



# CRN Analysis of the Fourth Quarter 2020 Housing Report

*One Chicago: Five-Year Housing Plan, 2019-2023*

Presented May 18, 2021 to the Chicago City Council Committee on Housing & Real Estate

## Introduction

Good morning Chairman Osterman and members of the Committee on Housing and Real Estate, Department of Housing leadership, and the public. Thank you for the opportunity to present our analysis on the Department's Fourth Quarterly Report of 2020. The CHRE hearing of the Department of Housing progress report for the fourth quarter reinforces one of the early efforts by and of the community to have an equity focus for information sharing that has been the springboard for dialogue, transparency and solutions.

The city of Chicago's housing market is experiencing significant challenges across both rental and ownership stock. Whereas the residential ownership market is inflating drastically across the city, the rental stock continues to deal with navigating eviction moratorium programs with federal assistance. Compounding the crisis in affordability is the documented loss of the 2-4 building stock as reported by the Institute for Housing Studies at DePaul University. The need for property tax relief and for addressing racial appraisal practices further challenge an affordable Chicago. While significant housing programming initiatives exist at the state and federal level, Chicago requires a robust affordable housing preservation and development plan that responds to the current challenges. How can the City be proactive in creating affordable opportunities in this environment? What are the strategies that can maximize the impact of the federal stimulus programs and how will they be woven into current Department programming? The ability to limit predatory investments and the implementation of practices that increase local options and affordability will be especially relevant for Chicago neighborhoods.

As we commented a year ago, we want to acknowledge the fundamental disruptions that have occurred due to the COVID-19 pandemic. This has been difficult for the real estate market in general and the affordable housing community in particular. Owners and renters alike are experiencing challenges that threaten community stability and household well-being. Fears of an eviction cliff create well-founded concern about growing homelessness. Fears of non-payment of rent or mortgages jeopardize the buildings needed to provide a roof over head—despite staying at home being a key solution to combatting the pandemic. We have seen across the country how the health crisis has exposed a social crisis that has deep roots in the housing injustice found historically and presently in the Chicago region and has undermined racial equity efforts.

Secondly, we recognize the leadership for housing justice from local communities as well as the public and private sectors' attention to affordable housing at the city, county, state and national levels.

We have the following comments to highlight about the 4<sup>th</sup> Quarter Report:

1. DOH reports that 46% of the 2020 unit production goal was met, while 69% of the resource allocation goal was met.
2. In the 4th quarter, DOH reports meeting only 57% of its net-new unit production goal for a total of 986 net-new rental units developed, falling short of the planned net-new of 1,722 – which notably, is nearly the same data as 2019.
3. As of the end of 2020, the ARO report shows \$214.5 million in revenue since its inception; Q4 generated \$115,000, well-short of the \$6 million in Q3 and nearly \$10 million in Q1, which are likely sums derived from the mega developments of Lincoln yards and Community 78.
4. The ERAMP program update reports \$144,986 disbursed covering 401 units from 4 approved applications with 6 more awaiting final approval and 17 in the pipeline. Information on related pandemic programming will be of interest.
5. ADU ordinance has been approved – we look for success in accessibility and affordability.
6. The CCLT pilot program launched in 2019 Q4 brings necessary attention to creating affordable options in gentrifying areas. It is notable that \$3 million is sourced from the Affordable Housing Opportunity Fund, which is resourced from the ARO, underscoring the importance of these programs as well as the fact that the ARO's impact is significantly underrepresented when understood as unit production only. The AHOF Home Improvement Program (606 Trail) produced 30 grants averaging 19,137.

## Breakdown of Quarterly Housing Activities

*Since 1994, the Chicago Rehab Network has analyzed the City of Chicago Department of Housing's (previously the Department of Planning and Development's) quarterly housing reports, which are produced in accordance with the City's five-year housing plans and follow the Housing and Community Jobs Ordinance. This report covers the fourth quarter of 2020.*

Note: CRN distinguishes “net-new” units from the unit count provided by the Department of Housing. Previously, DOH included units receiving Heat Receiver Program and Multifamily Troubled Buildings Initiative subsidies, as well as units receiving rental assistance, in their count of new affordable rental housing units each quarter. While we acknowledge the necessity and impact of these assistance programs, we have traditionally not included them in our own count of units because they are not in fact units being newly built or preserved and therefore increasing the overall supply of affordable units. This count that does not include Heat Receiver Program, Multifamily Troubled Buildings Initiative, and rental assistance units is referred to here as “net-new.”

