

2009-2013 AFFORDABLE HOUSING PLAN

Keeping Chicago's neighborhoods affordable.



2011 First Quarter Progress Report January-March

City of Chicago
Rahm Emanuel
Mayor





LETTER FROM THE COMMISSIONER

We are pleased to submit the 2011 First Quarter Progress Report, which presents the Department of Housing and Economic Development's progress on the goals set forth in the City's fourth Affordable Housing Plan, 2009-2013.

With this report, we are also presenting estimates of production for 2011, the third year of our current five-year plan. The Department of Housing and Economic Development estimates that it will utilize more than \$435 million to assist over 8,000 units of housing this year. This breaks down into the following categories:

- To create and preserve affordable rental units: \$355,442,732 to assist 5,662 units
- To promote and support homeownership: \$64,304,100 million to assist 610 units
- To improve and preserve homes: \$16,042,832 to assist 1,780 units

Also included in the yearly estimate is more than \$13 million for other initiatives, including delegate agency programs, and for overall administration of Departments.

In this report, we have included a guide to reading the production tables found in the Appendix. The guide is organized by the three main categories of work as outlined above, and gives a brief description of each program along with informant about funding source and unit count methodology.

The City of Chicago Department of Housing and Economic Development (HED) promotes economic development by helping existing businesses grow and by attracting new industry to the city. The department also leads Chicago's affordable housing, housing preservation and community-based homebuyer assistance programs, as well as the city's zoning, land use planning, sustainability and historic preservation initiatives. The department works in cooperation with community and business groups, elected officials, delegate agencies and other community stakeholders.

As always, we would like to thank all our partners for their continued support and cooperation. With their efforts we continue to progress in our goals to create and preserve affordable housing for Chicago residents.

Andrew J. Mooney
Commissioner





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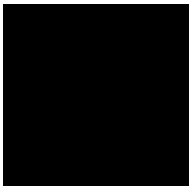
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1. Chicago Metropolitan Area Median Incomes
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INTRODUCTION

This document is the 2011 First Quarter Progress Report on the Chicago Department of Housing and Economic Development's fourth Affordable Housing Plan, 2009-2013.

For 2011, HED has projected commitments of more than \$435 million to assist over 8,000 units of housing.

Through the first quarter of 2011, the Department committed over \$52 million in funds to support over 3,700 units, which represents 12% of the 2011 unit goal and 47% of the 2011 resource allocation goal.



CREATION AND PRESERVATION OF AFFORDABLE RENTAL UNITS

In 2011, the Department has a goal to commit over \$355 million to support more than 5,600 units of affordable rental housing using loans for new construction or rehab, and rental subsidies.

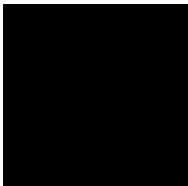
Through the first quarter of 2011, HED committed over \$37 million in resources to support over 3,400 units. These numbers represent 61% of the 2011 multifamily unit goal and 11% of the 2011 multifamily resource allocation goal.

User's Guide to Programs to Create and Preserve Affordable Rental Units

Listed below is a description of the main programs to support the Department's efforts to create and preserve affordable rental units, along with an explanation of how we count financial commitments and units assisted through these programs.

Program	Description	Funding Source	Reporting Protocols <i>(What gets counted and when?)</i>
Multifamily Loans	Supports the construction or rehab of developments that will provide long term affordable rental units.	HOME, CDBG, and local funds	Financial commitments and units assisted are counted upon City Council approval of the development. Loan funds can be used in conjunction with MAUI, LIHTCs, DTCs, fee waivers, TIF, and revenue bonds.
Multi-year Affordability Through Up-front Investments (MAUI)	Provides up-front financing to developments in exchange for long-term affordability for units that serve households making no more than 30% of the area median income.	State of Illinois Rental Subsidy Program, Downtown Density Bonus funds	Financial commitments and units assisted are counted upon Chicago Low Income Housing Trust Fund board approval.
TIF Subsidies	Provides Tax Increment Financing (TIF) subsidies to developers who are constructing or rehabbing affordable multifamily units.	TIF funds	Financial commitments and units assisted are counted upon City Council approval.





