Chicago Rehab Network

TO: DaShawna Forney
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FROM: Kevin Jackson, Chicago Rehab Network

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RE: Comments on Proposed 2008-2009 QAP from Chicago Rehab Network

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We appreciate the opportunity to comment on the funding priorities to be implemented in IHDA's next Qualified Allocation Plan.

There are several categories which taken together, seem to create an undue burden on developers that seek to create affordable housing where 100% of the units are to be affordable based on demonstrated community need/market study.

While certainly the LIHTC was created for many types of investors/developers to utilize for development, a policy that disadvantages 100% affordable projects is counter to the Governor's Housing Plan and the housing needs of Illinois residents.

- **Mixed Population Category**
  As written, the points in this category cannot be awarded to the vast majority of nonprofit affordable housing developers who do not focus their work on the creation of market rate housing. Developers who wish to develop market housing have available a multitude of traditional financing products. The utilization of scarce resources in a state with scarce affordable housing should be prioritized towards affordable units. Whether intended or not, the result of this category provides an unfair advantage, and we believe, a use of scarce resources that is not warranted or necessary. On the contrary, projects with 100% affordable units should be awarded points.

  We are against the notion that LIHTC with market rate units should be given incentives (points) at all. These tax credits are a scarce and valuable public/private resource – directed by government policy. If there existed in Illinois a lack of demand for the credits, we might agree that policies would be needed to incent for- profit participation. However, this is not the case. The inclusion of market units in these developments is legal and standard practice according to Section 42, however, not a good use of scarce public resources to award them incentives.

  This policy has already had consequences on affordable housing. Nonprofit developers – in an effort to secure the credits from IHDA by scoring high points – have begun to include market units in their developments. In neighborhoods that, in fact, have high demand for affordable units – not for market units. In effect, displacing previously eligible households from benefiting from the overall project. Perhaps even worse this policy undermines their mission and efforts to serve long term residents of their communities.

- **Families with Children**

The very existence of this category is troublesome on many levels as it causes penalties for development of housing for children.

a. First, it seems to conflict with key priorities noted in other portions of the QAP (requirement to document need through market study, need for community support).
b. While there is an exception clause noted – that existing projects may qualify for 5 points if confirmed by market study – this appears to be at the subjective discretion of the Authority.
c. New construction with 50% or more 3 bedroom units receive zero points. We were unaware that the Authority has concluded that Illinois is not in need of newly constructed family housing and would appreciate viewing the data/research behind such a sweeping policy decision.
d. This policy has the effect of giving an advantage to:
    i. Developers who do not serve families
    ii. Communities that do not welcome families
    iii. All other types of housing

As we do not believe the Authority intends to allocate resources in a manner that creates a negative disparate impact on particular communities/people, we believe it needs to be changed and recommend that it be completely overhauled.

We recommend reversing the incentive towards one that awards points for maximum creation of 3br (or more) units in situations where:

a) community need is evident
b) developer has capacity to develop/manage
c) underwriting is appropriate and sufficient