



CRN Analysis DOH Quarterly Report of 1st Quarter 2006

The first Quarterly Progress report for 2006 demonstrates a range of important housing considerations in the new year. The Community Land Trust has been established, outreach efforts have been organized locally and nationally and a new senior housing plan has been established. Furthermore, multi-family and single family commitments for new development have been announced. The resurgence of Chicago's housing market requires aggressive housing strategies that can create affordable options for Chicagoans. The budgeting constraints and growing costs for both new multifamily and single family production remind us of the importance of preservation. In all community areas today, preservation of existing affordable housing is good public policy and economics. The median "for sale" costs increased from 2000 to 2003 by 44% and in some places particularly in south side community areas increases exceeded 100%. So it was not surprising that approximately 300 residents, community and elected leaders came out to learn about affordable rental housing at our Regional Preservation Summit this past Saturday morning. We look forward to working with this committee, the Commissioner and his staff to making preservation a reality. Thank you for being with us on Saturday.

Production Overview

	0-15%	16-30%	31-50%	51-60%	60-80%	81-100%	101+%	Total
Multi-Family	1,407	1,066	477	128	115	4	0	3,197
Single Family	0	7	15	10	113	131	75	352
Home Improvement	25	107	201	37	77	54	18	519
MF New Units	122	186	233	120	112	4	0	777

	Total Anticipated Funds	1 st Quarter Commitments	Percentage of Goal
Multi Family	\$257,830,005	\$54,640,151	21.19%
Single Family	\$106,922,900	\$27,792,967	25.99%
Home Improvement	\$21,989,682	\$3,870,645	17.60%

New Unit Production

In the first quarter of 2006, DOH reports a commitment of over \$86 million in resources to support over 4,000 units. Among these, DOH reports a total of 3,197 affordable rental units receiving assistance, representing 42% of the annual multi-family unit goal while spending only 21% of its resource allocation goal. As previously mentioned in our prior analyses, it is important to note that the total number of multi-family units also included units receiving Low-Income Trust fund rental subsidies which are renewed annually, assistance through safety and code enforcement programs, and building stabilization funds. In the first quarter of 2006, 777 of the 3,197 multi-family units are actual newly created affordable units made possible by new construction and rehabilitation programs.

In anticipation of new funds resulting from the recently passed statewide rental subsidy legislation, DOH increased its production and commitment goals for the Low-Income Housing Trust Fund (LIHTF) Rental Subsidy Program from \$7.5

million in 2005 to \$10.5 million in 2006 (actual commitment in 2005 was \$7,922,083 or 105.6% of the goal.) DOH projects assisting 2,500 units of rental housing under this program in 2006. In the first quarter alone, DOH reports 2,149 units receiving rental subsidy—more than 2005’s total of 2,097 for the entire year. We hope to see a greater range of affordable housing options resulting from this increase in resources and production goals and are looking forward to seeing the program’s contribution in preserving affordability in Chicago.

New Homes for Chicago

The first project under the New Homes for Chicago program is a 133 unit scattered site new development by The Resurrection Project consisting of condominiums, town homes, and single family homes located in the South and West sides of Chicago. Each single family home will receive \$10,000 in subsidies and \$30,000 for each two-flat building. However, DOH reports that 33 of the 133 units are designated for those earning 101% or more of the area median income. While the need for housing in Latino communities remains a priority, The Resurrection Project reports the inclusion of higher income units was necessary to make the project viable. What policy reform or resources would enable the development community to focus on serving the housing needs of households earning 100% or less of the area median income?

