



City of Chicago  
Richard M. Daley, Mayor

Department of Housing

Marina Carrott  
Commissioner

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October 24, 1994

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

From: Marina Carrott *MC*  
Commissioner of Housing

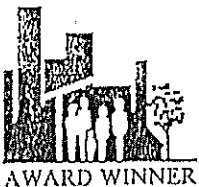
Re: Department of Housing Quarterly Report  
For the Quarter Ended September 30, 1994

I am pleased to submit the Department of Housing's third quarterly report, which incorporates our housing creation and preservation activity from the period July 1 to September 30, 1994, as well as year-to-date production data.

**MULTI-FAMILY LENDING:** During the quarter, the Department of Housing provided \$8,800,000 of financing for the new construction or rehabilitation of 224 units of multi-family rental housing, bringing the total units of newly constructed or rehabilitated rental apartments which have received subsidized loans from DOH this year to date to 1,147 (including 110 shelter beds). Year-to-date multi-family loans total \$30,000,000, or 77% of the funds available for this purpose, putting DOH right on target with our dollar goal in this category of activity. On a unit production basis, we are ahead of our target; even after deducting the 110 shelter beds, the remaining 1,037 assisted units of permanent housing constitute 80% of our annual goal for this category.

**TAX INCREMENT FINANCING:** On July 13 the Chicago City Council approved the designation of the first Tax Increment Financing district to benefit affordable housing in the City's history. The Paul Stewart Apartments, Phase V will provide 96 units of affordable housing for residents of the Grand Boulevard community. \$1,800,000 of tax increment will be employed to pay interest and transactions costs for the development.

THE UNITED STATES CONFERENCE OF MAYORS  
1993 CITY LIVABILITY



LOW-INCOME HOUSING TRUST FUND: This year to date, the City of Chicago's Low Income Housing Trust Fund has awarded \$2,350,000 for annual and long-term rental subsidies for 1720 very-low income individuals and families. Applications for approximately \$2,000,000 of additional subsidies are currently being considered by the LIHTF Board of Directors.

SINGLE-FAMILY REHABILITATION: In July, the Department of Housing modified our single-family rehabilitation loan program to set monthly debt service at a level which allows housing expenses to remain within 30% of household incomes. It is our expectation that this new flexibility will increase the utilization of this program, for which this year-to-date we have committed only \$165,000, or 20% of the budgeted funds.

NEW HOMES FOR CHICAGO: During the quarter, DOH received City Council approval to commit \$150,000 for a New Homes development located in the City's Near West Side SNAP area, and introduced an ordinance for an additional \$500,000 of New Homes financing for Phase III of the Pilsen Resurrection New Homes development. City Council also approved an enabling ordinance for a deeper subsidy version of the New Homes for Chicago program, designed to extend homeownership opportunities to households earning between 50 and 80% of the area median income. We are now accepting applications for the new program.

HOUSING PRESERVATION: The department has committed \$9,200,000 for the preservation of 1349 units of housing this year-to-date. Three new preservation initiatives - the Housing Abandonment Prevention Program (HAPP), the Closing Cost Assistance Program, and the Lead-Safe Homes Initiative - are still in the approval process, while two others - Facade Improvement and SRO Fire Safety - are being accessed much more slowly than we had anticipated. A highly efficient Heat Receiver has achieved a considerable degree of success with substantially less funding than we had budgeted for this initiative.

DISTRIBUTION OF UNITS BY INCOME: We have substantially exceeded our goals for serving the lowest-income segments of the population. 78% of the units created or preserved will serve households

earning no more than 30% of the area median, and, as a subset of that category, 54% will benefit households earning no more than \$8000 annually. Following is a breakdown of the households, by income segment, served by the affordable housing units created or preserved by the Department of Housing and the Low Income Housing Trust Fund:

<u>% of Area Median Income</u>	<u>Creation</u>	<u>Preservation</u>
0-17% of area median	52%	55%
18-30% of area median	11%	32%
31-50% of area median	18%	11%
51-60% of area median	16%	1%
61-80% of area median	3%	1%

NEW FUNDING FOR HOUSING CREATION AND PRESERVATION: With the support of the Department of Housing (including commitments to provide site improvements), two local not-for-profit developers were awarded \$11.7 million in Section 202 financing for 166 units of elderly housing and another \$2.1 million of Section 811 funds were awarded to provide 42 units of housing for low-income households with physically challenged individuals. DOH also supported the successful application of the Leadership Council for Metropolitan Open Communities for a \$1,000,000 HUD grant for an Affirmative Fair Housing Marketing Reinvention Lab, which will provide a fair housing clearing house and counseling center.

