CHICAGO REHAB NETWORK COMMENTS ON ***BOUNCING BACK***: THE CITY OF CHICAGO'S 2014-2018 FIVE YEAR HOUSING PLAN

We applaud the city for articulating a vision of Chicago neighborhoods that has long resonated with mission based developers and neighborhood leaders who are committed to development that does not displace residents, but rather empowers revitalization:

> All residents should have access to quality affordable housing, including the homeless, the elderly, people with disabilities, and those with other special needs. A commitment to diverse communities and affirmatively furthering fair housing is essential to a healthy, vibrant Chicago.[1]

The City should also be commended for producing a new plan that is unusual in the specificity of particular housing initiatives and the identification of the bodies accountable for carrying them out. The Rehab Network looks forward to working with DPD and the city of Chicago to support the neighborhood capacity necessary to accomplish these initiatives and to advance the public policies and resources to strengthen them. As before, as always we will work with our elected and appointed officials and The City Council Committee on Housing and Real Estate in monitoring the progress of these initiatives in our future quarterly reporting.

The City of Chicago's proposed 2014-2018 Housing Plan, "Bouncing Back", is presented at a time of unprecedented housing insecurity in our city. This is not a claim we make lightly. The Rehab Network has been tracking and analyzing housing security and other indicators of the economic well-being of Chicagoans since before 1990. In fact, it was in part the findings of our 1990 Affordable Housing Fact Book, which found that about a quarter of Chicago households were paying more than they could afford for housing, that catalyzed the 1993 Campaign for Affordable Housing and Jobs that resulted in the five year housing plan. Bouncing Back is now the fifth such plan.

Today in Chicago, twice as many households are being crushed by housing costs as in 1993. Half of all households, both renters and owners, are paying more than 30% of their income toward housing costs. In a city with decreasing population, still-high unemployment, and deepening income inequality, these statistics may not come as a surprise to many. Yet the scope of these problems goes beyond what many expect. It is not only communities on the South or West sides that are struggling with housing insecurity;

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these problems touch every corner of our city. This crisis knows no geographical or racial barriers: households in every class and community across the city are dealing with increased housing insecurity.

In light of this mounting housing insecurity, it is more important than ever to continue to create new and defend existing affordable housing. As more and more families fall out of the middle class, resources are being stretched beyond belief. Yet, we are not even sustaining the funding commitments of the past. **This new Five Year Housing Plan allocates $845 million less for housing over the next five years, meeting only 58% of the resources provided through the previous plan.**

While there are many elements of "Bouncing Back" to examine in more detail, the critical and sobering fact is that resources for affordable housing for the next five years have been gutted. The Rehab Network strongly urges the City to add more resources to this plan. While it continues to be important to refine and improve our methods for providing housing for all, "doing more with less" through existing programs will not be sufficient. In December, a new study from Harvard put it well, finding that "greater efficiency and better targeting alone are not enough to bring existing assistance programs to the scale necessary to meet the country's spiraling need for affordable housing."

The Bouncing Back plan offers illuminating data to give a picture of what our communities are experiencing. Some more views to add to that picture:

- Chicago—like elsewhere across the county—is experiencing deepening income inequality. The number of households in the lowest and highest income brackets is growing, whereas the middle income categories are shrinking.
- The population of the city has declined. Many of those who left were African American, many were in family households.
- Real median household income—the amount that half of Chicagoans earn less than and half earn more than—has declined by about 4% over the last 10 years.
- Half of all Chicagoans are struggling to maintain housing security with the most dramatic growth found among owner households earning between $50,000.00 to $75,000.00. The percent of cost burdened owners in this income bracket has more than doubled increasing to 50% from 20% in the year 2000.

Revitalization forecasts are not always accurate or predictable. Previous generations would be surprised to see the changes brought by Presidential Towers, for example, which replaced a historical skid row area. Wicker Park and broader West Town was considered a slum when community organizations began to revitalize buildings in the late 1960s. Dozens of examples can be offered to demonstrate that entrepreneurial risk and innovation can change communities with public sector policies, leadership, and resources. On the flip side, federal financing and housing policy led the racist practices of redlining and disinvestment which we still see today in communities of color. No public policy should blight or reduce city services nor discourage improvement and investment.

