Chicago Rehab Network Comments on the 2014 City of Chicago Budget

As you no doubt know, families across Chicago are struggling to make things work in this slow economic recovery. Our research shows that the recent economic crisis, combined with the national hollowing out of the middle class, has pushed many Chicago families to a breaking point. In 1990, less than a quarter of Chicagoans were paying more than they could afford for housing; today a staggering 50% of all Chicago households are struggling to make ends meet. This crisis knows no geographic or racial barriers: households in every class and community across the city are dealing with increased housing insecurity. As long as our neighbors' resources are overcommitted to housing costs, we can continue to expect an anemic recovery in the housing market, retail sales and new business starts citywide, along with increased demand for frontline City social services.

We are at a crossroads: in order to turn this crisis around, Chicago must reiterate its commitment to affordable housing for all as the foundation of a thriving, vibrant city. Yet, the resources being brought to bear for housing are not in proportion to the enormity of the need in the neighborhoods:

- The draft 2014-2018 Affordable Housing Plan is committing only $1.1 billion to affordable housing over the next five years—an over $800 million reduction from 2009-2013 levels.

- 2014 Budget funding for the frontline delegate agencies that provide housing services is stretched the thinnest of any group of delegate agencies, with an average award of only $25,476 per agency in 2014.

- Without a housing strategy to repair the instability caused by the economic downturn, neighborhoods will not recover due to the decrease in household spending. Chicago cannot afford to lose any more population: 200,418 people left from 2000 to 2010, not only reducing the funding the Chicago receives from a variety of federal sources, but also increasing the cost of providing City services for those who remain. The housing insecurity in our City is widespread and though deeply interconnected with education, safety, and chronic unemployment – the foundation of stable, quality housing that is affordable to one's income must come first.

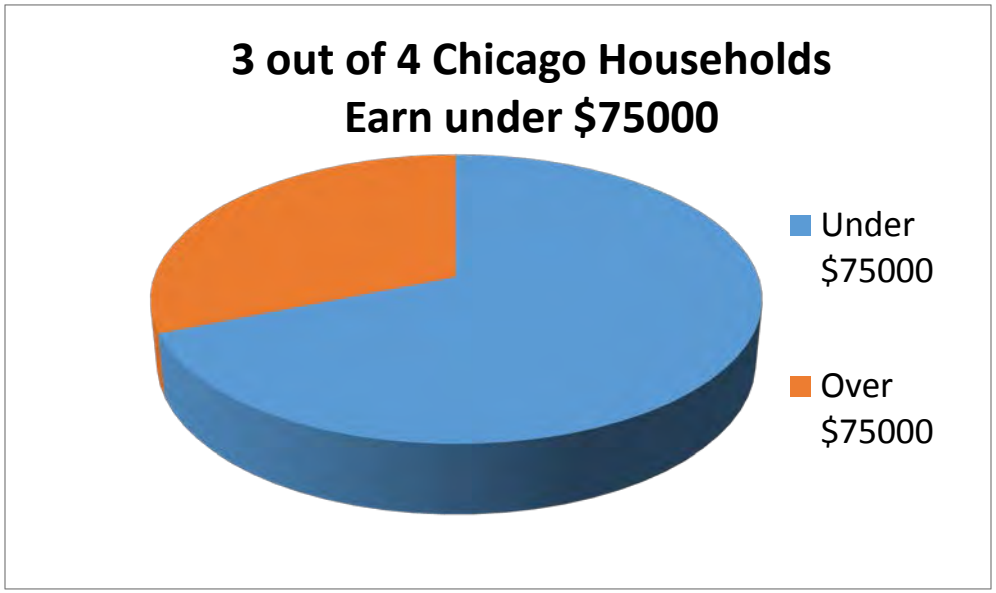
The stagnation in income, high loss of population, and the high number of renters and owners paying more than 30% on housing –at all income levels, demonstrates a crisis-level of neighborhood instability that will not easily be reversed.

These are difficult realities to grapple with and we hope that policymakers do not look away as happened during the 2000s when we lost so much family rental

housing. It was a public policy decision to allow good quality housing to convert to condominiums which were not in demand. Condo conversions were occurring at an unprecedented pace not by demand from those renting, but rather, by the gains an investor could make through the conversions to ownership. Beyond the fraud perpetuated to consumers and neighborhoods that we would discover years later, the issue points to the need for leadership and action rather than expecting market forces to meet real needs of Chicagoans.

