development arena, it has always been obvious – stable renters and owners pay taxes, shop in commercial areas, engage in quality educational and civic causes, – all of which, in turn, bolster the city as a whole. So we've defined healthy communities and a healthy city from a long-view and sustainable lens.

A decade ago when we initiated the Valuing Affordability Campaign we had high hopes that the relationship between household success and security and strong public policy targeting preservation and new resource development could be achieved. Success was achieved through:

- County-level tax policy to preserve rental housing
- Illinois Housing Preservation Act
- New inclusionary zoning policies to link subsidized housing to the larger housing market
- Establishment of the Chicago Community Land Trust, a strong first step towards the need to encourage mutual housing options
- *We Need The People*, Housing Illinois Public Awareness Campaign
- Delivery of additional resources from The State of Illinois capital allocations for housing and the creation of the Illinois State Affordable Housing Tax Credit

These reflect examples of creative, innovative, solution-building work that can serve as a foundation for change and a larger vision for Chicago neighborhoods.

**Housing, the lens through which we measure strong and sustainable communities**, has not fared well. The staggering number of foreclosures, loss of rental housing to condo conversions, high cost burden for owners and renters all show that Chicago is at great risk of decline. It is unpopular to talk about. “Too complicated”, people say, to deal with housing- yet our failure to do so caused the economic crash of 2007.

Not to effectively address this is wrong. Destabilized families and individuals – taxpayers – reflect a declining Chicago. Behind all the numbers are families and individuals, the citizenry of Chicago that have contributed to the fabric of the City. What the numbers show is that the fabric is frayed and in some parts of the City look thread-bare.

**Our recommendations for our City’s success and the new Administration are based on long-standing results working to strengthening local markets through housing development, fueling improved quality of life for community residents.** Strong concerns exist about the future of our city related to the large decrease in diversity and increasing displacement, as evidenced by the over 200,000 loss of population during the last decade – 177,000 of which is a decline in the African American population. Leadership is needed to repair the consequences of ignoring the centrality of affordability in our city –from revenue loss, household stress, overcrowding, increased school mobility, homelessness, to foreclosure, and abandonment—we must discontinue random and political discretionary land use policies. The field of community development and its attention to sustainable and place-based real estate applications is poised to offer its commitment and expertise.

# Recommendations

## Deploy expertise

1. Utilize and engage community organizations productively as key partners, ombudsmen, and vested stakeholders in achieving the City's goals -- **invest in community development corporations as the anchors, stewards, gatekeepers, and job creators.** This should include improved partnerships to implement programs and deliver services, as well as to evaluate progress, troubleshoot and to identify best practices on a regular and on-going basis.
2. **Conduct a public thorough review of regulatory and administrative processes which are barriers to strong and sustainable neighborhood development.** Streamlining timeline processes and refocusing oversight can result in reduced costs and avoidance of blight by encouraging demand-based place-based development.
3. **Expand the best practice-reporting and transparency model established in the legislated Housing Quarterly Reporting process to all city functions impacting land use and planning– including the various appointed commissions.** Proposed programs and amendments should follow a public comment period to solicit input prior to passage.

## Target assets

1. **Circulate city and government investments among local institutions and companies to assure local workforce participation and a development culture that leverages investment and builds the city economy.** All contracts, grants, and public/private partnership arrangements, including advancing those who have the capacity to train and hire of low income Chicagoans, should be actively prioritized to Chicago-based institutions.

Housing rehab and construction create jobs, tax revenue, and household consumption at every price point and community development corporations are a key vehicle for creating economic empowerment through local hiring and training. In 2010, the City of Chicago Department of Housing and Economic Development reports assisting 890 units in newly constructed affordable housing developments<sup>2</sup>. Using NAHB's model, construction activity last year for these new developments generated **\$70 million in local income, \$7 million in taxes and revenue**, and supported **1,086 jobs** in the metro area. The ongoing, annual impacts resulting from occupants participating in local commerce are **\$20 million in local income, \$3.5 million in taxes and revenue**, and **285 local jobs**.