Several of the strategies outlined in "Bouncing Back" implicitly or explicitly build on the goals of the Green Healthy Neighborhoods (GHN) plan which spotlights Englewood, Woodlawn, Washington Park, and New City. GHN proceeds on the assumption that—since the population in these communities has declined by more than half since the 1960s—there is little likelihood that any population will return in the foreseeable

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future. Based on this assumption, instead of championing an occupancy strategy that prioritizes existing resident needs in these neighborhoods, GHN retrenches, planning instead for a future of managed decline. While the future of the neighborhoods has long been insecure, one thing is certain: practicing a vacancy strategy that does not put occupancy first will ensure that Englewood, Washington Park and Woodlawn are not repopulated in generations to come. Existing residents – many long term renters and owners – should be the focus of retention strategies.

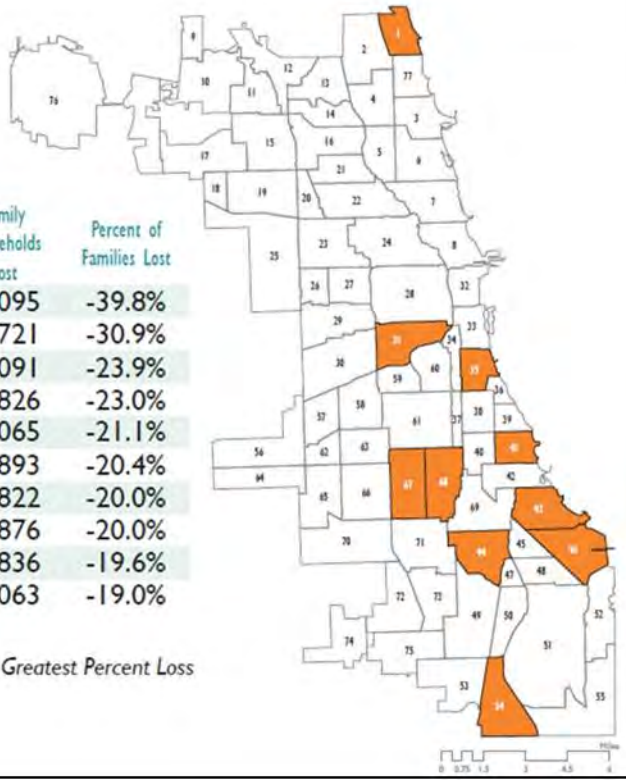
Plans for growth should connect housing and community needs with deep analysis to learn more about existing residents before conclusions are made as to possibilities for population retention and attraction.

We have analyzed housing trends for 77 community areas (http://www.chicagorehab.org/crn/factbook/index.aspx) and will soon release same for the 50 wards. As a small part of a larger analytical process, we compare community areas with greatest changes. Several shown below reveal surprises and challenge conventional thinking:

Community Areas with the Greatest Loss of Family Households, 2000 to 2010

NO.	COMMUNITY AREA NAME	Family Households Lost	Percent of Families Lost
35	Douglas	-2,095	-39.8%
54	Riverdale	-721	-30.9%
68	Englewood	-2,091	-23.9%
1	Rogers Park	-2,826	-23.0%
67	West Englewood	-2,065	-21.1%
31	Lower West Side	-1,893	-20.4%
46	South Chicago	-1,822	-20.0%
43	South Shore	-2,876	-20.0%
44	Chatham	-1,836	-19.6%
41	Hyde Park	-1,063	-19.0%