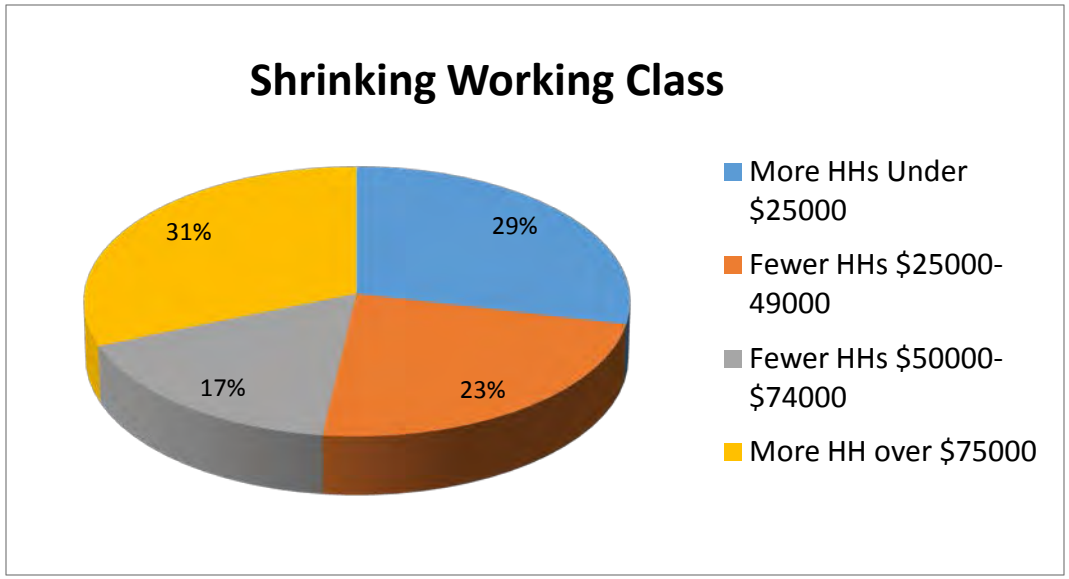
Population retention must be a key thrust of city policy. Despite consensus among most analysts about the downward spiral that begins with population loss, the 2014 Budget shows no programmatic thrust towards retaining population. Unlike much city spending, all housing investments reap direct economic benefits. Beyond the stability created for a household, the City would benefits from the household spending, taxes, fees, consumer purchases, and increased federal allocations.

Occupancy of abandoned and foreclosed homes must be a key priority – and dollars invested in this strategy would have a financial return. Successful program models, local and accountable development capacity, and community housing needs exist. These elements can be harnessed, --along with Section 108 dollars, NSP Program Income, Infrastructure Trust dollars, New Market Tax Credits, short term carve outs from Real Estate Transfer and Hotel Taxes, and startup dollars from the Corporate Fund --to begin rebuilding our communities. We have to eliminate the impact of empty homes on existing residents at risk of leaving the City, rebuild the City's revenue and property tax collections, and it create the opportunity for households in rental or substandard housing situations to be stabilized. For those of us that want a strong City where prosperity can be achieved, we know there is no other choice but to find the resources required to prevent further destabilization of our communities.