Members of the Illinois delegation and the City of Chicago Washington office assisted the Department of Housing in obtaining appropriations totalling \$2.25 million in the fiscal 1995 budget for three special allocations ("earmarks") for housing related activities, including housing for persons with HIV/AIDS. The availability of these funds will be reflected in the department's annual production plan for 1995.

HOUSING/JOB INITIATIVE: During the third quarter, the Department of Housing completed a Request for Proposals from non-profit organizations and institutions who are prepared to implement programs which will prepare economically disadvantaged local citizens for employment in the affordable housing industry, and to link those individuals with job

opportunities. Although it's stealing thunder from my fourth quarter report, I'm pleased to report that the RFP was publicized and made available to interested parties prior to this writing.

The City of Chicago and the Chicago Housing Authority were each awarded \$100,000 Youthbuild planning grants in a national competition for these funds. DOH will employ our grant to develop a curriculum for basic education and vocational training to prepare high school age youth for employment in the construction trades.

Other housing initiatives have yet to meet with success. They include:

**IHDA BOND PROGRAM:** We were disappointed to be informed by the Illinois Housing Development Authority that they do not intend to issue another multi-family bond this year. Consequently, any opportunity to employ City funds to write-down the interest rate charged for bond-financed transactions, so that they can be employed to benefit very low-income households, will be deferred until 1995. If interest rates continue to rise, the per unit subsidy required for this purpose will increase, causing a corresponding reduction in the number of units assisted.

**CDBG FLOAT LOANS:** Although the matter has not yet come to a formal vote, the membership of the CD Float Committee has expressed some reluctance to approve a Department of Housing request to eliminate the interest payments usually required on CD Float loans so that they can be of financial benefit to affordable housing. DOH has provided additional documentation in support of our request, and expects to meet with the committee again during the fourth quarter to address this matter.

**HOUSING REVENUE BONDS:** The Department of Housing has yet to identify a 1994 project which is able to support bond financing.



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Attached to this memorandum are the following documents:

- 1) A report of the Department of Housing's first, second and third quarter, 1994 housing creation and preservation activity, by dollars and units, indicating the percentage of our annual goals which we have achieved. Shelter beds are noted where appropriate.
- 2) A breakdown of the income segments served by each DOH and LIHTF program.
- 3) A schedule of loans closed during the quarter.
- 4) Fact sheets for each of the housing transactions which have been approved by the City Council since July 1, 1994, as well as for those transactions which received Council approval in 1993 but have closed this quarter. We have noted the date on which DOH received a substantially complete loan application on each of the summaries.
- 5) A schedule of rental subsidies and ARC loans approved by the Low Income Housing Trust Fund.
- 6) A schedule of the units to be created, and the income segments which will benefit, from Section 202 and 811 awards which were supported by the Department of Housing.

Thank you for the opportunity to present this report. I look forward to discussing it with members of the Housing Committee on November 15, at which time I will also present the department's depiction of the loan application process, indicating estimated times required for each step.



Summaries of Loans Approved by City Council  
in the Third Quarter of 1994

Attachments

1. Rezmar Corporation  
4655 South Lake Park and 5606 South Wabash
2. Caron Williams and Velma Anderson  
5846-48 South King Drive
3. Senior Lifestyle Corporation  
3244 West 59th Street
4. AIDS Care, Inc.  
303 West Barry Street

CITY OF CHICAGO DEPARTMENT OF HOUSING  
PROJECT SUMMARY, LOANS APPROVED BY CITY COUNCIL

THIRD QUARTER, 1994

NAME OF BORROWER/DEVELOPER: Limited Partnership to be Formed/  
Rezmar Corporation

FOR-PROFIT/NOT-FOR-PROFIT: For-profit

PROJECT NAME AND ADDRESS: 4655 South Lake Park, 5606 South Wabash

WARD/ALDERMAN: 4/Toni Preckwinkle  
20/Arenda Troutman

CITY COUNCIL APPROVAL: July 13, 1994

APPLICATION DATE: February 10, 1994

TYPE OF PROJECT: Rehabilitation of two vacant buildings for  
family housing.

