

Department of Housing
2004-2008 Affordable Housing Plan
Quarterly Progress Report – Second Quarter 2004

Analysis by Chicago Rehab Network

This quarter's report published by the Department of Housing is an informative overview of the affordable housing work occurring throughout the City.

Production Overview

Units Created By Income January – June 2004								
	0-15% AMI	16- 30% AMI	31- 50% AMI	51- 60% AMI	61- 80% AMI	81- 100% AMI	101+ %	Total Units
Multi-Family	1403	1183	1452	327	125	63	215	4768*
Single-Family	0	5	28	50	115	178	49	425
Improvements	104	350	479	84	136	89	29	1271

**2031 of these units are rental assistance via the Chicago Low Income Housing Trust Fund.*

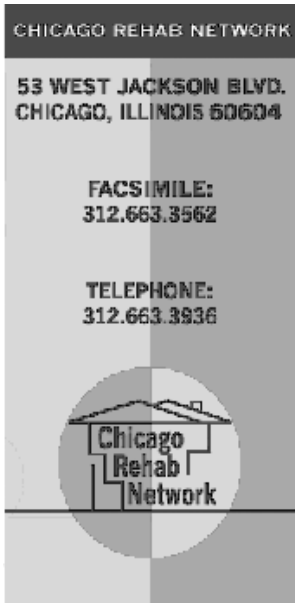
***100 of these units have been preserved through the HUD Mark-to-Market contract renewals*

Spending is largely on track based on historical patterns with a few notable variances. The Department has exceeded anticipated spending levels in 3 program lines:

- TIF Subsidies by almost \$11 million
- Multifamily Revenue Bonds by \$33 million
- Trust Fund Rental Subsidy by almost \$1 million

There is a substantial variance between 5-year projections and actual production when analyzing the TIF and Multifamily Revenue Bond program. When evaluated by incomes targeted, projections for Multifamily Revenue Bonds and TIF funds lag behind the goal to serve primarily households with incomes from 0-30% of area median income. The goal for multifamily bonds was to target 74% of all units with this funding source towards households at 0-30% of AMI – currently 0% of units created by these bonds have served these households. For TIF funds, the goal was 67%; to date 0.5% has been spend on this income group.

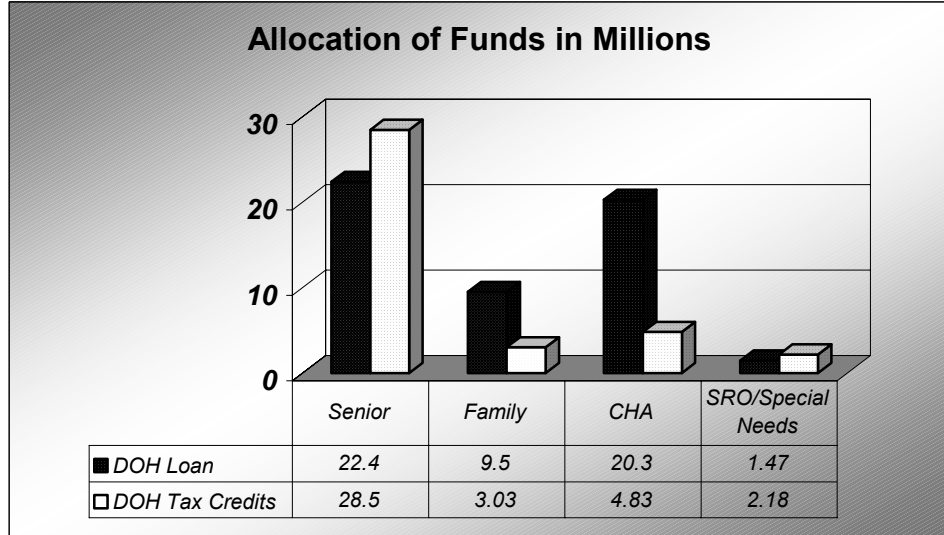
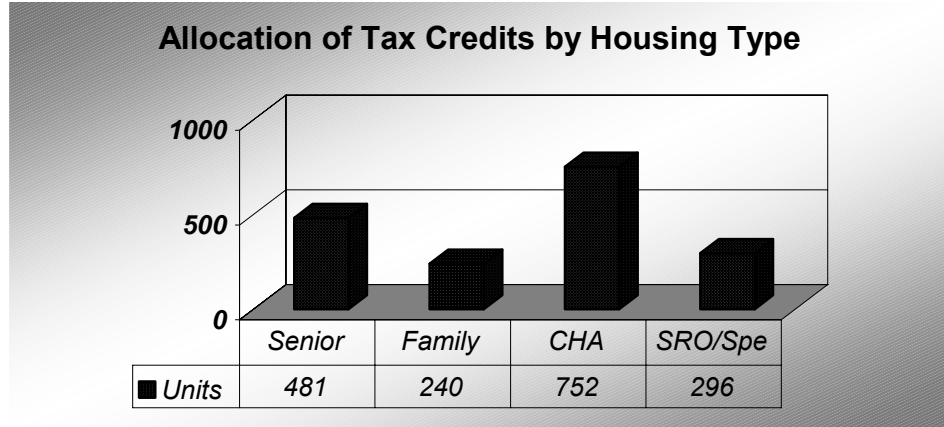
It continues to be true that the City Mortgage Program remains the largest unspent line item as it has been the last several years due to competitive interest rates in the private mortgage market. This program makes up a \$75 million annual commitment of the City's 5-year plan. We are concerned that the bonds will be expiring during the 5-year plan period