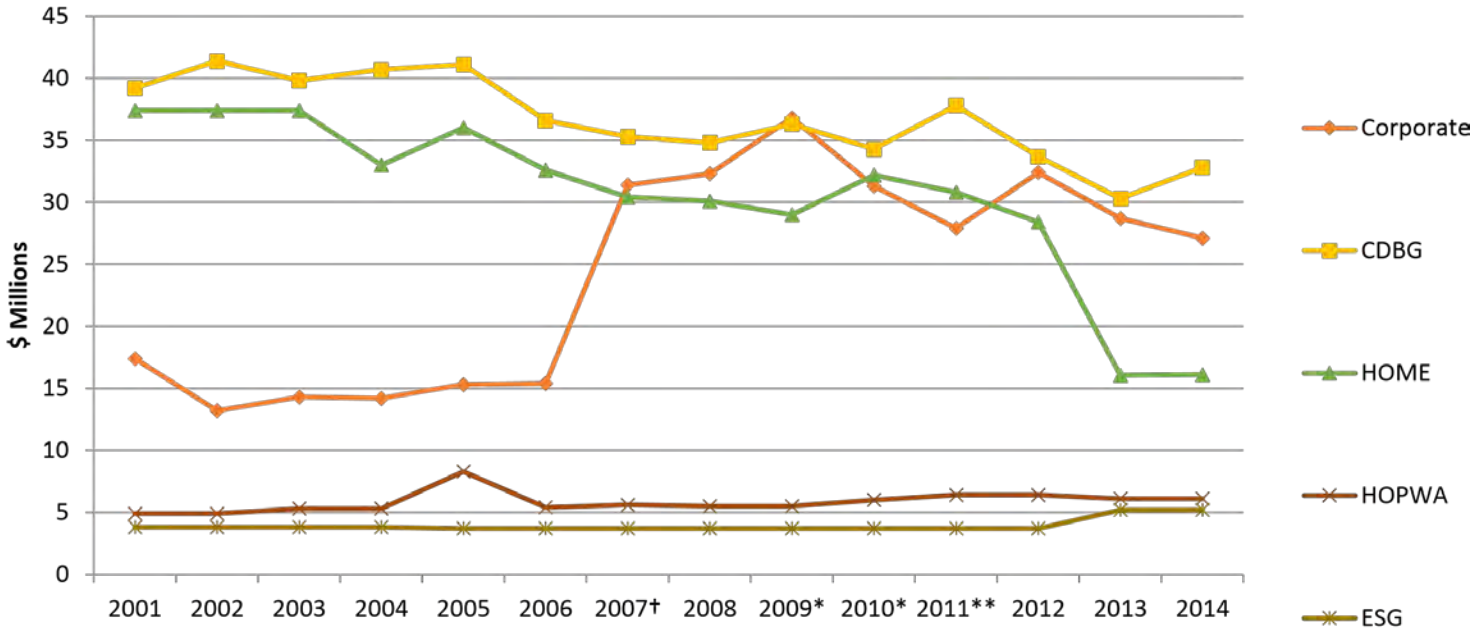
Our neighbors are earning under $75000 per year.

The growing disparity in income can be addressed through ramped up occupancy and population retention strategies.



