



CRN Analysis

DOH Quarterly Report of 4th Quarter 2005

Presented March 8th, 2006

Several notable program and policy milestones for the city of Chicago were achieved by the Department of Housing in 2005: The initiation of the **Chicago Citywide Land Trust**, the production levels from the **Affordable Requirements Ordinance**, and **Lawndale Restoration** – an example of proactive leadership in preservation. Additionally, the Department collaborated with the Department of Energy to establish a heating assistance program for non-profit owners. Along with keeping with the vision of *Build, Preserve and Lead*, the city's five year plan, these initiatives represent the innovation and pacesetting approach that the city will require to support housing opportunities for all her residents.

The City continues to expand its tools, resources and leverage with the private sector for housing affordability. Escalating costs for real estate and the growing interest by market developers for “in-fill housing” creates extreme competition on the affordable supply. Therefore it is critical for leadership to encourage all areas of the city to utilize these tools and participate in the development and preservation of affordability. Given this market reality, the huge need for affordable options and the recognition of a well executed program, CRN continues to call for a stronger, direct city commitment as well (see *CRN Budget Brief, Nov. 2005*).

Production Overview

During 2005, the table below reflects units created/assisted with DOH funds by income level. Overall the Department has an impressive track record of meeting its projected unit production goals as well as its resource commitments. *However, as commented on in our third quarter analysis, the single family household earning 100% or more of the area median income continued to have the highest incidence of support ending the year with 34% of the total units produced.* Whereas, rental production tracked much closer to greatest need in terms income levels served.

	0-15%	16-30%	31-50%	51-60%	60-80%	81-100%	101+%	Total
Multi-Family	1,906	1,443	1328	375	114			5,166
Single Family	22	13	61	126	385	590	656	1,853
Home Improvement	199	784	955	195	338	141	52	2,664
Total by Income	2,127	2,240	2,344	696	837	731	708	9,683

**Median Income is \$75,400 for a family of 4
(2,097 funded through Chicago Low Income Housing Trust Fund)*

Summary of 2005 unit goals for a selection of programs

Multifamily Housing	Program	% of Unit Goal*
	Multifamily Loans	137%
	Trust Fund	95%
	CityLand	407%
	Troubled Buildings	93%
	TIF-NIP	24%
Single Family Housing	New Homes	265%
	TIF Subsidies	218%
	City Land	383%
	Employer Assisted Housing	226%
	Troubled Buildings	97%
	NLP Rehab Loans	34%

Overall, the City has met or exceeded unit production goals for most of these programs. We commend the City's efforts and will continue to monitor these programs.

Summary of Resources and Units Created in 2005 by Category

	Total Funds Anticipated 2005	Total Funds Spent 2005	% of Goal	Total Units Projected	Total Units Created 2005	% of Goal
Rental Housing	\$207,876,516	\$263,324,348	126%	5428	5172	95%
Home Ownership	\$129,982,516	\$115,197,838	89%	1650	1920	116%
Improvement	\$21,894,330	\$19,062,716	87%	2489	2663	107%

Home Ownership and Improvement programs exceeded its stated goals for Unit production while utilizing less of its anticipated funds for 2005. However, Rental Housing achieved 95% of unit goal but used 126% of resource goal. For comparison, last year, DOH achieved 105% of unit goal using 129% of its resource goal for Rental Housing. We will continue to watch these trends in our future analysis.

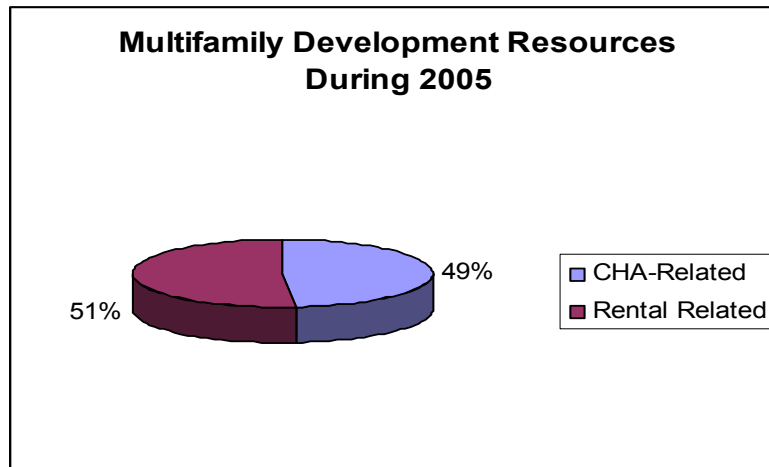
Summary of Multifamily Resources to CHA Plan for Transformation in 2005

As we have commented during the last several quarterly reports, it is important to understand the level of impact that the CHA developments have on the city's ability to provide housing assistance across all neighborhoods. In 2005, CHA-related projects received approximately half of the City's allocation of funds for multi-family development. The overall impact of resource allocation to CHA is represented in the charts in the following page.

We recognize that the City's allocation of funds will continue to reflect this trend in the future. Therefore it is vital that CRN continues to encourage this Committee to organize a combined CHA and DOH report of production.