Program	Description	Funding Source	Reporting Protocols <i>(What gets counted and when?)</i>
Low Income Housing Tax Credit equity	Federal income tax credits to support the construction and preservation of multifamily affordable housing.	Federal income tax credit	If a development is receiving other City assistance, such as a loan or City-owned land, then the financial commitments and units assisted are counted upon City Council approval. If no other City assistance is being provided, the equity and units assisted are counted upon allocation of the Low Income Housing Tax Credits, which by itself does not require City Council approval. Financial commitment reported is the value of the equity generated by the LIHTCs.
Multifamily Mortgage Revenue Bonds	Program provides bond financing for developers who build or rehabilitate large housing developments for low- and moderate-income renters.	City tax-exempt bonding authority	Financial commitments and units assisted are counted upon City Council approval.
City Land	Donates City-owned land to multifamily developments in exchange for long-term affordability.	NA	Financial commitments and units assisted are counted upon City Council approval. Financial commitment is the value of the land write-down.
City Fee Waivers	DCD waives certain fees associated with the Departments of Building, Water and Transportation for the construction of affordable multifamily housing.	NA	Financial commitments and units assisted are counted upon City Council approval.

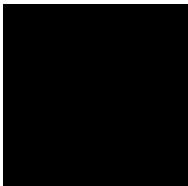


Program	Description	Funding Source	Reporting Protocols <i>(What gets counted and when?)</i>
Donations Tax Credit donations/ equity (DTCs, also known as Illinois Affordable Housing Tax Credits)	A \$.50 State of Illinois income tax credit for every \$1 that is donated to an eligible affordable housing development. DCD allocates 24.5% of the amount of credits authorized by the State.	State of Illinois income tax credit	DCD reports the value of the donation and/or any equity generated by the sale of the tax credits. If the development is receiving other City assistance, such as a loan or City-owned land, then the financial commitments and units assisted are counted upon City Council approval. If no other City assistance is being provided, the donation or equity and units assisted are counted upon allocation of the tax credits, which by itself does not require City Council approval.
MF Affordable Requirements Ordinance	Per City ordinance, developments with more than 10 units receiving City zoning changes (including planned developments in a downtown zoning district) or additional financing must make 10-20% of units affordable.	Varies, includes Tax Increment Financing (TIF) funds and land purchased from the City (even if purchased at the appraised value).	Financial commitments and units assisted are counted when the project has met two criteria: 1) City Council approval and 2) Sign-off by the Department of Community Development. Value reported is the amount of any City land write-down or any TIF funds going to the development. If units are receiving assistance through another DCD program, such as New Homes for Chicago, they are not counted under ARO.
Lawndale Restoration Redevelopment	Provides grant funding for the redevelopment of the Lawndale Restoration and Douglas Lawndale Project-based Section 8 developments.	HUD Up-front Grant	If receiving loan funds from DCD, units are counted upon City Council approval. If not, then units are counted at closing. The financial commitment reported is the value of HUD Up-front Grants that the development is utilizing, if any. Some units may close without utilizing any HUD or DCD funds; these units are counted because DCD is responsible for the overall redevelopment of Lawndale Restoration and Douglas Lawndale.



Program	Description	Funding Source	Reporting Protocols <i>(What gets counted and when?)</i>
Low-Income Housing Trust Fund Rental Subsidy Program	Provides rental subsidies to landlords for tenants whose earnings do not exceed 30% of area median income.	State of Illinois Rental Subsidy Program and Corporate funds	Financial commitment and units assisted are counted when DCD has a signed agreement with the landlord. Payments to landlords are made quarterly, but the annual financial commitment for each unit is reported in the first quarter of each year. As new landlord agreements are signed throughout the year, the additional financial commitments and units are reported.
Heat Receivership	In cases where buildings do not have functional heat and hot water, the City can initiate a process to appoint a receiver to make any necessary repairs and restore heat and hot water to tenants.	CDBG	Units are counted when they enter court ordered receivership.
Troubled Buildings Initiative	With Community Investment Corporation (CIC), the Department of Buildings, the Department of Law, and other City departments, DCD identifies problem buildings and designates receivers to manage deteriorating and troubled properties. CIC manages properties on an interim basis, assesses the scope of work needed to preserve buildings, and makes loans to new owners to finance acquisition and rehabilitation.	CDBG	Units are counted the first time they are classified under one of the following categories: under rehab, in receivership, or recovered. Units are not counted twice as they flow through the process. For example, a building may first be counted when it undergoes rehab. When it is recovered, it is not counted again. Financial commitment counted per receipt of invoices from CIC.





