



City of Chicago
Richard M. Daley, Mayor

Department of Housing

Marina Carrott
Commissioner

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April 26, 1994

To: The Chicago City Council
Attn: Alderman Ambrosio Medrano
Chairman, Housing Committee

From: Marina Carrott
Commissioner of Housing

Re: Department of Housing Quarterly Report
For the Quarter Ended March 31, 1994

I am pleased to submit the first report of the Department of Housing's housing creation and preservation activity, for the quarter ended March 31, 1994.

During the quarter, the Department of Housing provided over \$14,000,000 of financing for the creation, including new construction and complete rehabilitation, of 549 units of affordable housing; and more than \$1,600,000 of funds for the preservation of 812 residences. We employed the following financing vehicles: first and second mortgage loans (\$8,590,000), grants (\$1,615,000) and tax credit allocations (sufficient to raise \$5,360,000 of investor equity). Waivers of City permit fees contributed another \$90,000 of housing resources.

The major impact on the department's ability to meet our production goals was the final determination of the City's 1994 HOME Investment Partnerships Program allocation. Cognizant that the federal appropriation for this program was to increase by 27.5% over the prior year, we had anticipated an award of \$33 to \$35 million (a 30% increase over 1992). We received an allocation of just \$26,180,000, apparently because of the use of 1990 census data - for the first time - to calculate our formula-based allocation. The impact of the reduced allocation is substantial. Assuming an average loan of \$30,000, our reduced HOME allocation will cost the City more than 200 units of affordable housing. We hope to make up for at least some of this shortfall when 1992 HOME dollars which have not been used by other jurisdictions are reallocated later this year. Unfortunately, we have been informed by HUD that the reallocations will extend to all

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jurisdictions, even those whose unused dollars were returned to form the pool of funds for reallocation.

On a more positive note, we have identified additional resources which were not a part of the Five-Year Affordable Housing Plan announced by Mayor Daley last fall. A \$3,400,000 grant from the U.S. Departments of Health and Housing and Urban Development, to be expended over two years, will allow us to fund the removal of lead-paint from dwellings in which it poses a hazard to the occupants. The City won the largest possible sum under this competitive Lead-Safe Homes Initiative. It will allow us to preserve an incremental 170 units of affordable housing in each of the next two years. Our Weatherization grants from the Illinois Department of Commerce and Community Affairs exceeded our expectations by more than \$500,000 in recognition of higher per unit costs (\$2100 as opposed to our earlier estimate of \$2000) allowing us to serve the projected 2800 units per year. Mayor Daley will be introducing budget amendments, reflecting unanticipated additional 1994 CDBG funds, which will modestly increase the department's budget. With this money, we expect to launch a new Facade Improvement Pilot Program in Englewood and Lawndale, and to fund a plan to make members of the Hispanic community more aware of DOH programs and services.

We have yet to employ all of the financing vehicles which were proposed by the Coalition for Affordable Housing and Jobs and incorporated in the Mayor's five-year plan, but we are making headway on several fronts:

The Affordable Housing Bond Initiative, which anticipates that the City will contribute \$2,000,000 annually to write-down the interest rate on \$6,000,000 of proceeds from bonds issued by the Illinois Housing Development Authority, so that they can be employed to create housing for low-income Chicago residents, awaits the finalization of the terms of the IHDA bond issue. We have had several conversations with the IHDA Director and staff in which we presented the parameters of an interest write-down program and expressed our willingness to participate in this joint effort.

The Board of Directors of the Low-Income Housing Trust Fund held a public meeting to elicit comments about how to employ the proceeds of the dedicated revenue stream (\$4,000,000 annually) and made modifications and improvements to its rental subsidy program. A training session was held on March 23; applications in English and Spanish have been mailed to the affordable housing development community and are available at the Department of Housing.

DOH staff have engaged in analysis and focus groups pertaining to the use of CDBG float dollars for construction and bridge-loan financing. As a result, we have requested that the CDBG Float Loan Committee convene to consider modifications which will make these loans more attractive to developers.

On March 8 the Community Development Commission accepted for review and public comment a proposal to create the first affordable housing based Tax Increment Financing district in the City of Chicago. The Peoples Housing Cooperative proposes to employ incremental tax revenues created from the new construction of 96 units of affordable housing to service \$820,000 of private sector financing which the project could not otherwise support.

