



CRN Analysis of the Fourth Quarter 2019 & First Quarter 2020 Housing Reports

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

Presented September 23, 2020 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 2019 and First Quarter of 2020.

First, 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 the very solution sought by sheltering in place to address 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. The Department of Housing has been proactive, and joined by the CHRE, policies and resources have been advanced to provide relief, inclusion, and intervention to help tenants, owners, and communities. But we can and must do more.

We hear directly from our members and partners about the increased property tax burden that undermines affordability; we can solve this. We hear about the lack of investment in housing for the South and West sides of the city; we can take steps toward solving this with appraisal gap financing. We hear of the need for the HEROEs Act and other bills such as Neighborhood Homes Investment Act to be passed nationally; we can do this. The city of Chicago requires a housing agenda that can serve to repopulate neighborhoods, protect against gentrification, preserve our existing stock, and strengthen the CDC community.

We have the following comments to highlight about the 4th Quarter Report:

1. DOH reports that 98% of 2019 rental unit production goal was met, while 81% of the resource allocation goal was met. We question the reason for this resource allocation shortage, as well as whether those unallocated resources will be carried over to 2020.
2. In the 2019 4th quarter, DOH reports meeting only 57% of its net-new unit production goal for a total of 947 net-new rental units developed, falling short of the planned net-new of 1,722.
3. As of the end of 2019, the ARO report shows \$198 million in revenue; another \$10 million was generated by the end of the first quarter of 2020 to reach almost \$208 million total over the history of the program.
4. However, the report no longer shows the separated uses of proceeds, with the Low-Income Housing Trust Fund being allocated 50% of the revenues generated—is this an oversight?
5. We appreciate the effort behind the ARO task force and ARO dashboard launched in the 4th quarter; we will have additional comments during this comment period on the ARO.
6. The CCLT pilot program launched in the 2019 4th quarter 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 how the ARO's impact is significantly underrepresented when understood as unit production only.
7. The report and hearing have been delayed—in past practice we would have had the hearing in March. Of course, uncertainty surrounding the pandemic and the introduction of new regulations prohibited the March timeline this year; however, we hope we can return to a more regular process going forward.

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 2019 and first 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, 2019

Quarter	Source of Units	Units
Q1	Cicero Senior Lofts	62
Q1	ARO Rental Units Covenanted	94
Q1	Opportunity Investment Fund*	129
<i>Subtotal, Q1</i>		285
Q2	Marah’s on Sheridan	38
Q2	Southbridge – Phase 1	206
Q2	Paseo Boricua Arts Building	24
Q2	ARO Units Covenanted	84
Q2	Opportunity Investment Fund*	19
<i>Subtotal, Q2</i>		371
Q3	ARO Units Covenanted	35
<i>Subtotal, Q3</i>		35
Q4	Hope Manor Village	36
Q4	Parkside Four Phase II	102
Q4	Roosevelt Road Veterans Housing	90
Q4	ARO Units Covenanted	28
<i>Subtotal, Q4</i>		256
Total Net-New Units 2019		947

Sources of Net-New Units, 2020 Year-to-Date

Quarter	Source of Units	Units
Q1	ARO Rental Units Covenanted	108
Total Net-New Units YTD 2020		108

Incomes Served by Net-New Rental Units, 2019

		Share of Total Units Produced Per Income Bracket
<i>Income of tenants served</i>	0-15% AMI	<1%
	16-30% AMI	4%
	31-50% AMI	11%
	51-60% AMI	50%
	61-80% AMI	4%
	81-100% AMI	3%
	101+% AMI	28%
TD Net-New Units Committed	947	100%
Total Net-New Units Projected by Year End	1,722	

Incomes Served by Net-New Rental Units, 2020 Year-to-Date

		Share of Total Units Produced Per Income Bracket
<i>Income of tenants served</i>	0-15% AMI	-
	16-30% AMI	-
	31-50% AMI	-
	51-60% AMI	91%
	61-80% AMI	2%
	81-100% AMI	%
	101+% AMI	7%
TD Net-New Units Committed	108	100%
Total Net-New Units Projected by Year End	1,722	

Creation & Preservation Housing Dollar Commitments Compared with Annual Goal, 2019

	Rental Investments	Ownership Investments	Improvement/Preservation Investments	Total Investments
2019 Actual	\$179,891,211	\$18,077,194	\$16,508,965	\$214,477,370
2019 Anticipated	\$217,340,000	\$28,950,000	\$18,861,065	\$265,151,065
Percent of Goal Met	82.8%	62.4%	87.5%	80.9%

Note: Does not include rental assistance

Creation & Preservation Housing Dollar Commitments Compared with Annual Goal, 2020 Year-to-Date

	Rental Investments	Ownership Investments	Improvement/Preservation Investments	Total Investments
2020 YTD	\$1,413,358	\$3,526,562	\$2,415,622	\$7,355,542
2020 Anticipated	\$217,340,000	\$28,540,000	\$18,159,449	\$264,039,449
Percent of Goal Met, 2020-Q1	0.7%	12.4%	13.3%	2.8%

Note: Does not include rental assistance

Net-New Housing Unit Commitments in Comparison with Annual Goal, 2019

	Total Units Planned for 2019	Total Units Committed in 2019-Q4	Total Units Committed in 2019
Total Rental Units	2,972	766	3,196
Less Heat Receivership Units	500	382	872
Less MF Troubled Building Initiative Units	750	128	1,377
Net New Rental Units	1,722	256	947

Net-New Housing Unit Commitments in Comparison with Annual Goal, 2020

Year-to-Date

	Total Units Planned for 2020	Total Units Committed in 2020
Total Rental Units	2,972	303
<i>Less Heat Receivership Units</i>	500	49
<i>Less MF Troubled Building Initiative Units</i>	750	146
Net New Rental Units	1,722	108

Rental Assistance Compared with Annual Goal, 2019

	Funds	Units Served
2019 Actual	\$17,957,904	2,732
2019 Anticipated	\$17,580,943	2,723
Percent of Goal Met	102.1%	100.3%

Rental Assistance Compared with Annual Goal, 2020 Year-to-Date

	Funds	Units Served
2020 TYD	\$17,707,903	2,696
2020 Total Anticipated	\$17,600,000	2,700
Percent of Goal Met	100.6%	99.9%

Creation & Preservation Housing Unit Commitments Compared with Annual Goal, 2019

	Rental Units	Ownership Units	Improvement/Preservation Units	Total Units
2019 Actual	3,196	497	1,899	5,592
2019 Anticipated	2,972	559	2,178	5,709
Percent of Goal Met	107.5%	88.9%	87.2%	98%

Note: Does not include rental assistance

Creation & Preservation Housing Unit Commitments Compared with Annual Goal, 2020 Year-to-Date

	Rental Units	Ownership Units	Improvement/Preservation Units	Total Units
2020 TYD	303	29	241	573
Total Units Projected by Year End	2,972	465	2,132	5,569
Percent of Goal Met, 2020-Q1	10.2%	6.2%	11.3%	10.3%

Note: Does not include rental assistance