2. **Evaluate city development policies and opportunities across sister agencies, departments, and other levels of government** to eliminate goals which work at cross-purposes. Determine if program delivery could be realigned resulting in cost savings. For instance, early recognition of public buildings and assets that could be reused, and when feasible, redeveloped into affordable housing or other community strengthening institutions. For example, services provided to CHA residents (safety, workforce development, social supports) may be duplicative of services available to other city residents, weakening both transparency and effectiveness.
3. **Orient city programming and services to use assets, benefits, resources, and requirements towards sustainable and affordable community development.** City-owned land and properties should be conveyed for \$1 to nonprofit organizations with affordable development plans. Support the growth of mutual housing and supportive housing models which can link from tax reactivation or other city-owned parcels. Award funding to developments committing to longest period of affordability.

## Match supply to demand

1. **Ensure that market rate residential and commercial developments are sustainable, rather than tools of displacement and blight.** Require **Impact Analyses** to ensure that demand exists for market projects to avoid the blighting consequences of overbuilding and vacant high end products. Projects requiring city approval should be rigorously evaluated to ensure that there is attention to the existing market needs within that community.
2. **Halt, and then regulate, all rental conversions.** Create circuit breaker mechanisms to evaluate, regulate, and approve/reject requests to convert rental properties. Approve conversions in situations where it can be demonstrated empirically that a community no longer has a demand for the property in question.
3. **More than two out of three Chicago households earn under \$75,000 per year--with a median income of about \$45,000—shift development towards that majority and ensure that city programming is directed towards that demand.** Institutionalize evaluations that recognize the impact of increased housing costs and its negative effect on disposable income and its connection to the strength of commercial areas.

## Make an affordable city

1. **Legislate and/or promulgate a comprehensive set of programs aimed at foreclosure reuse and/or distressed homeowners** which will go beyond the current limited NSP-funded approach. The need requires, and the capacity exists, for a much stronger city response which should (1) prioritize keeping families in their existing homes, and (2)

utilize deconverted condos for affordable purposes, and (3) implement lease/purchase programming.

2. **Fast track affordable housing preservation and development of blighted and/or abandoned properties.** Prioritize resource allocations in Tax Increment Financing, City, County, and State Capital Budget allocations, Low Income Housing Tax Credit, CDBG, and HOME dollars. Strengthen the scope of the Affordable Housing Preservation Ordinance to prevent loss of important rental stock.
3. **Implement an Affordability Evaluation process on Finance, and Housing and Real Estate, and Zoning Committee business items and projects.** Detail provided should include: Income target market, price point of units, exact income needed to purchase/rent units, percentage of Chicagoans able to afford said units, and period of affordability where appropriate.

## Invest for sustainability

1. **Prioritize community development values throughout the real estate market to build sustainable communities.** These values include an intentional focus on 1) long term, value-added stewardship of household success through housing and community development 2) resident involvement and community-driven partnerships 3) local training and hiring. The Green Revolution, for example, may reduce long term maintenance costs, resident health outcomes, and the ozone layer, but without thoughtful application may also inflate costs, rents, and sales prices.
2. **Lead to influence federal policy by demonstrating local best practices and developing cutting edge sustainable finance/investment programming.** As the need for rental housing increases, new subsidies, incentives, and financing tools must be developed.
3. **Develop and encourage tax policy at the city, county, and state level** that (1) protect government investments in affordable housing for built-in long term sustainability and (2) prevent displacement of owners and tenants, and 3)discourage transitional markets.
4. **Encourage density levels that will fertilize sustainable communities.** Despite the view that high density is a burden, on the contrary, density does expand the tax base, supports local commerce, and encourages community safety and engagement. Successful quality housing rests on sound property management and underwriting practices, community engagement of the residents and partners, and other neighborhood linkages.



## Building Our Future Chicago

A Toolkit for Residents and Community Leaders

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This platform, drawn from the collective experience and expertise of the nonprofit development industry and community-based organizations, completes our vision for **Building Our Future Chicago**. Over the last several months, CRN released a series of data sets and information, part of the **Building Our Future Chicago Toolkit**, with the goal of empowering residents, decision-makers and policy leaders with the tools and information to support and strengthen public policies that serve the needs of those who need it most.

Learn more **about Building Our Future Chicago** by visiting [www.chicagorehab.org/BuildingOurFutureChicago.aspx](http://www.chicagorehab.org/BuildingOurFutureChicago.aspx).