$34 Million Budget Reduction for Dept of Planning and Development

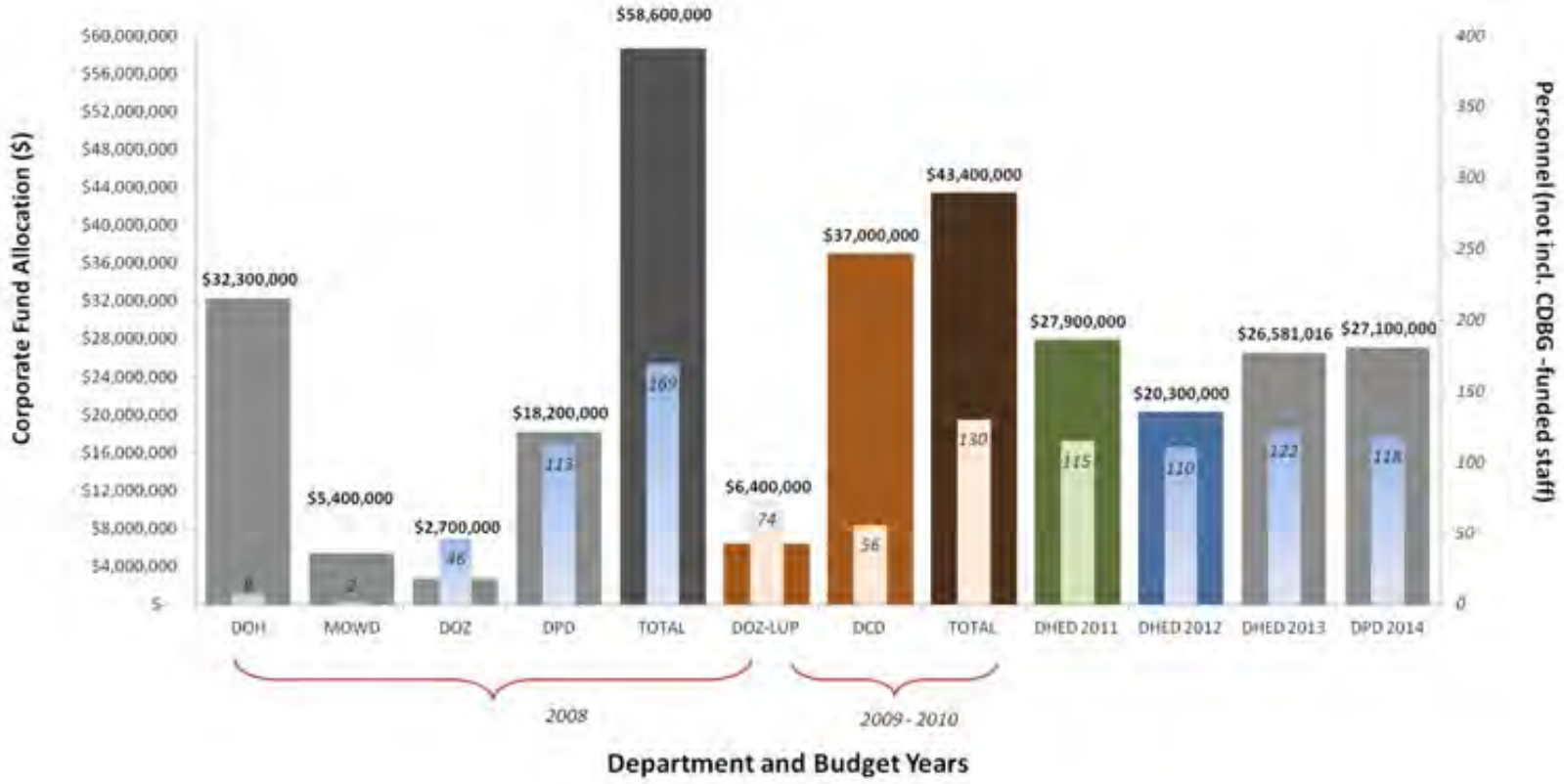
This chart reflects the very real decreases from key Federal funding sources over the last decade and the changes in Chicago Corporate Funding over the same period. Please note the large spike in 2006 of Corporate Funding which resulted from the Affordable Requirements Ordinance and Density Bonus requirements which have captured substantial revenue for affordable rental development. You might note, as community leaders across the City have, that we have seen no significant increase in Corporate or CDBG dollars for housing since the 2007 recession hit our communities. While some Federal Stimulus related funding was allocated to the Chicago, no locally driven funding responses have been initiated in proportion to the economic crisis.



† Increase in Corporate Funds due to inclusion of Downtown Density Bonus revenue
* DOH, MOWD, some Zoning functions, and DPD merged into Dept. of Community Development
** Dept. of Community Development and Zoning and Land Use Planning merged into Housing and Economic Development

Reductions in Corporate Fund Allocations and Staffing for Planning, Housing, and Zoning Functions: 2008-2014

The analysis below depicts the department mergers since 2008 and the changes in staffing and funding from the Corporate Fund. Today, the Planning Department (including Housing, Economic Development, and Zoning Bureaus) operates with over 100 fewer personnel than it did 5 years ago. **This speaks to the need for the Department to receive increased CDBG funding to match its scope and responsibilities.**



Budgeted Allocation of CDBG Funds by Department

After Corporate Fund dollars, CDBG funds that are the most flexible sources of funds for government to address blight and create neighborhood improvement. The overall increase is based on carryover. Below are the changes in proposed allocations for 2014 as compared with 2013. The largest change in allocations for 2014 is an over $5 million increase to the Police Department, $3 million increase for the Dept. of Public Health, and a $2.8 million new allocation to Streets and Sanitation.

	2013	2014	Change
OFFICE OF BUDGET & MANAGEMENT	$ 3,320,537	$ 3,630,231	$ 309,694
FINANCE	$ 1,482,256	$ 1,451,025	$ (31,231)
LAW	$ 1,816,789	$ 1,799,052	$ (17,737)
FLEET AND FACILITY	$ 137,285	$ 134,595	$ (2,690)
DEPARTMENT OF PUBLIC HEALTH	$ 9,136,284	$ 12,138,637	$ 3,002,353
COMMISSION ON HUMAN RELATIONS	$ 1,229,562	$ 1,059,809	$ (169,753)
MAYORS OFFICE-DISABILITIES	$ 2,687,050	$ 2,926,048	$ 238,998
FAMILY AND SUPPORT SERVICES	$ 24,864,960	$ 25,880,407	$ 1,015,447
PLANNING AND DEVELOPMENT	$ 30,867,917	$ 32,841,023	$ 1,973,106
DEPARTMENT OF POLICE	$ 38,113	$ 5,404,522	$ 5,366,409
DEPARTMENT OF BUILDINGS	$ 1,835,295	$ 2,571,333	$ 736,038
DEPT STREETS AND SANITATION	$ 0	$ 2,898,699	$ 2,898,699
Total	$ 77,416,048	$ 92,735,381	$ 15,319,333