10 Community Areas With the Greatest Percent Loss of Family Households



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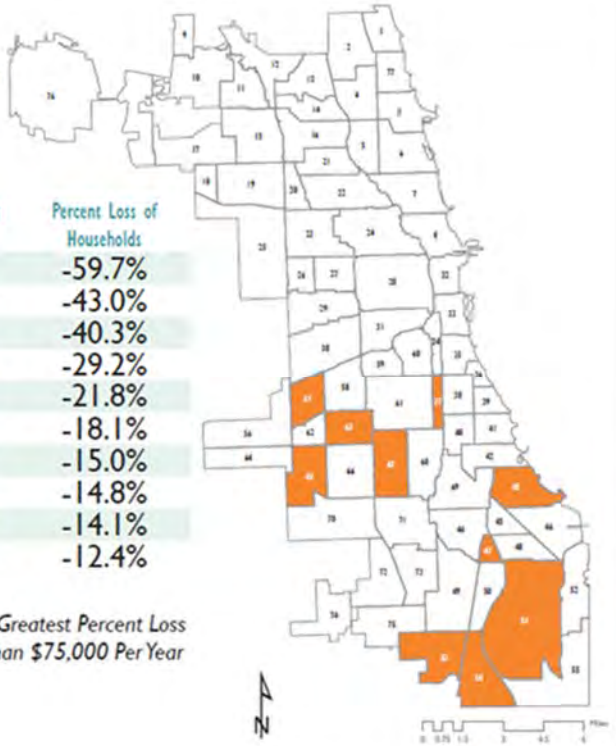
Community Areas With the Greatest Loss of Households Making $75,000 a Year or More, 2000 to 2010

NO.	COMMUNITY AREA NAME	Households Lost	Percent Loss of Households
37	Fuller Park	-67	-59.7%
47	Burnside	-79	-43.0%
67	West Englewood	-668	-40.3%
54	Riverdale	-38	-29.2%
51	South Deering	-234	-21.8%
63	Gage Park	-322	-18.1%
65	West Lawn	-396	-15.0%
57	Archer Heights	-132	-14.8%
53	West Pullman	-359	-14.1%
43	South Shore	-415	-12.4%

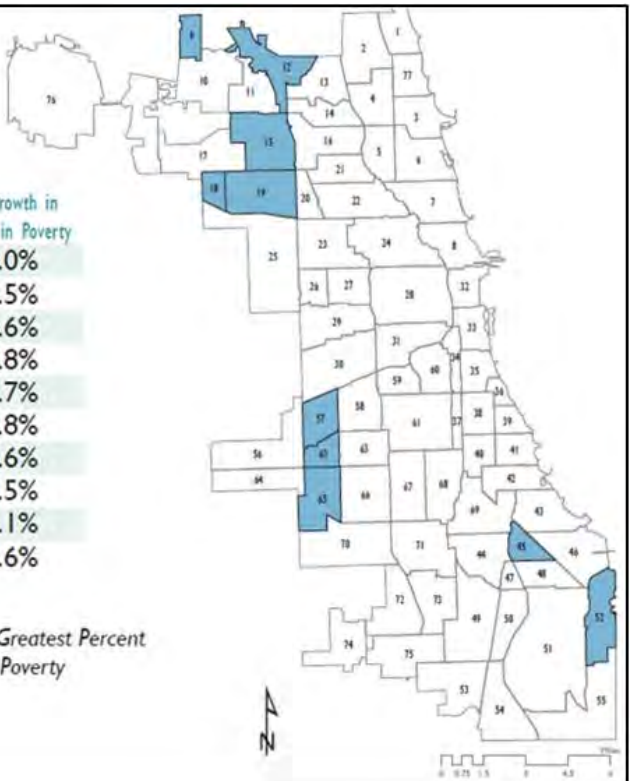
10 Community Areas With the Greatest Percent Loss of Households Making More Than $75,000 Per Year



Community Areas With the Greatest Growth in Households in Poverty, 2000 to 2010

NO.	COMMUNITY AREA NAME	Percent Growth in Households in Poverty
65	West Lawn	153.0%
45	Avalon Park	129.5%
12	Forest Glen	126.6%
18	Montclare	108.8%
57	Archer Heights	92.7%
15	Portage Park	82.8%
9	Edison Park	82.6%
19	Belmont Cragin	82.5%
62	West Elsdon	71.1%
52	East Side	67.6%

