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Department of Housing
2004-2008 Affordable Housing Plan
Progress Report – 1st Quarter 2005
Analysis by Chicago Rehab Network

In preface to this analysis of the Chicago Department of Housing's Report for the 1st Quarter 2005, the Chicago Rehab Network would like to record its appreciation for the active stance taken by Mayor Daley and the Department of Housing in support of affordable housing on the state and national level. Affordable housing advocates in other cities have voiced their appreciation of Mayor Daley's commitment to testify before Congress on behalf of CDBG. And the city's support of recent state legislation, including the Rental Subsidy Bill and the renewal of the Illinois Affordable Housing Tax Credit, were crucial to the success of those bills. We are pleased to see the creative interaction between state and city government in the use of the Illinois Tax Credits in Anixter Center highlighted in this report.

Production Overview:

MF/SF	0-15%	16-30%	31-50%	51-60%	61-80%	81-100%	101+%	Total Units
Multi Family	1,370	1,234	465	133	4	0	0	3,100[1]
Single Family	2	6	13	9	75	151	332	609
Home Improvement	51	244	267	28	67	45	8	711
MF New Units	76	244	116	110	0	0	0	546

New Unit Production:
In the first quarter 2005, DOH reports committing over $70 million in resources to support over 3,000 affordable rental units, placing it at 57% of its annual multi-family unit goals, while spending just 34% of its multi-family resource allocation goal.

However, just 546 of these units represent new units added to the affordable housing inventory through the city's new construction and rehab programs. The remainder were existing units that received assistance with building stabilization (520 units), safety/code enforcement (102 units), or were made affordable for one year through the city's LIHTF rental assistance program (2,038 units). Units funded through LIHTF, an essential part of the city's affordable housing inventory, are effectively "recreated" each year.

Furthermore, 3 of the 4 new projects approved by City Council this quarter were CHA Plan for Transformation projects, which means the new units

[1] 3,100 units assisted includes 2,032 existing units made affordable with rental assistance, renewed each year.

created are replacing demolished public housing units. The 4th project approved, and a 5th reported as receiving tax credits later in the report, were Senior Suites projects.

More resources for large-scale CHA redevelopment projects means fewer resources for community based initiatives. Each quarter, large portions of DOH's unit creation programs, from multi-family loans, mortgage revenue bonds, low income housing tax credits, TIF and State Donations Tax Credit funds, are dedicated to large scale public housing redevelopment projects. Is there an effort to track how this important priority has impacted the overall pipeline of projects, including those not associated with the Plan for Transformation?

Affordable Housing:
In past quarters, CRN has noted that rents and home prices for DOH funded housing are sometimes higher than median rents and prices in the communities they are built to serve.

This quarter, the most striking example is the West Village Homes on the Near West Side. The West Village Homes will use the HomeStart Program to create a mix of market rate and affordable housing units for homebuyers with incomes up to 100% of the Area Median Income. DOH reports the Area Median Income for a family of 4 is $75,400, and the affordable condos built in West Village Homes start at $190,000.

Clearly these condos are not targeted to existing Near West Side residents: as of the 2000 census, nearly 70% of households in the Near West Side had incomes below 80% of the Area Median Income. Can HomeStart be used to target households with incomes below 100% of the Area Median Income (and how far below), or is the policy objective to target higher income development in Plan for Transformation Communities?

Production Comparison to Plan: Shifting Projections
In our analysis of the city's 4th Quarter 2004 report, CRN appended tables and graphs showing how DOH's production projections had change since the publication of *Build Preserve Lead*, the city's 5 year affordable housing plan for 2004-2008 (though we did not comment on them in the body of our analysis).

Those projections were further revised in the 1st Quarter 2005 report. In the table below, we show the city's actual production as a percentage of the annual goals stated in this quarters report. However we also show the annual goals laid out in the original 5 year plan.

Multi-Family	0-15%	16-30%	31-50%	51-60%	61-80%	81-100%	101+%	Total Units
original projection	2,954	2,141	1,448	942	224	20	6	7,735
revised projection	1872	1524	1044	877	107	3	1	5,428
1Q actual	1,370	1,234	465	133	-8	-36	-58	3,100
% of revised	*73.2%*	*81.0%*	*44.5%*	*15.2%*	*3.7%*	*0.0%*	*0.0%*	*57.1%*

