Analysis of the Second Quarter 2013 Housing Report

***Accepting the Challenge:* Five Year Affordable Housing Plan, 2009-2013**
Presented August 21, 2013

Introduction

Last month, DHED convened a public hearing addressing the 5-Year Affordable Housing Plan. This hearing attracted a large and diverse group of citizens from across the city interested in a strong housing agenda. At this public forum, we heard a repeated call for wider public participation in the 5-Year planning process; many who testified asked for multiple hearings across the neighborhoods, with ample marketing and outreach in order to give interested parties the advanced notice required to plan to attend and prepare comments. CRN endorses this call.

CRN restated our shared vision at the hearing: safe, decent, affordable housing is the foundation for educational and employment success, community stability and regional competitiveness. When our coalition articulated this principle over a decade ago, we hoped that public policy would link the booming real estate market to derivative benefits that would spread across the city, and that residential displacement would be minimized. Instead, after the "lost decade," we are facing growing numbers of people living in housing insecurity, continuing displacement, and the revenue deficits that come from population loss.

Our research shows that Chicagoans in every community and at every income level are less secure in their housing—whether it be in a single family home, apartment or condo—than they were 10 years ago. When individuals and families struggle to meet housing costs that keep going up in a city where incomes are stagnant or declining, several negative outcomes become likely, including the exodus of people from the city in search of greater affordability. We saw this empirically when over 200,000 people left Chicago between 2000 and 2010. In addition, as a result of economic strain brought on by increased housing cost burden, some families may prioritize immediate needs like medicine over longer-term obligations like mortgages, rents or other payments, potentially precipitating a decline into financial emergency, foreclosure, eviction, and—perhaps—homelessness. Clearly, the City's leadership is needed more than ever at this time for a housing agenda.

The next 5-year Housing Plan can change the trajectory of our city. There is still time to act. The City should be considering every opportunity to engage local leadership, build on neighborhood assets, and search for innovative solutions to a housing crisis that will have a defining effect on our city in years to come. The key message from this past decade of high risk-taking, overbuilding, conversion of rental stock, and predatory lending should be that the City has to lead by setting principles to guide land use and market activity in a way that benefits all Chicagoans.

Mayor Emanuel put it well in his 2011 inaugural speech when he said, "No great city can thrive by shrinking. The best way to keep people from leaving is to attract the jobs that give them a good reason to stay. " The foundation that makes going to those jobs possible is stable neighborhoods with safe, decent, affordable housing.

Analysis of Second Quarter 2013 Activities

Although efforts toward stabilizing hardest-hit communities have been ongoing, there has not yet been any broad effort to reuse vacant homes that is proportional to the enormity of the current crisis. From 2008 to the present day, the City has received over $165 million in federal emergency funds to address foreclosed properties through the Neighborhood Stabilization Program. According to this quarterly report, 184 buildings in target neighborhoods have been acquired or rehabilitated through NSP. (See Table 1.) This represents 0.4% of the now bank-owned properties foreclosed during the same period.[1] Clearly, more must be done to deal with foreclosed properties.

Nonetheless, in some wards and communities, the investment brought by NSP has been timely and significant. Determining how to proceed with new strategies and resources is critical.

Table 1. NSP1 – NSP3 Investments in Chicago Communities[2]

Ward	Total NSP Buildings	Estimated Total Development Costs
Ward 20	26	$ 45,495,960
Ward 27	13	$ 12,141,908
Ward 3	2	$ 11,228,215
Ward 15	16	$ 7,416,821
Ward 24	11	$ 7,029,069
Ward 37	10	$ 6,646,808
Ward 29	6	$ 4,815,761
Ward 26	10	$ 4,650,915
Ward 17	14	$ 4,512,008
Ward 34	10	$ 4,187,488
Ward 30	8	$ 4,140,442
Ward 9	13	$ 3,596,239
Ward 7	9	$ 3,590,482
Ward 8	5	$ 3,435,704
Ward 33	3	$ 2,794,431
Ward 5	7	$ 2,300,985
Ward 6	2	$ 2,011,041
Ward 16	3	$ 1,976,692
Ward 31	5	$ 1,654,028

[1] According to the Woodstock Institute foreclosure data portal, 43,600 properties were REO foreclosed from 2008 to 2012.
[2] *Source: CRN analysis of DHED quarterly report 2013-Q2 A59-A62*

Ward 10	3	$	1,414,746
Ward 28	5	$	1,305,872
Ward 35	1	$	453,524
Ward 22	1	$	349,599
Ward 4	1	$	232,932
total	***184***	***$***	***137,381,671***