Program	Description	Funding Source	Reporting Protocols <i>(What gets counted and when?)</i>
Neighborhood Stabilization Program (Multifamily)	The Neighborhood Stabilization Program (NSP) provides for the purchase and rehabilitation of vacant, foreclosed homes in targeted areas. Mercy Portfolio Services is the City's agent under NSP and is responsible for the acquisition and disposition of eligible properties.	HUD Neighborhood Stabilization Program grant funds	MF NSP units are counted in two categories. (1) When Mercy Portfolio Services acquires a property, the number of units and acquisition cost are recorded. (2) After the property is transferred to a developer and rehab begins, the estimated rehab cost of the units is recorded. All units under rehabilitation will be included in the double count, as they were already included at the time of initial acquisition.
Multifamily TIF Neighborhood Improvement Program (TIF-NIP)	Provides grants to owners multifamily buildings to make exterior improvements. Requires income-based rent restrictions for 5 years.	TIF funds	Financial commitment and units assisted are counted when DCD receives an invoice from the administering non-profit organization.

Multifamily Rehab and New Construction

Hazel Winthrop Apartments

In March the Chicago City Council approved financing for acquisition and rehabilitation of the Hazel Winthrop Apartments. This development will include 30 residential units which will be affordable to households earning no more than 60% of Area Median Income (AMI). Hazel Winthrop Apartments, being developed by Community Housing Partners XV, L.P., will consist of four separate properties located at 4509 N. Hazel/852 W. Sunnyside, 4426 N. Magnolia, 912-14 W. Montrose, and 4813 N. Winthrop located in the Uptown Community of the 46th Ward.

Units at Hazel Winthrop Apartments will range from two to four bedroom units, with rents ranging from \$1,118 to \$1,495 units depending on unit size. In addition, each unit in this development is under a Section 8 HAP contract, allowing tenants to pay 30% of their adjusted monthly income for rent, and the HAP subsidy paying the remainder of the balance.



Hazel Winthrop will provide substantial public benefit to the Uptown community area. In addition to the creation of 30 affordable rental units, this project is estimated to create five permanent jobs in management and maintenance, and will produce 50 temporary construction jobs.

Each unit at Hazel Winthrop will energy efficient appliances and HVAC systems, energy efficient thermal windows and upgraded insulation.

The total affordable development cost of Hazel Winthrop Apartments is \$11,508,669.00, and includes a HED HOME Loan in the amount of \$4,000,000, Low-Income Housing Tax Credit equity in the amount of \$352,277 generating \$2,888,669 in equity, up to \$8,000,000 in municipal bonds, and standard Multifamily Program Fee Waivers.



Hazel Winthrop Apartments will create 30 affordable units in the Uptown Community of the City's 46th Ward.



Updates on Previously Reported Developments

Dedication of Casa Maravilla Senior Housing and Satellite Center

In February, Mayor Richard M. Daley joined Alderman Danny Solid (25th Ward) and members of the Pilsen community to celebrate the grand opening of Casa Maravilla, located at 2021 S. Morgan St.

“Chicago seniors are one of our most valuable assets,” Mayor Daley said. “We depend on our community of seniors to serve as role models for our families and communities are grateful for the significant contributions they have made to the culture of our neighborhoods and fabric of our City..”

The development has created 73 units of affordable senior housing and a satellite senior center operated by the City’s Department of Family and Support Services. In addition, Casa Maravilla is part of a larger campus that includes a range of housing services, an additional 45-unit mixed income rental building, and the adjacent Alivio Medical Center.

Originally approved by City Council in the second quarter of 2008, City investment in Casa Maravilla included \$4 million in multifamily loans, \$13.2 million in tax credit equity, and \$108,400 in Donations Tax Credit equity. Total development cost was \$20,239,167.

Casa Maravilla was developed by The Resurrection Project.



Casa Maravilla created 73 units of affordable rental housing in the 25th Ward’s Pilsen community area.



PROMOTION AND SUPPORT OF HOMEOWNERSHIP

In 2011, HED has a goal to commit over \$64 million to help more than 600 households achieve or sustain homeownership. HED supports the construction of new homes, the acquisition and rehab of deteriorated and abandoned properties, and financing programs for home purchase and rehabilitation.

Through the first quarter of 2011, the Department committed over \$13.4 million to support 111 units, achieving 21% of the annual homeownership resource allocation goal and over 18% of the annual homeownership unit goal.

User's Guide to Homeownership Programs

Below you will find a description of the major programs in the promotion and support of homeownership category of DCD's quarterly report. Also included in the table is an explanation of how financial commitments and units are counted in each of these programs.

