Affordable housing developed with existing resources simply does not allow for rents affordable to people with the extremely low-incomes. More than 200,000 households in Chicago are paying over a third of their income for rent. Of these 75,000 spend more than half of their income on housing.

Living Rents—rent levels set according to the federally determined affordability rate of 30%—are made possible by development and subsidy programs that help landlords and developers keep costs down. In the 1970s and 1980s many such programs existed, but today few linked subsidy and development resources exist.

To ensure Living Rents we must create policies and resources that facilitate a wide range of housing options in communities. This includes reviewing current development practices and expanding the scope of our commitment to house those with the greatest needs.

Current proposals are:

**Better Targeting and Deep Subsidy.** City and state allocations of existing programs like HOME and the Low Income Housing Tax Credit should give higher preference to projects serving very low income residents. Also, rent levels should be based on neighborhood rather than regional incomes. Substantially increasing deep subsidy programs like the Chicago Low Income Housing Trust Fund and creating similar programs outside Chicago will provide the additional resources to achieve Living Rents.

**More Federal Resources.** Federal support has declined steadily since 1978 when $66.6 billion in inflation adjusted dollars was committed for housing. In FY 2001, the HUD budget was $28.5 billion with new housing units subsidized primarily through housing vouchers instead of new unit production. The proposed National Affordable Housing Trust Fund could make a substantial difference. The Trust Fund would use surplus FHA insurance funds for new rental housing production and subsidy, primarily for families with incomes under 30% of area median income. New resources from the National Housing Trust Fund could build and subsidize 200,000 units in the first year.

**Increased Public Accountability.** Across levels of government, renewed public accountability must accompany efforts to build leadership for housing policy and resources. In particular, state government must directly address the housing needs of its citizens. Currently, most housing programs in Illinois are administered by the Illinois Housing Development Authority (IHDA), a state housing finance authority originally created to issue bonds for the development of housing. Not surprisingly, IHDA’s primary mission is to maintain safe returns to investors.

A state department of housing and a legislative oversight committee responsible for housing would increase state accountability through reports on production of housing by location, income level served, and type of housing.