Department staff are finalizing a Down Payment and Closing Cost Assistance Program which will increase home-ownership opportunities for low and moderate income households. Our next step is to reach agreement with lenders concerning the mechanics of the program, request City Council approval of its implementation, and launch a pilot with a limited number of community-based housing organizations. We will also be seeking City Council approval of a program similar to New Homes for Chicago, which will provide deeper home purchase subsidies for lower-income families.

A newly-hired Deputy Commissioner has assumed responsibility for implementation of an improved Housing Abandonment Prevention Program, which will provide funds for court-appointed receivers to make emergency repairs to buildings with serious building code violations. DOH will then foreclose on the receivers' liens and transfer title to these properties to pre-qualified individuals and organizations.

The guidelines for the Single-Room Occupancy Fire Safety Program have been discussed with the SRO Operators Association and not-for-profit developers of SRO housing, and were announced on March 19. Applications are currently available, although minor changes may be made in the program to reflect the final outcome of a proposed City Council ordinance governing SRO safety measures.

The department's program to link our financing of affordable housing to the creation of local employment opportunities is moving forward. We will comply with the recently-introduced City Preference Ordinance; however, our plan is to take this initiative one step farther by providing an infrastructure which will provide job opportunities to economically disadvantaged, unemployed or underemployed individuals. We intend to launch a pilot program in the SNAP (Strategic Neighborhood Action Plan)-designated community of South Austin in cooperation with three community-based developers.

Finally, we have recently received City Council authorization to award operating grants to HOME-eligible community housing development corporations. These grants are intended to increase the capacity of community-based not-for-profit developers, who are important partners with DOH in the creation and preservation of affordable housing.

Attached to this memorandum are the following documents:

- 1) A revised schedule of the department's 1994 production goals, reflecting changes in funding. This chart presumes that the budget amendments which Mayor Daley will be introducing to City Council are approved.
- 2) A report on the Department's first quarter housing creation and preservation activity, by dollars, units and income sectors served, which indicates the percentage of the annual goal for each category which was fulfilled in the first quarter.
- 3) Fact sheets for each of the housing finance transactions which received City Council approval during the quarter.

4) A schedule of loans closed during the quarter.

I appreciate the opportunity to make this report, and am prepared to appear before the Housing Committee at your request to answer any remaining questions.

DOH PRODUCTION AND DISTRIBUTION OF RESOURCES (FIRST QUARTER 1994)

26-Apr-94

	1994 Year-to-Date Expenditures	Year-to-Date Expenditures as a Percent of Annual Goal	Authorization/Description	Units by Income Level						Total Units	Year-to-date Units as a Percent of Annual Goal
				0-17% \$0-8,000	18-30% \$8-15,000	31-50% \$15-24,000	51-60% \$24-29,000	61-80% \$29-38,000	81-120% \$38-58,000		
New Homes For Chicago		0%									
Corporate (\$ 1,000,000)	0								0	0	0%
HOME - Deep Subsidy (\$ 1,500,000)	0					0	0	0		0	
Corp/HOME Match (\$ 187,500)	0						0			0	
Low Income Housing Tax Credits**	5,382,741	34%	Equity Generated by \$1,011,381 In Annual Tax Credits	101	48	98	0			247	46%
Total Housing Creation	14,045,239	14%		316	48	114	50	21	0	549	12%
HOUSING PRESERVATION											
CDBG											
EHAP (\$3,900,000)	351,108	9%		53	59	12				124	10%
H-RAIL (\$1,900,000 Delivery Only)	406,799	21%		18	25	8	1	0		52	7%
HAPP (\$1,400,000)	NA	--	Heat receiver units are committed but \$ commitment not available	15	37	116	17	30		215	154%
Facade Improvement Program (\$250,000)	0	0%				0				0	0%
Weatherization	858,612	14%	Funds from Department of Energy and Health and Human Services	130	291					421	15%
Lead-Safe Homes Init.	0	0%			0	0	0	0		0	0%
G.O. Bonds	0	0%	SRO Fire Safety Improvements	0						0	0%
Total Housing Preservation	1,616,517	9%		Units 216	412	136	18	30	0	812	13%
Total Creation + Preservation	15,661,756	13%		Units 532	460	250	68	51	0	1,361	13%