Allocation of funds to CHA

	Total Allocated	CHA-related	CHA as % of Total
Multifamily Loans	\$50,559,668	\$20,734,000	41%
Tax Credit Equity	\$79,920,704	\$27,607,420	35%
Donations Tax Credit	\$2,738,750	\$1,500,000	55%
Mortgage Revenue Bonds	\$87,620,758	\$57,620,758	66%



Mayoral Affordable Requirement Ordinance (ARO)

This is the city's program to provide incentives for the private market to participate in the creation affordable housing. ARO applies to residential developments that receive city assistance or those on city property purchased for less than the fair market value.

DOH reports that since the inception of the ARO in 2003, 676 affordable units have been created in market rate housing developments. In 2005, DOH reports 223 units created under this ordinance*.

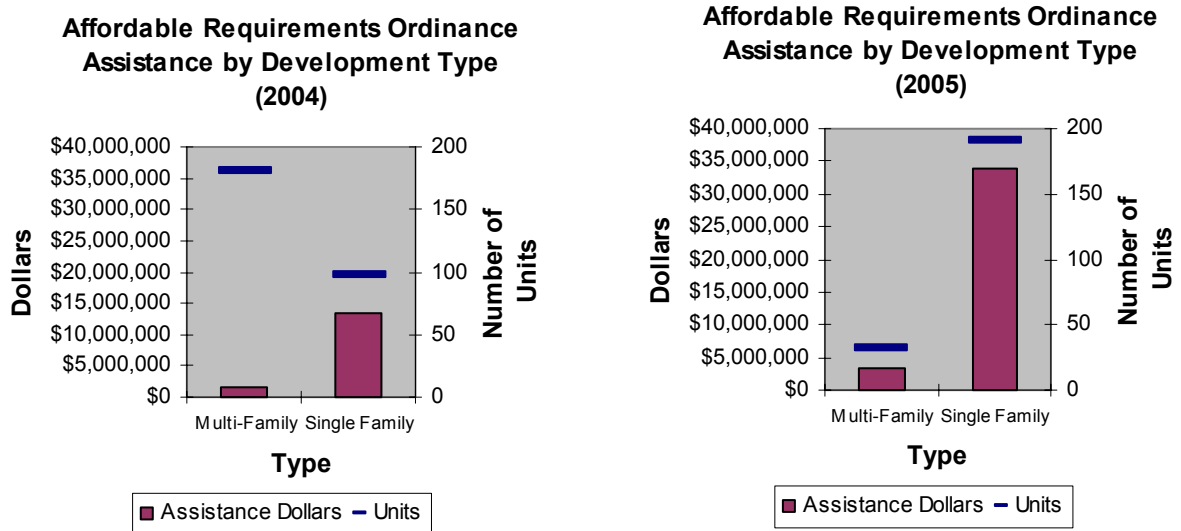
Mayoral Affordable Requirements Ordinance

Year	Assistance Dollars	Units
2004		
Multi-Family	\$1,529,000	181
Single Family	\$13,282,537	98
2005		
Multi-Family	\$3,346,000	32
Single Family	\$33,779,395	191

Compared to last year's reporting, there has been a marked difference in the amount of city assistance and number of units by housing type produced under this ordinance. Of particular note, there was twice as much assistance dollars and units produced for Single Family in

* DOH reports 223 units (191 Single Family and 32 Multi-Family) but a chart of ARO developments in Appendix of the report states the total units as 238.

2005 than 2004. However, the number of Multi-Family units and impact decreased by about 80% from last year while also receiving almost twice the amount of assistance dollars from 2004. Is there an explanation for this change in focus for the ARO program? Are there particular administrative or programmatic priorities for the ARO program? See chart below for comparison.



Another observation on the Single Family units produced under ARO is what DOH reports to be 18 units for 0-15% income levels out of the total 191 units. Does this number reflect converted voucher holders and if so, how does the ARO program facilitate homeownership?

Along the same reporting, there were 3 units serving income levels of 101+% counted with the total 191 Single Family units produced under ARO. It is our understanding that ARO-applicable for-sale developments must be affordable to those at or below 100% or the area median income or 60% for rental developments. Can the Department provide clarification on this reporting?

Conclusion

With much anticipation and optimism for the potential and long-term impacts of the Mayoral Affordable Requirements Ordinance in the future, it is essential that the administrative and programmatic policies of both the Mayoral Affordable Requirements Ordinance (ARO) and the Downtown Density Bonus be made clearer. Some questions and issues to be addressed include:

- We commend the level of reporting that DOH has done on private residential developments participating in the ARO program. However, in order to better track the long-term impact, we would also appreciate similar

reporting done with regards to developments participating in the Downtown Density Bonus program.

- With expectations for the successes of both ARO and Density Bonus programs in the future, it would be of great benefit if the City can provide examples and instances where ARO and the Density Bonus programs have been used in conjunction.
- The in-lieu-of fee of \$100,000 per eligible unit is placed in the Affordable Housing Opportunity Fund but the report does not reveal how much is in the Fund. How are monies in this fund being allocated/monitored/spent?
- DOH reports that the city provided a total of \$37,125,395 in assistance to developments under ARO in 2005. Aside from TIF funds and Land Write-Downs, what other sources are these dollars coming from?

It also important to mention that Mayor Daley had recently announced that due to the success of the Downtown Density Bonus program, the City will consider applying this program to certain neighborhoods outside of downtown. CRN will continue to monitor this new program incentive in addition to the implementation of the new Citywide Community Land Trust.