10 Community Areas With the Greatest Percent Growth in Households Living in Poverty



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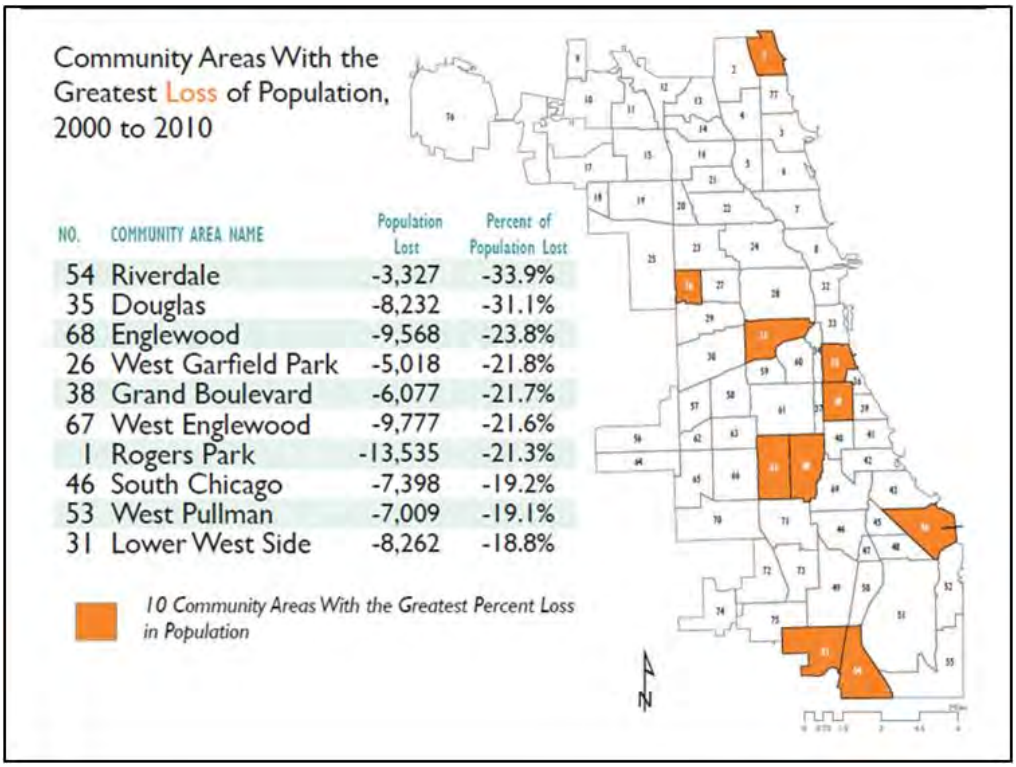

Recommendations Going Forward

We have been pleased overtime to see many of our program and policy recommendations adopted by the City and our track record of partnering together has raised millions of new dollars.

We have seen a dramatic decrease in resources due to several factors including reduced revenues from transaction taxes, reductions from congressional allocations in HOME and CDBG funding, declining population which affects federal formula grants, and the lack of a full recovery within the financial markets. This is the fundamental challenge of community development goals – periods of growing housing needs also parallel periods of decreased real estate transactions, asset and value stripping, and increased disinvestment.

We do believe, however, that together we must pursue additional resources. In fact, given the loss of population – particularly the loss of families – it is incumbent on all of us invested in the future Chicago to innovate. The returns on investments are significant when housing stabilizes communities in decline and improves neighborhoods at risk.

To build stronger support, outcomes need to be framed in terms of economic impact. Housing construction and rehabilitation demonstrably contribute to the economic success of Chicago and the region. In addition to providing 4,255 new households with safe and decent places to live, affordable housing developments have injected over **$1 billion dollars** into the Chicago economy over the last five years. This investment has supported **6,373 jobs** and delivered over **$300 million in wages.**

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The City's Federal Agenda must include strong support for passage of the National Housing Trust Fund and increases to CDBG and HOME. Leadership for affordable housing must be more persistent and vocal from elected officials at the city, state, and federal levels.