Program	Description	Funding Source	Reporting Protocols <i>(What gets counted and when?)</i>
Chicago Partnership for Affordable Neighborhoods (CPAN)	A component of DCD's inclusionary housing policies, CPAN encourages developers to include affordable units (typically 10%) in their market-rate developments by offering permit fee waivers, site improvements, reimbursement for permit reviews, and purchase price assistance to income qualified buyers.	NA	Upon application approval, DCD counts the number of affordable units that the developer is committing to build, and the value of the write-down for affordable units (i.e., if the market-rate price of the unit is \$300,000, and the developer is agreeing to make a unit available at \$175,000, then the dollar value reported would be \$125,000). CPAN does not require City Council approval.
Affordable Requirements Ordinance (ARO)	Per City ordinance, developments with more than 10 units receiving City zoning changes (including planned developments in a downtown zoning district) or additional financing must make 10-20% of units affordable.	Varies, includes Tax Increment Financing (TIF) funds and land purchased from the City (even if purchased at the appraised value).	Financial commitments and units assisted are counted when the project has met two criteria: 1) City Council approval and 2) Sign-off by the Department of Community Development. Value reported is the amount of any City land write-down or any TIF funds going to the development. If units are receiving assistance through another DCD program, such as New Homes for Chicago, they are not counted under ARO.

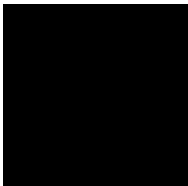


Program	Description	Funding Source	Reporting Protocols <i>(What gets counted and when?)</i>
City Fee Waivers	DCD waives certain fees associated with the Departments of Buildings, Water and Transportation for the construction of single-family housing.	NA	Units receiving fee waivers are double-counts in most cases because they are units going through New Homes for Chicago, City Lots for City Living, or CPAN. In the case of New Homes for Chicago and City Lots for City Living, units are counted upon City Council approval. In the case of CPAN units, the units are counted when the application is approved.
Single-family Troubled Buildings Initiative	DCD works with Neighborhood Housing Services Redevelopment Corporation (NHSRC) and other developers and receivers to rehab vacant 1-4 unit properties for sale to eligible owner-occupants. Also supports receivership activities for vacant 1-4 unit homes.	CDBG	Units are counted when they first fall into one of the following tracking categories: in receivership, under rehab, or recovered. Units are only counted once; they are not counted again as they move from one development stage to another. Financial commitment counted per receipt of invoices from DCD's partner organizations.
HUD Homes for \$1/ Preserving Communities Together (PCT)	PCT enables developers/ individuals to request the City to acquire vacant and abandoned properties, and then convey them from the City to the applicant through an ordinance. HUD-owned homes, which often require extensive rehabilitation, are sold to the City for \$1 through the HUD Homes for \$1 program, which the City uses to convey additional homes.	NA	Units are counted when completely rehabbed and DCD issues a certificate of completion.
Neighborhood Stabilization Program (Single-family)	The Neighborhood Stabilization Program (NSP) provides for the purchase and rehabilitation of vacant, foreclosed homes in targeted areas. Mercy Portfolio Services is the City's agent under NSP and is responsible for the acquisition and disposition of eligible properties.	HUD Neighborhood Stabilization Program grant funds	SF NSP units are counted in two categories. (1) When Mercy Portfolio Services acquires a property, the number of units and acquisition cost are recorded. (2) After the property is transferred to a developer and rehab begins, the estimated rehab cost of the units is recorded. All units under rehabilitation will be included in the double count, as they were already included at the time of initial acquisition.



Program	Description	Funding Source	Reporting Protocols <i>(What gets counted and when?)</i>
TaxSmart/ Mortgage Credit Certificate (MCC)	Provides a federal income tax credit to qualified homebuyers. A qualified homebuyer can receive a Mortgage Credit Certificate (MCC) to reduce income taxes by an amount equal to 20% of the interest paid on a mortgage. The tax credit may be claimed each year through the life of the mortgage. The City is able to issue MCCs to qualified homebuyers because it elects not to issue a certain amount of tax-exempt bonds. Administered through private lending institutions.	Tax-exempt Single-family Mortgage Revenue Bond authority	Units are counted at the time certificates are issued. The financial commitment reported is the value of the mortgage of each property assisted through the program. DCD reports City Mortgage and TaxSmart activity in the same line in the quarterly report because the funding authority is the same: tax-exempt bonds.
Home Options	Provides people with disabilities \$12,000 in home purchase assistance.	Corporate funds	Financial commitments and units assisted are counted when loans close.
Home Purchase Assistance		Corporate funds	
Purchase Price Assistance	Provides financial assistance to cover down payment and closing costs to qualified homebuyers purchasing homes through New Homes for Chicago, CPAN, and Choose to Own (CHAC-ADDI). Through Choose to Own, Housing Choice voucher holders can use their voucher to offset a portion of their monthly mortgage payment.	HOME Investment Partnerships Program (American Dream Down payment Initiative)	New Homes for Chicago and CPAN units are 100% double-counted because these units were initially counted when the development was approved by City Council (in the case of New Homes for Chicago) or when the application was approved (in the case of CPAN). Choose to Own units are not double-counted because, in most cases, these are units purchased in the private market. If a Choose to Own buyer purchases a New Homes for Chicago or CPAN unit, or receives assistance through City Mortgage or TaxSmart, then it will be double-counted.
Neighborhood Lending Program: Purchase & Purchase-Rehab (NHS)	Provides loans and grants to low- and moderate-income homebuyers for the purchase or purchase and rehab of a 1-4 unit home. Administered by Neighborhood Housing Services (NHS). DCD funds are part of a three-year \$100 million pool of funds from 23 additional private lenders.	CDBG & private leveraged funds	Financial commitment and units assisted are counted when the loan closes. The dollar value counted includes any permanent subsidy from DCD, along with private financing.





