

Chicago Rehab Network
Department of Housing 3rd Quarter 1998 Analysis



DOH on Track to Exceed 5 Year Unit Goal

The Department of Housing reports that they anticipate exceeding the original 5 year unit goal and we congratulate them on this significant accomplishment. We look forward to the implementation of the next 5 year Plan and the opportunity to meet more of Chicago's affordable housing needs. This Committee's oversight role is critical in ensuring that the implementation of the Plan impacts all of the city's wards and we will continue to raise questions about impact and targeted resource deployment..

At the end of the third quarter the Department of Housing had expended 54% of its 1998 funds and created 66% of the projected units. We understand the stops and starts of commitments and closing, and according to the narrative introduction and discussions with DOH staff on specific programs, DOH will be able to expend all allocated funds by the end of 1998. Analysis of the units created to date shows that DOH continues to serve those at 0-15% of the area median income well through the Low Income Housing Trust Fund and SRO developments. Meeting the needs of the working poor, particularly those from 31-60% of area median income, remains a challenge.

	0-15%	16-30%	31-50%	51-60%	61-80%	81-120%	Total
3 rd Quarter Net Creation	1,186	621	143	33	233	367	2,903
1998 Projection	1,021	864	605	480	578	824	4,372
Percent	116%	72%	24%	7%	40%	44%	66%

Restructuring Old and Developing New DOH Programs

In past reports CRN has expressed concerns about two DOH programs that have been under-utilized: Affordable Rents for Chicago (ARC) and Vintage Homes. We are pleased that DOH has increased production with ARC and has initiated a review and redesign of Vintage Homes and related single family rehab programs. The Department being designated a Participating Administrative Entity (PAE) by HUD to restructure expiring over-market project based Section 8 developments is an important accomplishment. This is a critical program in retaining our affordable housing stock.

Through ARC the Department has the potential to create very long term affordability for very low income families. In the past this potential has not been realized because of limitations created by the source of funds and other program requirements. CRN has urged DOH to fund ARC through sources other than HOME to remove some of the programs restrictions. This continues to be an issue because HOME funds can not be used in Low Income Housing Tax Credit (LIHTC) deals that get a boost for developments in designated census tracts, or the project will lose the LIHTC boost. While the program has the potential to reach the very poorest

households in Chicago, in 1998 this potential was not realized. DOH has funded 77 units through ARC in 1998 with 6% of the units affordable to households with incomes between 0 and 15% of area median income. The balance were affordable to those with incomes from 16-30%. Given the increased housing demands of public housing demolition and the approaching end of TANF eligibility, long term affordability for the very lowest incomes must be a priority.

Single family homes in Chicago need regular maintenance and investment to remain safe and meet the housing needs of their occupants. In many Chicago neighborhoods property values support such activities, but for some areas and homes, costs are higher than values and such investment is deferred until homes are unliveable. DOH has tried several programs to address this situation with limited success, with Vintage Homes being the latest example. CRN staff and members have been pleased that DOH has taken us up on our offer to meet with DOH staff to discuss single family rehab and how DOH can best finance such projects.

Affordable Housing in the Loop

As Chicago's real estate market pushes into new areas and designs we must all be looking for new sources of affordable housing. An existing redevelopment tool has an affordable housing requirement: TIF financed projects must set-aside 20% of the rental units produced for affordable housing. Much of the new residential development in the Loop is benefiting from significant city resources through the Loop TIFs. We understand that the Fisher Building at 343 S. Dearborn will receive \$6.6 million in Central Loop TIF subsidy as they convert to rental housing but that the 20% affordable housing requirement has been waived. Considering Chicago's housing/jobs mismatch and the proximity of the Fisher Building to thousands of jobs for people leaving welfare to work it seems ill advised to not hold Loop residential developers to the affordable housing requirements of TIF financing.

We believe that this Real Estate Committee ought to call for an immediate investigation into the implementation of this affordable housing provision which the City Council created. Failure to implement TIF affordable housing provision will undermine the mixed income policy of this city and continue to segregate tenants of modest incomes.