DOH LOAN  
Amount: \$4,091,505 (CDBG)  
Rate: 0%  
Maturity: 17 years  
Repayment: \$2,792/month; balloon payment at maturity.  
Security: Second mortgage

DOH TAX CREDITS: \$560,047 reservation (1993: \$264,485;  
1994: \$295,562)

UNITS/RENTS

<u>Type</u>	<u>Number</u>	<u>Rent</u>	<u>Income Group</u>
1 Bedroom	4	\$425	31-50%
2 Bedroom	56	525	31-50%
2 Bedroom	8	575	51-60%
2 Bedroom	8	600	51-60%
3 Bedroom	23	650	51-60%
3 Bedroom	5	680	51-60%
3 Bedroom	<u>12</u>	700	51-60%
Total		116	

Utilities: Owner pays for all utilities.

PROJECT COSTS

	<u>Amount</u>	<u>Per Unit</u>	<u>%</u>
Acquisition	\$1,105,000	\$ 9,526	11%
Construction	6,109,940	52,672	62%
Softs Costs	1,703,675	14,687	18%
Developer Fee	<u>891,434</u>	<u>7,685</u>	<u>9%</u>
Total	\$9,810,049	\$84,569	100%

Project: Summary, Loans Approved by City Council  
 Third Quarter  
 Limited Partnership to be Formed/Rezmar Corporation  
 4655 South Lake Park, 5606 South Wabash  
 Page two

PROJECT FINANCING

<u>Source</u>	<u>Amount</u>	<u>Lien Position</u>	<u>Rate</u>	<u>Term/ Amort</u>	<u>Per Unit</u>	<u>%</u>
Northern Trust	\$2,435,000	1st	8.85%*	15/30	\$20,991	25%
DOH	4,091,505	2nd	0%	17	35,272	42%
CEF	3,283,344	Equity	N/A	N/A	28,305	33%
General Partner	200	Equity	N/A	N/A	2	0%
Total	\$9,810,049				\$84,569	100%

\*Adjustable rate, not to exceed 13.85%.



CITY OF CHICAGO DEPARTMENT OF HOUSING  
PROJECT SUMMARY, LOANS APPROVED BY CITY COUNCIL

THIRD QUARTER, 1994

NAME OF BORROWER/DEVELOPER: General Partnership to be Formed/Caron Williams and Velma Anderson

FOR-PROFIT/NOT-FOR-PROFIT: For-profit

PROJECT NAME AND ADDRESS: 5846-48 South King Drive

WARD/ALDERMAN: 20/Arenda Troutman

CITY COUNCIL APPROVAL: July 13, 1994

APPLICATION DATE: October 1993

TYPE OF PROJECT: Rehabilitation a partially occupied building for family housing.

DOH LOAN

Amount: \$272,803 (CDBG)

Rate: 0%

Maturity: 32 years

Repayment: \$442/month; balloon payment at maturity.

Security: Second mortgage

UNITS/RENTS

<u>Type</u>	<u>Number</u>	<u>Rent</u>	<u>Income Group</u>
3 Bedroom	1	\$500	51-60%
3 Bedroom	2	\$700	51-60%
4 Bedroom	4	\$750	51-60%
Total	7		

Utilities: Tenants pay for electricity and cooking gas.

PROJECT COSTS

	<u>Amount</u>	<u>Per Unit</u>	<u>%</u>
Acquisition	\$ 80,000	\$11,428	14%
Construction	414,176	59,168	74%
Softs Costs	58,627	8,375	10%
Developer Fee	10,000	1,429	2%
Total	\$562,803	\$80,400	100%

Project Summary, Loans Approved by City Council  
 Third Quarter  
 General Partnership to be Formed/Caron Williams-Velma Anderson  
 Page two

PROJECT FINANCING

<u>Source</u>	<u>Amount</u>	<u>Lien Position</u>	<u>Rate</u>	<u>Term/Amort</u>	<u>Per Unit</u>	<u>%</u>
FNBC	\$220,000	1st	8.375%*	30/30	\$31,429	39%
DOH	272,803	2nd	0%	32/51	38,972	49%
Equity	<u>70,000</u>	N/A	N/A	N/A	<u>10,000</u>	<u>12%</u>
Total	\$562,803				\$80,400	100%

\*Adjustable rate, not to exceed 13.375%.