Program	Description	Funding Source	Reporting Protocols <i>(What gets counted and when?)</i>
Neighborhood Lending Program: Homeownership Preservation Loans (NHS)	Provides loans and grants to low- and moderate-income homeowners to prevent foreclosure. Administered by Neighborhood Housing Services (NHS). DCD funds are part of a three-year \$100 million pool of funds from 23 additional private lenders.	CDBG & private leveraged funds	Financial commitment and units assisted are counted when the loan closes. The dollar value counted includes any permanent subsidy from DCD, along with private financing.



IMPROVEMENT AND PRESERVATION OF HOMES

In 2011, the Department of Housing and Economic Development has a goal to commit more than \$16 million to assist more than 1,700 households repair, modify or improve their homes.

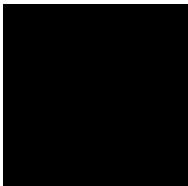
Through the first quarter, HED committed almost \$1.6 million in resources to support over 200 units, achieving 10% of the annual improvement and preservation resource allocation goal and 12% of the annual improvement and preservation unit goal.

User's Guide to Home Improvement and Preservation Programs

Below you will find a description of the major programs in the home improvement and preservation category and an explanation of how financial commitments and units are counted in each of these programs.

Program	Description	Funding Source	Reporting Protocols <i>(What gets counted and when?)</i>
Emergency Housing Assistance Program (EHAP)	Provides a forgivable loan to owner-occupants of 1-4 unit residential buildings to repair dangerous, hazardous and life threatening conditions, focusing on roof, porch, and heating system repairs.	CDBG & Corporate funds (Skyway proceeds)	Financial commitments and units assisted are counted upon receipt of the Job Order Contract (JOC) bid by the DCD Construction division.
Home Repairs for Accessible and Independent Living (H-RAIL)	Provides enabling devices & limited, non-emergency home improvements to residences occupied by low-income senior citizens. Administered by community-based delegate agencies.	CDBG	Financial commitments and units assisted are counted upon completion of work by the delegate agencies. Reported commitments include delegate agencies' construction costs and administrative expenses.
Single-family TIF Neighborhood Improvement Program (TIF-NIP)	Using Tax Increment Financing (TIF) funds, provides grants to homeowners primarily for exterior improvements. Program operates in designated TIF districts and is administered by a non-profit community partner.	TIF funds	Financial commitment and units assisted are counted when DCD receives an invoice from the administering non-profit organization. The invoice details the amount committed to individual homeowners.





Program	Description	Funding Source	Reporting Protocols <i>(What gets counted and when?)</i>
Neighborhood Lending Program: Home Improvement (NHS)	Provides loans and grants to low- and moderate-income homeowners for home improvement. Administered by Neighborhood Housing Services (NHS). DCD funds are part of a three-year \$100 million pool of funds from 23 additional private lenders.	CDBG	Financial commitment and units assisted are counted when the loan closes. The dollar value counted includes any permanent subsidy from DCD, along with private financing.
Historic Chicago Bungalow Initiative	In partnership with the Historic Chicago Bungalow Initiative, provides grants for energy efficiency improvements to owners of certified Historic Chicago Bungalows.	ICECF, Illinois Housing Development Authority (IHDA) and the Department of Environment	Financial commitment and units assisted are counted when DCD Community Programs staff approves homeowner request for payment and sends to DCD Finance for processing.

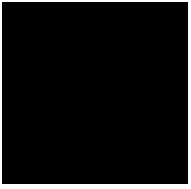




POLICY AND LEGISLATIVE AFFAIRS

Foreclosure Filing Update





APPENDICES

