

Chicago Rehab Network
Department of Housing 1st Quarter 2000 Analysis

2000 DOH PRODUCTION PROJECTIONS ANALYSIS

In general the first quarter of the year is too early to assess the Department's progress against that year's plan. Therefore, CRN has looked at the *2000 DOH Estimates of Production by Income Level* which DOH includes in the first quarter report of every year (p. 18-20). This report shows for each DOH program, the funds available in the current year, funds previously allocated that are carried over into the next year, and units by income level. This becomes the plan that the Department tracks their production against for the rest of the year. In reviewing the 2000 Estimates of Production a few issues and questions arose:

- **Overall the carry over of funds from one year to the next shows substantial differences between the multifamily and single-family programs.** In both 1998 to 1999, and 1999 to 2000, the single-family carry over of unspent funds was 20% or more of that year's available resources. In the multifamily program there was almost no carry over from 1998 to 1999, and an 8% carry over of program resources from 1999 to 2000. **This suggests that the single-family programs need to be assessed for timeliness and efficiency.**
- A related issue is the City Mortgage program which had \$67 million in expenditures in 1999 against a budgeted \$75 million resulting in more than \$7 million carried over from 1999 to 2000. Instead of staying at the actual expenditure level for 1999, particularly in this rising interest rate environment, the Department has increased City Mortgage budget levels for 2000 to \$82 million, which virtually guarantees unspent money being carried over into 2001.

FUNDING FOR SENIOR HOUSING

As CRN discussed in the analysis of the 1999 4th quarter report, **the Departments senior housing funding has become an ever increasing portion of multifamily units created.** The first quarter of 2000 was no different; two out of the three projects approved by City Council were senior housing. Since 1994, the percentage of DOH funding going towards senior housing has tripled. In 1994, 16% of the DOH housing budget funded senior housing. By 1997, the percentage increased to 33%. Last year it remained high at 27%. So far this year, 76% of all stock funded has gone toward seniors. In the list of DOH major multifamily projects for 2000 senior housing will comprise at least 50% of all DOH funded development.

According to the recent UIC/MPC rental market survey, such a funding rate for seniors does not appear to be justified. Householders age 65 and higher comprise 15% of city's renting population. And seniors are less likely to live below the poverty level. **In other words, 76% of the renting population is under the age of 65 and is over three times more likely to live below the poverty level.**

While DOH's funding rate for seniors has increased over the past six years, so has funding for HUD's 202 program, which peaked at \$645,000,000 nationally in 1998. Since 1994 HUD has funded 1,051 senior units with very little overlap with DOH funded projects (only two projects were co-funded by DOH: Sacramento House in 1996 and Sabina in 1999). In addition to resources

offered by the 202 Program, the Chicago Housing Authority has approximately 2000 vacant units for elders. **The presence of such viable housing resources for seniors in Chicago raises the following questions: are these existing resources at HUD and CHA being maximized? And given these resources, should senior housing represent half of DOH funding?**

DOH LOANS APPROVED BY CITY COUNCIL 1994-2000

YEAR	SENIOR UNITS	TOTAL MULTIFAMILY UNITS	PERCENT OF UNITS DEVELOPED
1994	268	1727	16%
1995	198	1464	14%
1996	138	1072	13%
1997	348	1053	33%
1998	197	1064	19%
1999	392	1467	27%
1st Qtr. 2000	184	241	76%
Total	1,725	8,088	21%

While DOH funding for seniors has changed over the years, the primary recipient of funding has not. Half of all senior units funded by DOH over the past six years have been developed by a single for-profit developer: Senior Suites. Senior Suites develops at least one project every year, they have developed 10 of the 26 senior projects approved or waiting for approval from 1994 to 2000. No other single developer of any type of housing is so consistently funded.

Senior Suites does not serve those who need it most; they develop 50% fewer units in the 0 to 30% income range than other developers. And Senior Suites consistently develops more units in the higher income bracket range, 51 to 60%. Because Senior Suites does not provide rent subsidy most of their units are market rate. For example, a typical one bedroom Senior Suites apartment rents for \$565.

CRN does not question the need for high quality, affordable senior housing but we are concerned by the high level of resources devoted to this population when families have no HUD production program and have a greater housing need.

CHICAGO FORUM ON HOUSING SOLUTIONS

CRN has participated in several of the Chicago Forum Committees; we commend the Department for bringing such a broad representation of the affordable housing community together. The draft recommendations of the Committees identify various strategies to address policy, resource and capacity challenges. If implemented they will require that all affordable housing stakeholders increase their investment and level of service. Housing areas such as homeownership

education, information systems and property management could dramatically improve in both quality and quantity under the draft recommendations.

Once the final Forum recommendations are released in the fall of 2000, it may be a good opportunity to reassess the City's Five Year Plan and commit new resources to the strategies identified through the Forum process.

CHICAGO CENSUS COUNT

The largest portion of resources DOH receives comes from the federal government based on Chicago's population. **The current low Census response rate poses a dire threat to the City's ability to implement its ambitious public housing transformation plan and to address the many housing and community development needs raised by community leaders, housing advocates and public officials.** We all must do everything within our power to ensure that all Chicagoans are counted or we could lose vital CDBG, HOME, Low Income Housing Tax Credits and bond volume cap. In the last week community forums in Logan Square and Uptown/Rogers Park have brought a high level of aldermanic attention to the community development and housing needs of these communities. Additional resources are necessary to address the housing needs identified. The City must leverage all the federal resources it can through the Census.

We are encouraged by those officials who have taken leadership in creating new resources. Representative Arthur Turner (D-Chicago) and Senator William Peterson (R-Lake County) have been key sponsors of the State Donations Tax Credit Legislation created by our Public Private Finance Initiative. There will be subject matter hearings this summer in front of the Senate Revenue Committee. **We ask that Chairman Suarez work with us to sponsor a City Council resolution to support the State Donations Tax Credit.**