$7 Million Reduction to Delegate Agencies

The portion of CDBG dollars committed to Delegate Agency services has been reduced from $31 to $23.4 million.

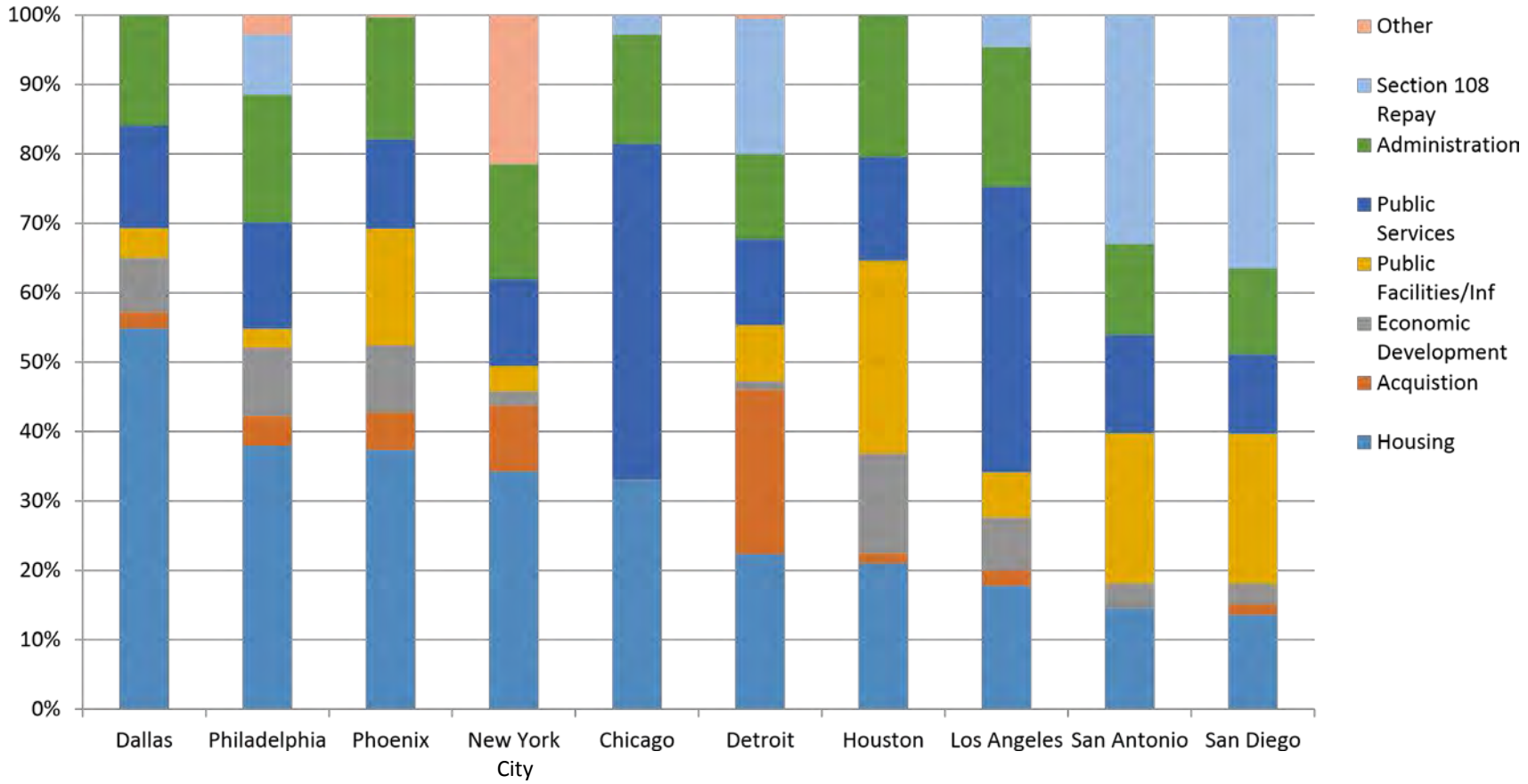
Overall, the dollars allocated for Delegate Agencies to provide services has been static except for increase in homeless, workforce, and senior services. The Youth Service agencies are to be funded out of Corporate Fund.