Community Area	***Total NSP Buildings***	***Estimated Total Development Costs***	
Washington Park	10	$	25,184,542
Humboldt Park	25	$	19,082,087
Woodlawn	12	$	17,966,337
Grand Boulevard	2	$	11,228,215
Chicago Lawn	18	$	9,049,863
North Lawndale	11	$	7,029,069
Austin	9	$	5,925,835
Hermosa	11	$	5,598,830
Auburn Gresham	14	$	4,512,008
South Chicago	11	$	4,134,235
Chatham	3	$	4,011,270
West Pullman	8	$	3,757,823
Logan Square	6	$	3,700,995
Pullman	13	$	3,596,239
Albany Park	3	$	2,794,431
Englewood	4	$	2,345,080
South Shore	5	$	2,306,468
Greater Grand Crossing	7	$	2,300,985
East Garfield Park	5	$	1,305,872
Roseland	2	$	429,664
South Lawndale	1	$	349,599
New City	1	$	343,650
Oakland	1	$	232,932
Belmont Cragin	2	$	195,640

While City funds support a number of housing-related programs that contribute to the quality and affordability of Chicago housing—such as rental subsidies through the Chicago Low-Income Housing Trust Fund (CLIHTF), safety and code enforcement under the Heat Receivership program and the Troubled Buildings Initiative, as well as accessibility enhancements under the Site Improvement program—evidence of the City's quarterly production of rental housing should be separated from these programs because they do not contribute to net-new rental housing production or preservation.

Half way through 2013, DHED is on track to complete its commitment to new rental units. Through the first and second quarters, *the City has surpassed its goals by reaching 69% of its projected net-new rental units for 2013*. (See Table 2.)

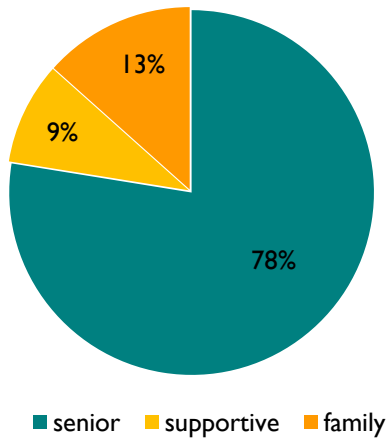
Table 2. Rental Unit Production by Income, 2013 YTD (Q1 and Q2)[3]

	Year-to-Date Total Units Produced	0-15%	16-30%	31-50%	51-60%	60-80%	81-100%	101+%	Total Projected Units by Year End
Total Subsidized Rental Units*	4,168	1,779	1,043	495	549	193	85	24	5,571
Less Rental Subsidy Units	*-2,666*	*-1,746*	*-920*	*0*	*0*	*0*	*0*	*0*	*-2,666*
Less Site Improvement and Heat Receivership Units	*-444*	*-17*	*-76*	*-228*	*-110*	*-13*	*0*	*0*	*-892*
Less Troubled Building Initiative Units	*-285*	*0*	*-16*	*-50*	*-29*	*-167*	*-23*	*0*	*-900*
Net New Rental Units**	**773**	**16**	**31**	**217**	**410**	**13**	**62**	**24**	**1,113**

** Number of units is adjusted to account for a single unit's participation in more than one DHED program.*

*** This figure represents affordable rental housing units created or preserved, and is adjusted to discount both annual rental subsidies (through the Chicago Low-Income Housing Trust Fund), and some other assistance, including the City's Heat Receivership, Site Improvement, and Troubled Building initiative programs.*

Chart 1. 2013 YTD Rental Housing Commitments by Unit Type



Nonetheless, this progress reflects 69% of an actual goal of only 1,113 net-new rental units in 2013. Of these approximately 800 units funded so far this year, 78% (625 units) have been in senior developments.[4] 9% (73 units) have been supportive, intended for veterans at risk of homelessness and their families. Only 13% (108 units) were planned for families in general. (See Chart 1.)

Of those 108 units, ***only 34 units are new, affordable rentals available to Chicago families***; 37 are market-rate, and 37 are CHA replacement units promised under the Plan for Transformation. Though all net-new affordable housing should be celebrated, it is clear that family housing must be prioritized by the City and its community partners moving forward.

This lack of family housing is also borne out by a closer look at the size of units being produced. As "*Accepting the Challenge,*" the 2009 to 2013 Affordable Housing Plan draws to a close, more than half (58%) of the approximately 4,500 units produced have been studios or one-bedrooms.

---

[3] *Source: CRN analysis of DHED quarterly report 2013-Q2 A8*

[4] These developments include: Darum Amaan Senior Apartments, Pullman Wheelworks (senior), Hope Manor II, Town Hall Senior Apartments, Porta Coeli Senior Residence, Park Boulevard Phase IIB, North and Pulaski Senior Housing, and Montclare Residences of Avalon Park Phase II.