The City's 2014 Budget contains no significant increase in resource for housing despite continuing community and household insecurity. Even a temporary increase of CDBG resources would reflect awareness of the importance of investing in order to benefit future outcomes. Section 108 dollars can be tapped for acquisition and rehab activities as well as a pilot for scattered site rental of single family homes. New Market Tax Credits administered by the Chicago Development Fund, Tax Increment Financing, the Infrastructure Trust funds, expanded and creative usage of bonding authorities all are options that should be available for housing investments.

> Circulate city and government investments among local institutions and companies to assure local workforce participation and a development culture that leverages investment and builds the city economy**.** All contracts, grants, and public/private partnership arrangements, including advancing those who have the capacity to train and hire low income Chicagoans, should be actively prioritized to Chicago-based institutions.

Prevent displacement and abandonment of marginal properties by transferring to local qualified and accountable entities that can document sustainable residential reuse practices and can provide quality property management.

> To ensure that neighborhood stability is growing and opportunity is created, the City should report on all local jobs created through its contracting and granting powers. This should be collected by all Sister Agencies and Commissions, including the Public Building Commission. An evaluation of this data would provide critical information as to which geographies are benefitting from these opportunities and which areas may need greater access.

Ensure that market rate residential and commercial developments are sustainable, rather than tools of displacement and blight. Require Impact Analyses to ensure that demand exists for market projects to avoid the blighting consequences of overbuilding and vacant high end products. Projects requiring city approval should be rigorously evaluated to ensure that there is attention to the existing market needs within that community.

> Halt, and then regulate, all rental conversions including the hotel/single room occupancy stock. Create circuit breaker mechanisms to evaluate, regulate, and approve/reject requests to convert rental properties. Approve conversions in situations where it can be demonstrated empirically that a community no longer has a demand for the property in question.

Given the shortage of resources, the Department should alter its targeting of multifamily resources. Over the past 15 years, well over 50% of multifamily dollars have gone to the creation of 0 and 1 bedroom units, largely to house seniors. This commitment of dollars is disproportionate to the need and has directed resources away from creating housing for families.

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More than two out of three Chicago households earn under $75,000 per year--with a median income of about $45,000—shift development towards that majority and ensure that city programming is directed towards that demand.

Expansion of tools which prevent displacement such as land trust, cooperative, and other shared equity models which provide options for renters to move into these ownership models.

The acquisition and rehab of single family homes for short and long term rental is a long time recommendation of CRN and the community development field. These units can provide stepping stones for our neighbors, supportive housing options, and shared equity opportunities. Occupancy should be the driving force in all DPD activities. Capacity exists – and can be expanded, to creatively put properties back into purposeful use and more renters into homeownership. Undirected by policy, abandoned homes negatively impact a neighborhood, lead to depressed values, and can trigger gentrification which will not benefit long-time residents. The program frameworks exist – the Chicago Abandoned Property Program and Tax Reactivation Program both can be updated for implementation.

Utilize and engage community organizations productively as key partners, ombudsmen, and vested stakeholders in achieving the City's goals -- invest in community development corporations as the anchors, stewards, gatekeepers, and job creators. This should include improved partnerships to implement programs and deliver services, as well as to evaluate progress, troubleshoot and to identify best practices on a regular and on-going basis.

Develop and encourage tax policy at the city, county, and state level that (1) protect government investments in affordable housing for built-in long term sustainability and (2) prevent displacement of owners and tenants, and 3)discourage transitional markets.

Encourage density levels that will fertilize sustainable communities. Despite the view that high density is a burden, on the contrary, density does expand the tax base, supports local commerce, and encourages community safety and engagement. Successful quality housing rests on sound property management and underwriting practices, community engagement of the residents and partners, and other neighborhood linkages

Implement an Affordability Evaluation process on Finance, and Housing and Real Estate, and Zoning Committee business items and projects. Detail provided should include: Income target market, price point of units, exact income needed to purchase/rent units, percentage of Chicagoans able to afford said units, and period of affordability where appropriate.

Proposed programs and amendments should follow a public comment period to solicit input prior to passage. Expand the best practice-reporting and transparency model established in the legislated Housing Quarterly Reporting process to all city functions impacting land use and planning– including the various appointed commissions.

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