CITY OF CHICAGO DEPARTMENT OF HOUSING  
PROJECT SUMMARY, LOANS APPROVED BY CITY COUNCIL

THIRD QUARTER, 1994

NAME OF BORROWER/DEVELOPER: Senior Suites Chicago Gage Limited Partnership/Senior Lifestyle Corporation

FOR-PROFIT/NOT-FOR-PROFIT: For-profit

PROJECT NAME AND ADDRESS: Senior Suites of Gage Park  
3244 West 59th Street

WARD/ALDERMAN: 14/Edward Burke

CITY COUNCIL APPROVAL: August 3, 1994

APPLICATION DATE: April 24, 1994

TYPE OF PROJECT: New construction for elderly housing.

DOH LOAN

Amount: \$3,755,557 (HOME)  
Rate: 0%  
Maturity: 32 years  
Repayment: \$350/month; balloon payment at maturity.  
Security: Second mortgage

Special Conditions: If real estate taxes are less than \$80,000, 80% of the amount by which they are less than \$80,000 will also be payable to DOH on an annual basis.

DOH TAX CREDITS: \$503,340 reservation (1994)

UNITS/RENTS

<u>Type</u>	<u>Number</u>	<u>Rent</u>	<u>Income Group</u>
Studio	31	\$416	31-50%
Studio	45	500	51-60%
1 Bedroom	4	446	31-50%
1 Bedroom	6	535	51-60%
Total	86		

Utilities: Owner pays for all utilities.

PROJECT COSTS

	<u>Amount</u>	<u>Per Unit</u>	<u>%</u>
Acquisition	\$ 305,000	\$ 3,547	5%
Construction	5,106,557	59,377	76%
Softs Costs	804,250	9,352	12%
Developer Fee	505,004	5,872	8%
Total	\$6,720,687	\$78,148	100%

Project Summary, Loans Approved by City Council  
 Third Quarter  
 Senior Suites Chicago Gage Limited Partnership  
 3244 West 59th Street  
 Page two

PROJECT FINANCING

<u>Source</u>	<u>Amount</u>	<u>Lien Position</u>	<u>Rate</u>	<u>Term/ Amort</u>	<u>Per Unit</u>	<u>%</u>
Avondale	\$ 700,000	1st	8%*	30/30	\$ 8,140	10%
DOH	3,755,557	2nd	0%	32	43,669	56%
Richman Group	2,265,030	Equity	N/A	N/A	26,338	34%
Senior Lifestyle	100	Equity	N/A	N/A	1	0%
Total	\$6,720,687				\$78,148	100%

\*Adjustable rate, not to exceed 13%.

CITY OF CHICAGO DEPARTMENT OF HOUSING  
PROJECT SUMMARY, LOANS APPROVED BY CITY COUNCIL

THIRD QUARTER, 1994

NAME OF BORROWER/DEVELOPER: AIDS Care, Inc.  
FOR-PROFIT/NOT-FOR-PROFIT: Not-for-profit  
PROJECT NAME AND ADDRESS: 303 West Barry Street  
WARD/ALDERMAN: 44/Bernard Hansen  
CITY COUNCIL APPROVAL: September 14, 1994  
APPLICATION DATE: April 6, 1994  
TYPE OF PROJECT: Rehabilitation of a vacant building leased by the borrower to provide housing for persons with AIDS or who test positive for the HIV virus.

DOH LOAN

Amount: \$577,523 (CDBG)  
Rate: 0%  
Maturity: 10 years

Repayment: No monthly payment. The loan is to be forgiven over the 10-year term, pursuant to a monthly reduction schedule, conditioned upon continued occupancy by the borrower and fulfillment of long-term affordability requirements. The borrower would be required to repay the unforgiven portion of the loan if at any time during the term of the loan the borrower or lessor were to convert the premises to some other use.

Security: None

DOH TAX CREDITS: N/A

UNITS/RENTS

<u>Type</u>	<u>Number</u>	<u>Rent</u>	<u>Income Group</u>
Beds	15 (12 Bedrooms)	\$128 (est.)*	0-17%

\*This is an estimate of the average monthly rent expected to be received. In actuality, residents will be asked to pay 30% of their income for rent.

Utilities: Owner pays for all utilities.

