

Chicago Rehab Network Department of Housing 4th Quarter 1999 Analysis

Public-Private Finance Initiative

On January 25th the final proposals from the Public Private Finance Initiative, cosponsored by the City of Chicago Department of Housing and the Chicago Rehab Network, were presented to more than 250 affordable housing stakeholders. If realized the proposals would generate more than \$650 million for affordable housing in Illinois over the next 5 years. For more information please see attached report.

The Illinois State Donations Tax Credit has been introduced in the Illinois Senate as SB 1676 by Senator Bill Peterson (R-Lake County) and in the Illinois House as HB 3492 by Rep. Arthur Turner (D-Chicago) [please see attached fact sheet]. There is significant support for the legislation. House and Senate sponsors have agreed to hold four subject matter hearings before the summer. **Rep. Coy Pugh (D-Chicago), chair of the House Revenue Committee, will hold the first hearing on Thursday, March 16th from 10-12 at the James R. Thompson Center, 100 W. Randolph Room 16-503.** The Department of Housing has agreed to testify in support of the tax credit. All City Council members are invited to attend. Please call the Illinois legislator for your ward and urge them to support the Donations Tax Credit and to attend the hearing on March 16th.

Resource Challenge

The city is to be congratulated on meeting the resource challenge for 1999 and identifying \$30 million additional dollars for affordable housing. As our analysis of DOH's production in 1999 shows there is a daunting affordable housing resource gap in Chicago with new demands for limited subsidies growing each year. We all must work together to realize the proposals in the Public Private Finance Initiative including to the Donations Tax Credit so that these resources may be available to meet the Resource Challenge in years to come.

It would be helpful for analysis purposes if DOH would report the estimated number of units expected and the income level to be served by the new resources when they add the specific funds committed to the quarterly report.

Chicago Low Income Housing Trust Fund

The Department has made significant progress in identifying larger bedroom size units for the Trust Fund, particularly 3 to 5 bedroom units. This is important because the Trust Fund is a very effective means with which to make housing affordable to very low-income households. CRN had encouraged the Department to focus on the larger units as they identified units with the \$2 million Trust Fund increase under the new Plan. It would be helpful, now that the Trust Fund serves more than 2,000 households, to revise the reporting so that aggregate data on location of the units was available.

**Chicago Low Income Housing Trust Fund
Units by Bedroom Size 1998 & 1999**

Bedroom size/type	1998	1999
Beds/studios/SROs	52%	47%
1 Bedroom	20	18
2 Bedroom	21	20
3-5 Bedroom	7*	14
Total Units	1,603	2,054

* No 5 bedroom units.

Multifamily Housing Production

This is the first year in which the restructuring of expiring Section 8 contracts and the transformation of public housing was funded by DOH. There were 1,467 multifamily units created or preserved by the Department in 1999. Analysis of 1999 multifamily housing production shows a strong focus on preservation of existing subsidized units and senior housing creation, as well as an extremely high level of non-CHA assistance to CHA replacement units. Preservation of Section 8 housing accounted for 44% of multifamily production, CHA replacement housing accounted for 3%, and creation of new non-CHA housing accounted for 53% of the total units. Within the 781 units of new non-CHA housing 58% of the units created were for seniors, 33% were for families, and 8% were for special needs populations.

DOH Multifamily Housing Production 1999

By Income Level Served and Type of Housing

	0-15% \$0- 9,570	16- 30% \$9,570- 19,150	31-50% \$19,150- 31,900	51-60% \$31,900- 38,280	61-80% \$38,280- 47,800	TOTAL NUMBER OF UNITS
Preservation	441			206		647
CHA Replacement	39					39
New Units - Senior	143	99	142	71		455
New Units - Family		21	151	47	38	257
New Units - SRO	5					5
New Units - Special Needs	64					64
Total	692	120	293	324	38	1,467
Percent of Total	47%	8%	20%	22%	2%	

In 1999, in the demonstration phase of the Section 8 restructuring program with potentially hundreds of projects still to be restructured, 44% of the multifamily units produced, or 647 units, were in this program. Preserving this housing stock is a priority,

it houses people with very low incomes and it is located across the city, but this new demand on the limited housing subsidy available in the city will only exacerbate our existing housing crisis.

Senior housing production has been a focus for DOH in the past several years with 1999 continuing this trend with 455 new units of senior were created. The Department has never discussed its overall senior housing commitment as it has for SROs. It is clear that that there is a strong need for seniors to have affordable housing choices but this need must be articulated in the context of the overall affordable housing crisis that Chicago faces. We urge the Department to share their understanding of the overall senior housing need and their plans for senior housing development in the next four years.

Income Level Served

Analysis of the income level served by the housing in each of these categories reveals striking differences. Senior housing reached across income groups from 0-60% of area median income (AMI). The units preserved in the Section 8 program had a strong focus on the lowest income level with 68% serving 0-15% AMI and the balance serving households from 51-60%. All the CHA, special needs and SRO units were affordable to households at 0-16% AMI.

Family housing did not demonstrate this concentration on the lowest income only 21 of the 257 family units (of any bedroom size) were affordable to families with incomes of \$20,000 or less. This is the segment of the population that the Regional Rental Market Analysis identified as having a 153,000 affordable housing gap. We all must work together to find new housing resources for these households.

CHA Replacement Housing

For the first time the Department has participated in the financing of CHA replacement housing, the 116 unit North Town Village development of which 39 units will be for former CHA residents. This is a mixed income project with 34% of the units affordable to families with income from 0-17% of the area median income (AMI), 11% for 31-50% of AMI, 22% for 51-60% of AMI and 33% for 81-100% of AMI. To serve this mix of tenants there must be a mix of financing sources and possibly there must be higher costs per unit because the design and amenities must appeal to market rate renters. These units will be built at an average cost of \$199,000 per unit, almost \$50,000 higher than any other DOH project in 1999. A total of \$3,650,000 in HOPE VI funds was used for the 39 CHA units for an average CHA subsidy of \$93,600 per unit. Other public sources, primarily DOH and IHDA, provided \$105,900 per unit for these 39 CHA units. At this level of subsidy the city faces a shortfall for the financing of CHA replacement units in the hundreds of millions of dollars.