**May be used with other DOH financing.

Units by Income Level

1994 Funds	Authorization/Description	Units by Income Level						Total Units	Rational	
		0-17% \$0-8,000	18-30% \$8-15,000	31-50% \$15-24,000	51-80% \$24-29,000	81-80% \$29-38,000	81-120% \$38-58,000			
HOUSING CREATION										
Alfordable Housing Bonds Initiative	6,000,000	IHDA/City Bonds - 1% First Mortgages (\$2MM from City funds)	50	50				100	\$60,000/Unit.	
Dedicated Revenue Stream	4,000,000	Long-Term Project Based Rental Subsidy - Low Income Housing Trust Fund	834	833				1,667	LIHTF Average \$2,400/unit/year.*	
CDBG Float Loans	20,000,000	First Mortgage Construction Financing		38	185	64	48	333	\$60,000/unit.*	
Housing Revenue Bonds	10,000,000	First Mortgage Permanent Financing for Housing Projects		93	92	93	92	370	\$27,000/unit.*	
City Fee Waivers	700,000	Fee Waivers on DOH-Funded Projects \$340/unit on 2,000 units/year		8	9	6	2	23	\$30,000/unit.*	
Tax Increment Financing	2,000,000	Future Tax increment used to Support First Mortgage				34	33	67	\$30,000/unit.*	
HOME	23,062,000	New Homes - Deep Subsidy: \$1.5MM/YR Home Buyers Closing Cost Assistance and Gap Financing: \$ 500,000 Single Family Rehab: \$ 500,000 Multi-Family Programs: \$20,562,000			11	11	11	38	\$40,000/unit.	
			277	27	191	190	17	685	\$30,000/unit.	
CDBG	16,755,000	Single Family Rehab: \$0.35MM/YR Multi-Family Programs: \$16,405,000 (includes \$190M MF Interest Writedown)		58	300	97	92	547	\$30,000/unit.	
Corporate	3,882,750	New Homes for Chicago: \$1.0MM/YR HOME Match (Multi-Family): \$2,695,250/YR HOME Match (New Homes): \$187,500/YR			30	30	30	50	\$20,000/unit.	
						5		90	\$30,000/unit.	
								5	\$40,000/unit.	
Low Income Housing Tax Credits	16,000,000	Equity Generated by \$3.5MM In Annual Tax Credits		178	178	177		533	\$30,000/unit.*	
Total Housing Creation	102,399,750		Units	1,181	1,311	998	745	307	50	4,570

*May be used with other DOH Financing.

Units by Income Level

1994 Funds	Authorization/Description	Units by Income Level						Total Units	Rationale	
		0-17% \$0-8,000	18-30% \$8-15,000	31-50% \$15-24,000	51-60% \$24-28,000	61-80% \$29-38,000	81-120% \$38-58,000			
HOUSING PRESERVATION										
CDBG	7,450,000	EHAP: \$3.9MM			1,300			1,300	\$3,000/unit	
		H-RAIL: \$1.9MM (Delivery Only)		190	190	190	190	760	\$2,500/unit	
		HAPP: \$1.40MM		35	57	34	14	140	\$10,000/unit	
		Facade Improvement Program: \$250,000			63			63	\$4,000/unit	
Weatherization	6,161,510	Funds from Department of Energy and Health and Human Services	725	2,175				2,900	\$2,100/unit	
Lead-Safe Homes Init.	1,700,000	\$3.4MM allocated over two years		43	42	43	42	170	\$10,000/unit	
G.O. Bonds	2,000,000	SRO Fire Safety Improvements -production spread over five years	800					800	\$100/unit	
Total Housing Preservation	17,311,510		Units	1,525	2,443	1,852	267	248	0	6,133
OTHER INITIATIVES										
G.O. Bonds	4,650,000	CHA Security: \$1.65MM Site Improvements: \$2MM Public Property Improvements: \$1MM								
CHDO Operating Grants	500,000									
Delegate Agencies	4,787,000	'94 Delegate Programs less H-RAIL delivery (\$1.9MM)								
DOH Job Training/Youth Build	1,250,000	Job Training (DOH) - \$500,000 Youth Builders Program - \$750,000								
Mortgage Credit Cert. Program	300,000	City Council Ordinance (1994)								
Relocation Expenses	150,000									
Operating Expenses										
	HOME	3,077,000								
	CDBG	10,825,486								
	Corporate	467,135								
	Weatherization	2,557,831								
Total Other Initiatives	28,364,232									
Total Sources	148,075,492		Units	2,686	3,754	2,648	1,012	553	50	10,703