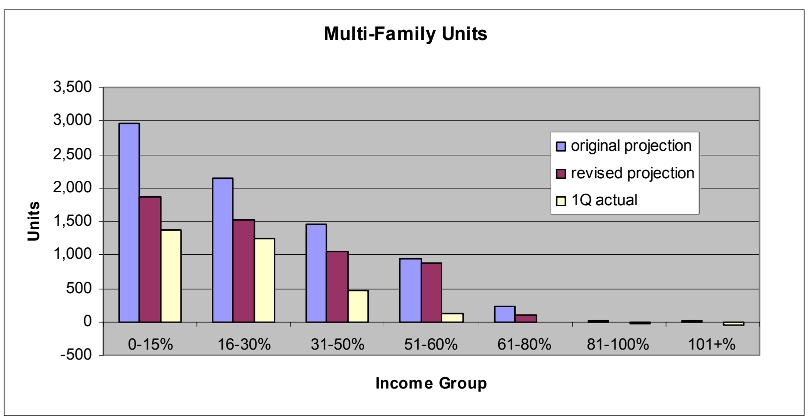
Single Family	0-15%	16-30%	31-50%	51-60%	61-80%	81-100%	101+%	Total Units

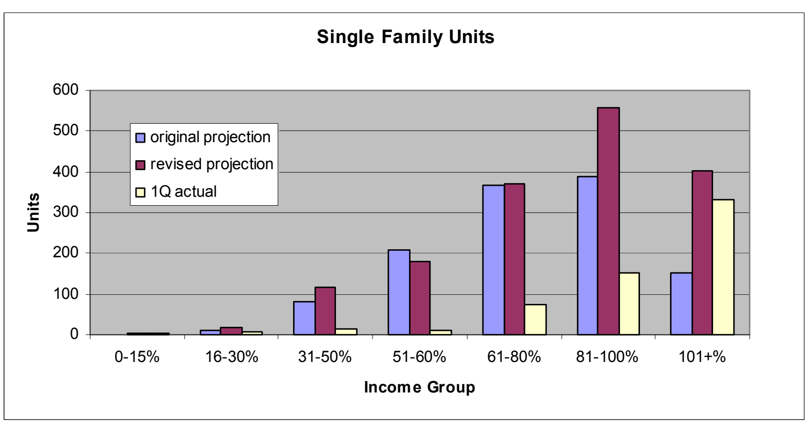
original projection	0	10	81	207	368	390	153	1,209
revised projection	4	18	118	181	369	556	404	1,650
1Q actual	2	6	13	9	75	151	332	609
% of revised	*50.0%*	*33.3%*	*11.0%*	*5.0%*	*20.3%*	*27.2%*	*82.2%*	*36.9%*

These tables reflect some notable shifts in the city's affordable housing goals. They show a drop in the number of multi-family units the city anticipates creating each year, and an increase in the number of single family units. They also show corresponding declines in the number of housing units projected at the lower end of the income scale, and a considerable increase in the number of units targeted toward the higher end of the income scale.

For instance, the city now plans to fund nearly 1,700 fewer rental units per year for households with incomes less than 30% AMI than stated in the 5 Year Plan. But it plans to build about 350 more owner occupied units per year for households with incomes over 80% AMI.

The use of specific programs seems to reflect these revised goals: TIF funds were used to create 241 units over 100% AMI, in fact 55% of the ownership units created this quarter are targeted to households over 100% AMI.





Programs:

We would like to bring attention to the overall clarity and thoroughness of the Department of Housing's Quarterly report – DOH's reporting could be an excellent model for public reporting from other city departments as well as the Illinois Housing Development Authority. We do have some observations and questions for clarification about the following programs:

Chicago Low Income Housing Trust Fund: The summary on the final page of the project list for this program is extremely helpful. Considering the challenge in creating affordable apartments with multiple bedrooms for families, we are particularly pleased to see that over 650 of the units assisted under this program have two or more bedrooms. If the Governor signs the Rental Assistance Bill, how will new CLIHTF dollars be distributed, and will that distribution reflect the same priority on units for families?

Troubled Buildings Initiative: DOH reports assistance to 273 housing units in 22 buildings through this program. We would like to know more about the status and future plans for these units:

- are these currently government assisted units?
- How are these buildings identified and who is receiving and/or rehabbing them?
- What steps are being taken to ensure they remain affordable, or are they being graduated toward higher market status? CRN recommends trying to preserve longterm affordability of housing units assisted through this program.
- Are practical lessons being taken from this program to help identify buildings at risk of falling into trouble in the future? CRN would welcome the opportunity to work with DOH to conduct such an analysis.

Neighborhood Lending Program: Between the Purchase and Homeownership Preservation Loan program, the Neighborhood Lending Program appears to funnel $32 million each year through NHS, a private non-profit organization. What is the source of this funding? Is the program available to other non-profits? If so, would they apply to NHS or to DOH?