

October 28, 2002

Mayor Richard M. Daley
121 N. Clark, Room 507
Chicago, IL 60602

Dear Mayor Daley,

Chicago Rehab Network would like to take this opportunity to thank you for your leadership on behalf of Chicago's communities. We were encouraged to learn recently from Commissioner Markowski that the City intends to renew its five-year plan for affordable housing. We are certain that the renewal process will be as thoughtful, open, and creative as it has in the past, and we request the opportunity to meet with you and your staff to discuss further.

It has come to our attention, however, that the City is presently taking steps to address the housing crisis and that, in addition to programs announced in the budget, the city plans to unveil a series of affordable housing initiatives in the next several weeks that focus on preservation, creation, and leadership. While we support your efforts, we are concerned that the solutions offered are minor refinements of current programs and, on the whole, do not represent the kind of bold vision or leadership Chicago's affordable housing crisis warrants, or that your office has demonstrated in relation to other critical issues like education reform.

Our concerns are as follows:

Preservation

In terms of Preservation, most of the city's proposal stems from existing practice. Chicago Rehab Network and its members have been working around Preservation for years and we're proud that our work with Assessor Houlihan and Commissioner Markowski to lower property tax assessments for affordable multi-family housing is already having an impact. Over the past six months, the groundbreaking **Class 9 and Class S property tax incentives** have affected hundreds of buildings, and as many as 30,500 units of housing. We support the city's plans to aggressively market these programs, and will make our technical assistance available to support this work in any way.

The Multifamily Revenue Bond proposal, which targets bond resources to preservation that have previously gone towards production and preservation, will allocate approximately \$30 million in bonds a year for the next three years. While we are pleased to see preservation prioritized, we note that a version of this program has been in effect since 1997; the city currently provides \$75 million in bonds per year to affordable housing production and preservation, a substantial amount of which has gone to CHA. We also note that the while the overall volume cap has increased, the percentage of housing dollars as a relative share—15%—remains approximately the same as it has in previous years. Chicago Rehab Network has encouraged increased allocation beyond 15% in our quarterly reports to the City Council Committee on Housing and Real Estate. And we question whether a portion of the remaining 85% of the bond volume cap will go towards production of affordable housing, and CHA construction separately.

Likewise the **Turning Vacant & Abandoned Buildings Into Rental Units** program appears to offer little new. The city has attempted similar programs in the past with what appears to be a relative lack of success. And the \$1M allocation is a limited amount that will affect but a few projects on an annual basis.

Creation of New Affordable Housing

As you know, Chicago Rehab Network, its membership, and allies, have been working hard over the past year to lay the groundwork for an inclusionary zoning/affordable housing set-aside policy. Such a proposal, we believe, is key to creating the kind of neighborhoods that sustain a growing, thriving and diverse city. Chicago Rehab Network fears that the current City proposal mistargets market and city resources. The concept of a set-aside lies in harnessing market forces in an active real estate environment to free up City resources which can be directed towards housing our most vulnerable families and individuals. A set-aside policy tied only to city financing and land will not secure affordable housing neighborhoods that most need diversification.

Leadership

For the past four years Chicago Rehab Network has worked hard to educate state leaders about the importance of affordable housing. Evidence of our success lies in passage of the Affordable Housing Tax Credit last summer which generated the first state dollars for affordable housing in over ten years. We anticipate working with the City in the future as we educate state leadership about the need for more housing dollars and the benefits of such spending.

Chicago Rehab Network has had a long and productive history with the City; together we created the 1993 Five Year Affordable Housing Plan, which resulted in an unprecedented commitment on the part of the city to housing Chicago's low-income families. The 1998 plan renewal culminated in the groundbreaking Public Private Finance Initiative the following year. Chicago Rehab Network and its allies are looking forward to our work together on the next five-year plan. **We will be in contact with your scheduler shortly.**

Sincerely,

Kevin Jackson
Executive Director
Chicago Rehab Network

cc. Commissioner John Markowski, Department of Housing
Alderman Ray Suarez, Chair, Housing and Real Estate
Alderman William Banks, Chair, Zoning