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26-Apr-94

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HOUSING CREATION											
Affordable Housing Bonds Initiative	0	0%	IHDA/City Bonds - 1% First Mortgages	0	0					0	0%
Dedicated Revenue Stream	0	0%	Long-Term Project Based Rental Subsidy - Low Income Housing Trust Fund	0	0					0	0%
CDBG Float Loans	0	0%	First Mortgage Construction Financing		0	0	0	0		0	0%
Housing Revenue Bonds	0	0%	First Mortgage Permanent Financing for Housing Projects		0	0	0	0		0	0%
City Fee Waivers	90,784	13%	Estimated value on DOH-funded projects @ \$340/unit (267 units)		-	-	-	-		-	*
Tax Increment Financing	0	0%	Future Tax Increment used to Support First Mortgage				0	0		0	0%
Multifamily Rehab + New Construction											
HOME Multi-Family Programs (\$20,562,000)	3,026,738	21%		215	0	16	50	19		300	23%
CDBG Multi-Family Programs (\$16,405,000)	3,641,088										
Corp/HOME Match (\$ 2,895,250)	924,054										
Rental Rehab	926,400										
Single-family Rehab											
CDBG (\$ 350,000)	73,434	9%		0	0	0	0	2		2	7%
HOME (\$ 500,000)	0										
HOME Home Buyers Closing Cost Assistance and Gap Financing (\$ 500,000)	0	0%						0		0	0%

*Units generated by Fee Waivers Included in other categories.

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New Homes For Chicago		0%									
Corporate (\$ 1,000,000)	0									0	0%
HOME - Deep Subsidy (\$ 1,500,000)	0					0	0	0		0	
Corp/HOME Match (\$ 187,500)	0						0			0	
Low Income Housing Tax Credits**	5,362,741	34%	Equity Generated by \$1,011,381 in Annual Tax Credits	101	48	98	0			247	46%
Total Housing Creation	14,045,239	14%		316	48	114	50	21	0	549	12%
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HAPP (\$1,400,000)	NA	--	Heat receiver units are committed but \$ commitment not available	15	37	118	17	30		215	154%
Facade Improvement Program (\$250,000)	0	0%				0				0	0%
Weatherization	858,612	14%	Funds from Department of Energy and Health and Human Services	130	291					421	15%
Lead-Safe Homes Init.	0	0%			0	0	0	0		0	0%
G.O. Bonds	0	0%	SRO Fire Safety Improvements	0						0	0%
Total Housing Preservation	1,616,517	9%		Units 216	412	136	18	30	0	812	13%
Total Creation + Preservation	15,661,756	13%		Units 532	460	250	68	51	0	1,361	13%

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Affordable Housing Bonds Initiative	0	0%	IHDA/City Bonds - 1% First Mortgages	0	0					0	0%
Dedicated Revenue Stream	0	0%	Long-Term Project Based Rental Subsidy - Low Income Housing Trust Fund	0	0					0	0%
CDBG Float Loans	0	0%	First Mortgage Construction Financing		0	0	0	0		0	0%
Housing Revenue Bonds	0	0%	First Mortgage Permanent Financing for Housing Projects		0	0	0	0		0	0%
City Fee Waivers	90,784	13%	Estimated value on DOH-funded projects @ \$340/unit (267 units)		--	--	--	--		--	*
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Rental Rehab	926,400										
Single-family Rehab											
CDBG (\$ 350,000)	73,434	9%		0	0	0	0	2		2	7%
HOME (\$ 500,000)	0										
HOME Home Buyers Closing Cost Assistance and Gap Financing (\$ 500,000)	0	0%						0		0	0%

*Units generated by Fee Waivers included in other categories.