CRN has continually made this distinction in our reporting and testimony, and in 2019, DOH announced that they would separate out those units receiving rental assistance in order to distinguish these units from newly built and preserved units. This is an important step toward accountability and transparency; CRN has continued to also remove Heat Receiver Program and Multifamily Troubled Buildings Initiative units from our net-new count. Those charts not labelled “net-new” include these units as well as units receiving rental assistance, unless noted otherwise.

## Key Data: Resources, Units, Income Levels

### Sources of Net-New Units, 2020

| Quarter                         | Source of Units                | Units      |
|---------------------------------|--------------------------------|------------|
| Q1                              | ARO Rental Units Covenanted    | 100        |
| <i>Subtotal, Q1</i>             |                                | 100        |
| Q2                              | ARO Rental Units Covenanted    | 1          |
| Q2                              | Casa Veracruz Apartments       | 155        |
| Q2                              | Emmett Street Apartments       | 100        |
| Q2                              | South Chicago YMCA             | 101        |
| <i>Subtotal, Q2</i>             |                                | 357        |
| Q3                              | ARO Rental Units Covenanted    | 128        |
| Q3                              | Opportunity Investment Fund    | 77         |
| <i>Subtotal, Q3</i>             |                                | 205        |
| Q4                              | ARO Rental Units Covenanted    | 26         |
| Q4                              | Humboldt Park Residents        | 65         |
| Q4                              | 508 Pershing at Oakwood Shores | 53         |
| Q4                              | North Park Village Apartments  | 180        |
| <i>Subtotal, Q4</i>             |                                | 324        |
| <b>Total Net-New Units 2020</b> |                                | <b>986</b> |

### Incomes Served by Net-New Rental Units, 2020

|                                                  | Net-New Rental Units | Share of Total Units Produced Per Income Bracket |
|--------------------------------------------------|----------------------|--------------------------------------------------|
| <i>Income of tenants served</i>                  | 0-15% AMI            | -                                                |
|                                                  | 16-30% AMI           | 7%                                               |
|                                                  | 31-50% AMI           | 24%                                              |
|                                                  | 51-60% AMI           | 53%                                              |
|                                                  | 61-80% AMI           | 1%                                               |
|                                                  | 81-100% AMI          | 9%                                               |
|                                                  | 101+% AMI            | 6%                                               |
| <b>2020 Net-New Units Committed</b>              |                      | <b>986</b>                                       |
| <b>Total Net-New Units Projected by Year End</b> |                      | <b>1,722</b>                                     |

## Creation & Preservation Housing Dollar Commitments Compared with Annual Goal, 2020

|                              | Rental Investments | Ownership Investments | Improvement /Preservation Investments | Total Investments |
|------------------------------|--------------------|-----------------------|---------------------------------------|-------------------|
| 2020 Final                   | \$157,926,192      | \$14,687,259          | \$10,398,838                          | \$183,012,289     |
| 2020 Anticipated             | \$217,340,000      | \$28,540,000          | \$18,443,849                          | \$264,323,849     |
| Percent of Goal Met, 2020-Q3 | 72.7%              | 51.5%                 | 56.4%                                 | 69.2%             |

Note: Does not include rental assistance

## Net-New Housing Unit Commitments in Comparison with Annual Goal

|                                            | Total Units Planned for 2020 | Total Units Committed in 2020 |
|--------------------------------------------|------------------------------|-------------------------------|
| Total Rental Units                         | 2,972                        | 1,374                         |
| Less Heat Receivership Units               | 500                          | 56                            |
| Less MF Troubled Building Initiative Units | 750                          | 332                           |
| Net New Rental Units                       | 1,722                        | 986                           |

## Rental Assistance Compared with Annual Goal, 2020

|                        | Funds        | Units Served |
|------------------------|--------------|--------------|
| 2020 Final             | \$18,369,442 | 2,738        |
| 2020 Total Anticipated | \$17,600,000 | 2,700        |
| Percent of Goal Met    | 104.4%       | 101.4%       |

## Creation & Preservation Housing Unit Commitments Compared with Annual Goal, 2020

|  | Rental Units | Ownership Units | Improvement /Preservation Units | Total Units |
|--|--------------|-----------------|---------------------------------|-------------|
|--|--------------|-----------------|---------------------------------|-------------|

|                                   |              |              |              |              |
|-----------------------------------|--------------|--------------|--------------|--------------|
| 2020 Final                        | 1,374        | 133          | 1,076        | 2,583        |
| Total Units Projected by Year End | 2,972        | 465          | 2,140        | 5,577        |
| <b>Percent of Goal Met, 2020</b>  | <b>46.2%</b> | <b>28.6%</b> | <b>50.3%</b> | <b>46.3%</b> |

*Note: Does not include rental assistance*