The two categories focused on housing assistance remain flat.

City Department	2013	City Department	2014
Department of Public Health	$ 1,093,527	Department of Public Health	$1,093,527
violence prevention - delegate agencies	$276,373	***violence prevention - delegate agencies***	$ 276,373
primary healthcare for the homeless - delegate agencies	$ 96,858	***primary healthcare for the homeless - delegate agencies***	$ 96,858
high risk primary care: HIV Prevention - delegate agencies	$ 405,000	***high risk primary care: HIV Prevention - delegate agencies***	$ 315,297
high risk primary care: HIV Housing - delegate agencies	$ 315,296	***high risk primary care: HIV Housing - delegate agencies***	$ 404,999
Mayor's Office for People with Disabilities	$ 949,932	Mayor's Office for People with Disabilities	$ 1,349,932
independent living for disabled persons - delegate agencies	$ 599,932	***independent living for disabled persons - delegate agencies***	$599,932
home modification program - delegate agencies	$ 350,000	***home modification program - delegate agencies***	$ 750,000
Department of Family and Support Services	$20,159,275	Department of Family and Support Services	$20,339,000
youth services- delegate agencies	$ 5,974,604	~~***youth services- delegate agencies***~~	-
human services: emergency food - delegate agencies	$ 856,000	***human services - delegate agencies***	$ 1,106,000
human services: domestic violence - delegate agencies	$ 1,349,000	***domestic violence services - delegate agencies***	$1,668,400
homeless services - delegate agencies	$ 7,405,489	***homeless services - delegate agencies***	$8,150,418
workforce services - delegate agencies	$2,941,679	***workforce services - delegate agencies***	$ 5,781,679
senior services - delegate agencies	$ 1,632,503	***senior services - delegate agencies***	$ 3,632,503
Department of Housing and Economic Development	$ 2,865,730	Department of Housing and Economic Development	$ 2,865,730
housing services technical assistance - delegate agencies	$764,275	***housing services technical assistance - delegate agencies***	$ 764,275
small accessible repairs for seniors - delegate agencies	$ 2,101,455	***small accessible repairs for seniors - delegate agencies***	$ 2,101,455

Uses of CDBG by Top Ten Cities

While these numbers from HUD's reporting system are pulled from 2011, our more detailed analysis back to 2002 shows this is typical of how Chicago compares to other Cities. The chart shows the 7 broad eligible activity areas allowed by the CDBG program and how we compare to other geographies. Chicago falls in the middle with regards to the amount of dollars allocated for housing purposes; *Chicago spends the bulk of its CDBG on public services*. No dollars are spent on Acquisition or Disposition of Property, nor on Economic Development, nor on Capacity Building or Technical Assistance which fall in the "Other" Activity Area.



City of Chicago

HOUSING FACT SHEET

Chicago Rehab Network

** adjusted for inflation to 2010 constant dollars; i.e., 2000 dollars have been increased to account for the 26% change in the real value of the dollar from 2000 to 2010*

POPULATION	2000	2010	10 YEAR CHANGE
Total Population	2,896,016	2,695,598	-6.9%
Percent Immigrant (Foreign Born)	21.7%	21.1%	-2.9%
Total Households	1,061,928	1,045,560	-1.5%
Average Household Size	2.7	2.5	-5.6%
Total Family Households	632,558	576,793	-8.8%
Average Family Size	3.5	3.4	-2.9%
Total Non-Family Households	429,370	468,767	9.2%
Percent of Residents In Poverty	19.6%	21.0%	6.8%

RACE + ETHNICITY	2000	2010	10 YEAR CHANGE
White	1,215,306	1,210,628	-0.4%
Black or African American	1,064,999	886,964	-16.7%
Asian	125,963	146,633	16.4%
Multi-Racial	84,434	72,947	-13.6%
Some Other Race	405,315	374,750	-7.5%
Latino (of Any Race)	753,733	778,629	3.3%