Project Summary, Loans Approved by City Council  
 Third Quarter  
 AIDS Care, Inc., 303 West Barry  
 Page two

PROJECT COSTS

	<u>Amount</u>	<u>Per Unit</u>	<u>%</u>
Acquisition	\$ 25,000	\$ 1,666	4%
Construction	548,303	36,554	85%
Softs Costs	68,389	4,559	11%
Developer Fee	<u>0</u>	<u>0</u>	<u>0%</u>
Total	\$641,692	\$42,779	100%

PROJECT FINANCING

<u>Source</u>	<u>Amount</u>	<u>Lien Position</u>	<u>Rate</u>	<u>Term/ Amort</u>	<u>Per Unit</u>	<u>%</u>
DOH	\$577,523	-	0%	10	\$38,502	90%
Dept. of Health (HOPWA)	27,327	grant	N/A	N/A	1,822	4%
AIDS Care	<u>36,842</u>	Equity	N/A	N/A	<u>2,456</u>	<u>6%</u>
Total	\$641,692				\$42,779	100%

Summaries of Loans Closed in the Third Quarter of 1994  
Passed by City Council in 1993

Attachment

1. Latin United Community Housing Association  
1152-58 North Christiana/3339-41 West Division

CITY OF CHICAGO DEPARTMENT OF HOUSING  
PROJECT SUMMARY, LOANS CLOSED BY CITY COUNCIL

THIRD QUARTER, 1994

NAME OF BORROWER/DEVELOPER: Humboldt Park Residence Limited  
Partnership/Latin United Community  
Housing Association

FOR-PROFIT/NOT-FOR-PROFIT: Not-for-profit

PROJECT NAME AND ADDRESS: West Humboldt Park Residence  
1152-58 North Christiana/  
3339-41 West Division

WARD/ALDERMAN: 26/Billy Ocasio

CITY COUNCIL APPROVAL: August 4, 1993

APPLICATION DATE: June 20, 1992

TYPE OF PROJECT: New construction for SRO housing.

DOH LOAN

Amount: \$1,752,410 (HOME)

Rate: 0%

Maturity: 17 years

Repayment: \$375/month plus 39% of the annual  
gross revenue from the rental of the  
commercial space; balloon payment at  
maturity.

Security: First mortgage

DOH TAX CREDITS: \$132,800 reservation (1994)

UNITS/RENTS

<u>Type</u>	<u>Number</u>	<u>Rent</u>	<u>Income Group</u>
SRO	48	\$235	18-30%
SRO	<u>20</u>	400	0-17% (Section 8)
Total	68		

Utilities: Owner pays for all utilities.

PROJECT COSTS

	<u>Amount</u>	<u>Per Unit</u>	<u>%</u>
Acquisition	\$ 9,000	\$ 132	0%
Construction	2,539,287	37,342	75%
Softs Costs	567,940	8,352	17%
Developer Fee	<u>261,772</u>	<u>3,850</u>	<u>8%</u>
Total	\$3,377,999	\$49,676	100%



Project Summary, Loans Closed by City Council  
 Third Quarter  
 Humboldt Park Residence Limited Partnership  
 1152-58 North Christiana/3339-41 West Division  
 Page two

PROJECT FINANCING

<u>Source</u>	<u>Amount</u>	<u>Lien Position</u>	<u>Rate</u>	<u>Term/ Amort</u>	<u>Per Unit</u>	<u>%</u>
DOH	\$1,752,410	1st	0%	17	\$25,771	51%
IHDA	500,500	2nd	0%	30	7,353	15%
CEF	863,589	Equity	N/A	N/A	12,700	26%
Heyman & Landau	<u>262,000</u>	Grant	N/A	N/A	<u>3,853</u>	<u>8%</u>
Total	\$3,377,999				\$49,676	100%

DOH LOAN CLOSINGS - THIRD QUARTER  
JULY 1 - SEPTEMBER 30, 1994

<u>Developer/Project</u>	<u>City Council Approval Date</u>	<u>Loan Closing Date</u>
1. Senior Lifestyle Corporation 6037 West Grand Avenue	May 4, 1994	July 6, 1994
2. PRIDE 5000-04 West Monroe	May 18, 1994	August 5, 1994
3. Thresholds 334-44 North Menard	April 13, 1994	August 12, 1994
4. Rezmar 4655 South Lake Park 5606 South Wabash	July 13, 1994	September 1, 1994
5. Senior Lifestyle Corporation 3244 West 59th Street	August 3, 1994	September 2, 1994
6. Cornerstone Community Outreach 4626 North Clifton	March 2, 1994	September 13, 1994
7. LUCHA 1152-58 North Christiana	August 4, 1993	September 19, 1994
8. Lawndale Christian Dev. Corp. 1900-02 South Harding 1857-67 South Pulaski	May 4, 1994	September 21, 1994
9. Community Housing Partners 6100-08 South Wabash	May 4, 1994	September 29, 1994