and these resources will go untapped. Evaluating the possibility of assigning or redirecting the purposes of this program towards multifamily housing should be a main priority of the City.

Low Income Housing Tax Credits

During this quarter, the City announced funding of 20 projects through the Low Income Housing Tax Credit program. Below are charts showing the allocation of those funds by types of housing and amount of City funding per type. We would hope that the next LIHTC round would prioritize family rental housing.



Disposition of City Land

The Liberty Square project exemplifies a model approach that should apply to all nonprofit involved affordable housing projects. This project included the conveyance of 16 city-owned lots at the cost of \$1, despite the land being valued at \$800,000.

While we believe that sound public policy would require the consistent application of this land policy for all nonprofits creating affordable

housing, we know that it is not applied uniformly across city neighborhoods. The cost of land is a significant factor in determining development costs and ultimately in targeting which income households will be eligible to benefit from newly constructed and/or rehabbed housing. A full examination of land disposition policies is called for to ensure that federal and private investments in affordable housing are preserved and not compromised.

Troubled Buildings Initiative

The detail provided this quarter about the Troubled Buildings Initiative is useful in understanding which neighborhoods are seeing the outcomes of this program. In order to frame out future policy, it would be helpful to understand the profile of owners going into this program. Asset management is a challenge and it is critical to predict what operating cost variables are negatively impacting quality affordable housing.

The breakdown by wards impacted are shown below:

Ward	Buildings	Units
3	6	91
4	1	64
5	1	30
6	1	14
8	4	49
9	1	48
16	2	18
17	2	23
15	1	8
20	2	33
21	1	19
24	1	10
27	1	12
28	5	131
29	1	16
31	1	5
33	1	27
35	1	16
37	1	24

Incentive Programs

The Park at Central Station project reported in this quarterly report raises several questions. This 502-unit project will contain 176 units of affordable housing, approximately 35% of the total. There is no question that the South Loop needs these 176 units of rental housing. The project financing has spread public resources over both the affordable and market rate units at approximately \$36,000 per the 502 units.

It would be beneficial to understand this project as a case study to learn of the interaction of the Mayor's Affordable Housing Ordinance, the new Zoning Code density bonus, and existing TIF policy.

When you consider the CPAN program in addition to the three policies mentioned above, these are very complex real estate policies which are not widely understood. As is typical of real estate transactions, each project is negotiated individually and privately. Is there a preferred program in particular markets? Which programs can best leverage the development of rental units? How can the negotiation process be standardized to assure significant impact?

In order to have the maximum impact on the affordable housing stock through these various incentive programs, it would be useful to provide broad training to both community groups and elected officials. We would like to work with both the Housing and Planning Departments to create such a training.

As the oversight of the Plan to End Homelessness and the Chicago Continuum of Care has moved for the Department of Human Services to the Department of Housing, we would ask that future quarterly reports detail out production related to that plan.

Finally, we must note the shrinking staffing at DOH. We believe that Chicago and its neighborhoods require cutting-edge programs and policies, which in turn must be driven by highly qualified staff and infrastructure in city government. We would hope that the upcoming budget will provide the additional technology and staffing that DOH requires to meet the high standards they have set over the last several years.