INCOME*	2000	2010	10 YEAR CHANGE
Median Household Income	$48,911*	$46,877	-4.1%
Households Earning < $25,000	276,107*	300,788	8.9%
As a Percent of All Households	26.0%*	29.1%	12.0%
Unemployment Rate	6.2%	11.1%	79.0%

HOUSEHOLDS BY INCOME LEVEL*	2000	2010	10 YEAR CHANGE
Less Than $25,000	276,107*	294,967	6.83%
$25,000-$49,999	314,246*	239,856	-23.6%
$50,000-$74,999	213,108*	174,536	-18.1%
$75,000 or More	258,503*	321,387	24.3%

HOUSING UNITS	2000	2010	10 YEAR CHANGE
Total Housing Units	1,152,868	1,194,337	3.6%
Total Occupied Housing Units	1,061,928	1,045,560	-1.5%
Owner-Occupied	464,865	469,562	1.0%
Renter-Occupied	597,063	575,998	-3.5%
Homeowner Vacancy	1.7%	4.0%	135.3%
Rental Vacancy	5.7%	10.1%	77.2%

UPDATE: RECENT CHANGES IN MEDIAN HOME SALE PRICE*

2009	$223,608*
2010	$200,000
2011	$166,737*
2012	$175,695*

UPDATE: RECENT MORTGAGE FORECLOSURE FILINGS

2009	22,685
2010	23,364
2011	18,671
2012	18,407

RENTAL HOUSING COST BURDEN*	2000	2010	10 YEAR CHANGE
Median Monthly Gross Rent	$780*	$916	17.43%
Paying >30% of Income in Rent	37.9%	50.2%	32.5%
Renters Paying Less Than $750/mo	322,260*	171,098	-46.91%
Renters Paying $750 to $999/mo	168,065*	163,279	-2.85%
Renters Paying $1000 to $1,499/mo	63,477*	136,899	115.67%
Renters Paying $1,500 or More/mo	30,036*	58,626	95.18%

OWNER HOUSING COST BURDEN*	2000	2010	10 YEAR CHANGE
Median Monthly Owner Cost	$1,540*	$1,934	25.60%
Paying >30% of Income for Mortgage	27.8%	49.5%	78.1%
Owners Paying Less Than $ 1,000/mo	44,869*	28,074	-37.43%
Owners Paying $1,000 to $1,499/mo	67,370*	72,033	6.92%
Owners Paying $1,500 to $1999/mo	40,194*	91,384	127.36%
Owners Paying $2,000 or More/mo	28,367*	171,642	505.07%

COST BURDENED HOUSEHOLDS BY INCOME LEVEL

	RENTERS		OWNERS	
INCOME LEVEL	2000	2010	2000	2010
Less than $25,000	72.8%	89.9%	66.7%	88.2%
$25,000-$49,999	38.7%	59.2%	42.1%	65.6%
$50,000-$74,999	5.8%	13.6%	19.0%	51.9%
$75,000 or More	N/A	3.1%	4.0%	18.1%

Data primarily come from Nathalie P. Voorhees Center (UIC) analysis of the 2000 Decennial Census, the 2010 Decennial Census, and 2010 American Community Survey (5-year estimates). Recent median home sale price and foreclosure filings come from MRED (mredlic.com) and the Woodstock Institute (woodstockinst.org), respectively. Non-family households are composed of singles or unmarried, unrelated people. Racial categories follow the Census Bureau's definitions to include those who have identified themselves as that race alone, as of two or more races, or as some other race. Additionally, under this definition structure, whether a person is Latino or not is defined as an ethnic (as opposed to racial) category. Thus, Latino individuals are both a member of one of the racial categories as well as the Latino ethnicity. Vacant units are currently unoccupied but still for sale or rent, seasonal homes, or additional units fit for habitation but otherwise not for sale or rent. Units where foreclosure has been initiated (occupants removed) but not yet legally completed (sold at auction) belong to this third category. Vacancy does not cover units under construction, unfit for habitation, or set to be demolished. For more information on CRN's inflation adjustment methodology, contact Elisabeth Scott at escott@chicagorehab.org. CRN is grateful to the Chicago Community Trust for its support of this research.

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