Mayor Daley’s Senior Housing Plan

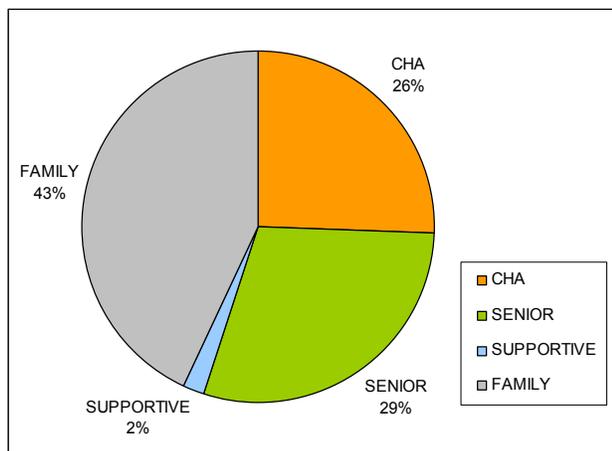
In the first quarter, DOH announced its new Five-Year Senior Housing Plan to accompany the current Five-Year Affordable Housing Plan. The plan aims to create 4,000 units of senior housing by the year 2010 by targeting specific community areas which have been identified as having the greatest need for various types of senior housing determined by level of independence, income, and need for supportive services. The Plan also outlines its plan to finance senior housing developments according to their type, taking its cue from the city’s current record of supporting senior housing developments. The city determined the primary source of financing for each housing type and plans to reach its senior housing goal by “aggressively pursuing” these available resources further. Below is a chart derived from the City’s Five-Year Senior Housing Plan summarizing its goals:

Housing Type	Primary Source of Financing	Number of Projects	Approximate Number of Units
Senior Independent Living Apartments for Very Low Income Households (30% or below AMI)	HUD Section 202	10	700
Senior Independent Living Apartments for Low Income Households (30%-60% AMI)	DOH/IHDA- Allocation of Federal Housing Resources	15	1,500
Senior Condominiums for Moderate Income Households	Private Sector	5	400
Affordable Full Service Communities for Independent Seniors	Private Sector	5	500
Supportive Living Facilities	Illinois Department of Healthcare and Family Services	10	900
Total		45	4,000

The city's effort to provide quality senior housing is certainly commendable and it is encouraging to see the city's leadership in enveloping a variety of production techniques based on market conditions. We are concerned, however, about the availability of resources that could be used to create housing for low-income families who have a greater need for affordable housing in the city of Chicago especially larger households. In particular, the Senior Housing Plan identifies Senior Independent Living Apartments for Low Income Households (30%-60% AMI) as the housing type with the highest priority for assistance. The city plans to use Federal Housing Sources, i.e. Low Income Housing Tax Credits and/or HOME dollars, to achieve its senior housing goals. This is a concern because of the already existing competition for these Tax Credit allocations and HOME dollars in the city and statewide.

From 2000-2005, for instance, a total of 6,968 units in Chicago received Low income Housing Tax Credit assistance through DOH¹. Nearly 30% of these units are for Seniors, who overall represent 10% of the entire population of Chicago.

UNITS BY TYPE	
CHA	1786
SENIOR	2039
SUPPORTIVE	147
FAMILY	2996
TOTAL*	6968



Troubled Building Initiative

In the first quarter of 2006, DOH notes 13 buildings placed under the Troubled Buildings Initiative with four buildings indicated as “Rehab In Process”, three that are “Under Receivership”, and six buildings that are reported to be “Recovered or Rehab Complete.” These buildings altogether are comprised of a total of 220 units receiving \$299,478 of DOH assistance through the TBI program. It is unclear, however, in this reporting what each of the status categories represent or what the breakdown of the total resources was for each building. Also, these buildings are reported to serve income levels between 31-50% of the area median income once they are part of the TBI program. Is this an affordability restriction attached to these buildings once they are entered in the TBI program? What steps are being taken to ensure they remain affordable? Were they previously invested in with DOH dollars? Is ownership transferred in all cases? Are practical lessons being taken from this program to help identify buildings at risk of falling into trouble in the future? How are these buildings identified and who is receiving and/or rehabbing them? We have asked these questions in prior quarterly analyses and we bring them forth again in this quarter.

¹ These units represent those serving 60% or below area median income receiving allocations from DOH.

Affordable Requirements Ordinance and Downtown Density Bonus

In our previous quarterly report, we commended the level of reporting that DOH has done with developments participating in the Affordable Requirements ordinance program and requested similar reporting done with developments participating in the Downtown Density Bonus program. The city has stated that \$12 million of commitments have already been generated through this program from downtown real estate developments and in January of this year, the city announced the extension of the Downtown Density Bonus program into the neighborhoods. Reporting on the progress of the Density Bonus program is missing in this quarter's report and again, we would appreciate information in future quarterly reports in order to fully assess the long-term impacts of this valuable program.