Table 3. Rental Units Produced by Size, 2009-2013 YTD (Q1 and Q2)

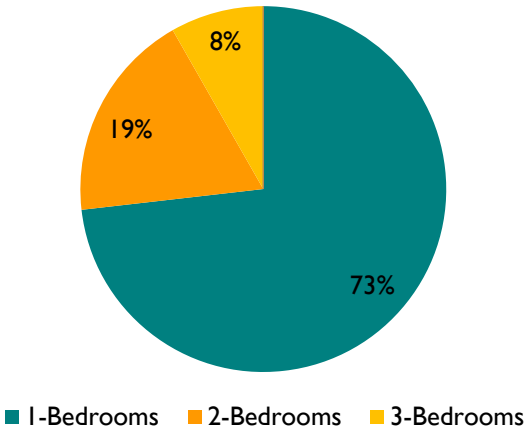
Year	Number of Developments	Studios	1-Bedrooms	2-Bedrooms	3-Bedrooms	4-Bedrooms	5+-Bedrooms
2009	10	76	421	126	106	19	-
2010	20	131	682	464	334	23	-
2011	12	189	178	161	103	28	-
2012	10	91	307	177	102	20	2
2013 - Q1	4	44	247	38	84	5	-
2013 - Q2	4	-	284	72	32	-	-
All Years	***60***	***531***	***2,119***	***1,038***	***761***	***95***	***2***
Percentage	**100%**	***12%***	***47%***	***23%***	***17%***	***2%***	***0%***

total units developed overall: 4,546

**includes market rate units in affordable developments; does not include caretaker / building manager units*

This trend toward producing units too-small for families displayed itself even more strongly in the second quarter of 2013: fully 73% of all units funded were 1-bedrooms.

Chart 2. Rental Units Produced by Size, 2013-Q2



Approved Multifamily Developments

The City Council approved financing for four affordable rental projects this quarter:

Porta Coeli Senior Residence

Catholic Charities Housing Development Corporation will construct a new four-story elevator building near 95th and Jeffrey to house seniors in need of supportive services. This development is primarily financed by a $14.3 million HUD Section 202 grant, which specifically funds affordable, supportive senior housing.

Income targets:

- 86 one-bedroom units at or below 50% AMI

Total development cost: $16.2 million **Per unit cost**: $188,246

Park Boulevard, Phase IIB

This scattered-site development is the fourth sub-phase of CHA's Stateway Gardens redevelopment. Four buildings near 37th and Dearborn will contain CHA replacement units, affordable rentals, and units renting at the market rate. The project received $5 million in TIF funds.

Income targets:

- 6 one-, two- or three-bedroom at or below 50% AMI
- 62 one-, two-, or three-bedrooms at or below 60% AMI
- 3 one-, two-, or three-bedrooms at or below 80% AMI
- 37 one-, two-, or three-bedrooms at or above 100% AMI (market rate)

Total development cost: $42.3 million **Per unit cost**: $391,834

North and Pulaski Senior Housing

Through a partnership between Hispanic Housing and U.S. Bancorp Community Development Corporation, 71 transit-accessible, one- and two-bedroom affordable units will be built near North and Pulaski serving seniors 55 and older. This project received $4 million in TIF funds and $543,610 from CLIHTF to make some units affordable to tenants making less than 30% of AMI. The City also donated land for this development valued at $725,000.

Income targets:

- 3 one-bedrooms at or below 15% AMI
- 3 one-bedrooms at or below 30% AMI
- 4 one- or two -bedrooms at or below 40% AMI
- 28 one-bedrooms at or below 50% AMI
- 27 one- or two -bedrooms at or below 60% AMI
- 6 one- or two -bedrooms at or below 80% AMI

Total development cost: $19.4 million **Per unit cost**: $269,285

Montclare Senior Residences of Avalon Park, Phase II

This new senior development will add 109 affordable apartments near 77th and South Chicago as an addition to an affordable senior development completed in 2009. While 109 units will be affordable to tenants at or below 60% of AMI, it also includes 13 market rate units. This project received $750,000 from the CLIHTF to make some units affordable to tenants making less than 30% of AMI. The City also donated the land for this development, valued at $1.95 million.

Income targets:

- 13 one- or two -bedrooms at or below 15% AMI
- 12 one- or two -bedrooms at or below 30% AMI
- 42 one- or two -bedrooms at or below 50% AMI
- 42 one- or two -bedrooms at or below 60% AMI
- 13 one- or two -bedrooms at or above 100% AMI (market rate)

Total development cost: $29 million **Per unit cost**: $237,862

Looking Forward

In partnership with UIC Voorhees Center, CRN will be releasing updated Community Area Fact Sheets, which will be available soon. These anticipated fact sheets will provide perspective to those considering the way critical housing indicators such as income, housing cost-burden and building trends have changed over the last 13 years in Chicago neighborhoods. The same analysis using both 2000-2010 and 2011-2020 (post-redistricting) ward boundaries will be released subsequently.

We look forward to working with the Department and Council to ensure that updated and pertinent data will be provided in a useful manner by ward, community area, and county.

Finally, the upcoming City of Chicago 5-Year Housing Plan process is in full swing. Given the challenges before our city, the timing is opportune. It will require all of us to engage in a process that includes reflection and evaluation, and results in positive outcomes for our neighborhoods and many struggling Chicagoans. As always, we will put forward our research and analysis, library of best practices, and platform recommendations which you can review at www.chicagorehab.org. We especially encourage you to review our 2013 Housing Toolkit, included as an appendix to this report.