PRESS RELEASE
Analysis of City’s 1st Quarter 2003 Report on Affordable Housing

CHICAGO – An analysis of the City of Chicago Department of Housing’s (DOH) 1st Quarter report on its affordable housing production was presented today by the Chicago Rehab Network at the Committee of Housing and Real Estate meeting. Highlights and recommendations of the report include:

Highlights:

- **The Troubled Buildings Initiative:** A new cost-effective program whose goal is to address crime in disinvested neighborhoods by removing blighted buildings, rescuing historic buildings, coordinating community policing and community planning and returning derelict properties to tax roles. This quarter the Initiative rescued two vacant buildings that rehabilitated 47 abandoned units into quality affordable housing for just over $4,000 per unit.

- **SOS Children’s Village:** This innovative partnership model demonstrates the importance of coordination between city departments and creatively leveraging new revenue streams to create communities. Department of Human Services identified a revenue stream, the maintenance payments made to foster parents, and leveraged that funding to create new housing that benefits the residents of SOS Children’s Village, a foster care community, the residents of Parnell Place, and the surrounding Greater Grand Crossing community.

- **New bonding authority uses:** The City reallocated funds from single-family to multifamily mortgage revenue bonds. This year’s allocation of 50 percent more multifamily bonds could potentially create 300-400 additional affordable rental units.

- **Council unanimously supports Trust Fund:** National Housing Trust Fund resolution unanimously passes City Council to urge Congress to hear and approve the national Housing Trust Fund which would use billions of dollars in unused federal mortgage reserves to provide financing for new affordable housing nationwide.

- **The amendment of Mayor Daley’s Affordable Housing Commitment Ordinance:** This ordinance could be amended yearly to create thousands of additional affordable housing units. These four amendments introduced during the April 9th City Council floor debate included:
  - Extending the 10 percent commitment to all zoning map amendments which create 10 or more housing units. This alone would have created commitments to build 1,500 affordable housing units in 2001, which would triple DOH’s annual creation of homeowner units.
  - Extending the 10 percent commitment to all Planned Developments approved by the City Council. This would have created commitments to build 1,248 units in 2001. This amendment would more than double DOH’s annual creation of homeowner units.
  - Extending the 10 percent commitment to all sales of city land, not just those at below market prices. As of 2001, the city owned 8,568 vacant lots. At two units per lot this is enough land for 17,136 units, as lots are built out, of which 1,714 would be affordable.
  - Lowering the income targets so that households earning less than 80 percent or 50 percent of AMI can benefit, instead of the current 100 percent or 60 percent.
Recommendations:

- **Increase funding for Troubled Buildings Initiative:** This would increase the rescue of houses, buildings, neighborhoods, and communities citywide.

- **City needs to target low-income households:** DOH projects that 71.4 percent of those using the two single-family bonding programs, Homestart and City Mortgage, will be households earning 80 percent of Area Medium Income (AMI), Chicagoans with incomes above the city’s average.

- **Call for City to reallocate dollars for rental development:** Due to low interest rates dollars there is little demand for Homestart or City Mortgage funds and it is recommended that the city reallocate those dollars for multifamily rental projects.

- **Increase focus on Latino households:** There needs to be an increased effort by the City to meet the housing needs of the under served Latino households who have been hampered in the past by language, cultural and systemic obstacles.

- **Encourage coordination between DOH and the Illinois Housing Development Authority (IHDA):** Build upon the coordinated application procedures between the two agencies that resulted from the urban public housing redevelopment process and further coordinate DOH funding procedures with IHDA. This would result in better decision-making, less duplication, less paperwork, faster approvals, and greater resource availability for applicants.

- **New permanent revenue streams:** While the city actively advocated on behalf of affordable housing in Springfield, the state Housing Trust Fund legislation did not pass, and was cut by $5 million. The trust fund and its linked revenue source are an excellent model for the city. The state already dedicates half of its real estate transfer tax receipts to its Housing Trust Fund. The city’s revenues from the real estate transfer tax could be leveraged for the Chicago Low-Income Housing Trust Fund.

- **Passage of the Affordable Housing Commitment Amendments:** The four amendments will double or triple the number of affordable houses and apartments. The Chicago Rehab Network estimates that the amendments could result in a net increase of 1,600 affordable units produced annually, over and above those created under the ordinance as it is currently written.

In light of the recent analysis released by the Chicago Rehab Network on the City of Chicago’s Five-Year Plan we reiterate our six main recommendations for housing policy during the next five years:

- Development must be guided by the principle of long-term affordability, specific to local, place-based assets and needs. Chicago’s many neighborhoods have different needs, but all need investments in affordable housing.

- City departments must coordinate efforts to make affordable housing a priority, while also working transparently and efficiently. The Department of Housing cannot solve Chicago’s affordability crisis alone; it must work with other departments to ensure that the city is investing all the resources it has to strengthen communities.

- Nonprofit developers should receive priority in all funding and resource allocations. Over the past four years, only 26% of rental units funded by the Department were developed by nonprofits.

- The city should commit 2% of its corporate budget to affordable housing annually, up from a current 0.03% annually. This would result in an increase from $15 million to $95 million per year – helping to offset recent declines in federal funding, leveraging more capital resources for
housing, and sending a clear signal that the city is truly willing to make affordable housing a priority.

- 60-75% of all housing funds should go to rental housing. Investments in neighborhoods should be tailored to the local housing stock. Rental housing is needed throughout the city, but the private market has not responded to this need. The city needs to step in with funding for affordable apartments.

- All public resources for rental housing should be targeted to households earning below $36,500 for a family of four; resources for the purchase of single-family housing should go to those earning less than $49,000. Currently, many “affordable housing” resources go to help Chicagoans with incomes above the city average. The city could more effectively assist those with housing needs by targeting resources for those with lower incomes.

The Chicago Rehab Network is a 26 year old non-profit coalition of community based developers and advocates who work to increase resources and equitable policies for affordable housing. Further information is available at 312.663.3936 or www.chicagorehab.org.