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12/6/2018	1	Committee on Housing and Real Estate	Recommended to Pass	
11/14/2018	1	City Council	Referred	

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL MAYOR

November 14, 2018

TO THE HONORABLE, THE CITY COUNCIL OF THE CITY OF
CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith ordinance authorizing the City of Chicago's Five-year Housing Plan for 2019 to 2023.

Your favorable consideration of this ordinance will be appreciated.
Mayor

Very truly yours,

ORDINANCE APPROVING THE CITY'S FIVE-YEAR HOUSING PLAN FOR 2019 - 2023

WHEREAS, a decade after the Great Recession, there has been a dramatic, shift in the state of Chicago's housing market, moving from a time marked by a dramatic drop in housing prices and near halt in new housing construction, to today, when a combination of large-scale demographic and economic forces are transforming Chicago in a way that is unprecedented in its history; and

WHEREAS, as befits a world-class city, Chicago is increasingly attracting new and relocated businesses, highly skilled and well-educated residents, and new housing development, and while this contributes to its fast-paced economic growth, the City of Chicago recognizes that new development can also disrupt existing communities, displace residents, and cause many working-class families and individuals to find housing increasingly expensive and homeownership increasingly more difficult to achieve; and

WHEREAS, simultaneously, investment has bypassed sections of the city all too often, and while demand for housing is rising in some markets, other communities face flat or falling real estate prices, rising rates for unemployment, too many vacant lots and too few local opportunities, fueling population loss in some of the city's lower-cost neighborhoods; and

WHEREAS, any plan for housing in Chicago must also take into account a history of racial discrimination and policies that left parts of the city thriving and other parts struggling, and incorporate programs to reverse these trends, recognizing that these are not trends that can be reversed overnight; and

WHEREAS, the City of Chicago is an active agent in directing the market transformations that are underway, and the City and its partners can promote growth in a manner that supports a vibrant and equitable housing marketplace that is open and accessible to everyone.

WHEREAS, given the evolution of Chicago's housing market, a new Department of Housing will be created in 2019, focused on addressing the various housing challenges across its 77 communities, including by partnering with the development and advocacy community to bring new solutions and tools to the city's affordable housing challenges, supporting access to housing for all Chicagoans.

WHEREAS, the Department of Planning and Development ("DPD"), working intensively with a broad-based advisory group appointed by the Commissioner of DPD on behalf of Mayor Rahm Emanuel, and after inclusive consultations with policy experts, community representatives and tenant organizations, has completed the Five-Year Housing Plan for 2019 -2023, called One Chicago: Housing Strategies for a Thriving City: Chicago's Five-Year Housing Plan for 2019 - 2023 and submits the Estimated Five-Year Unit Production 2019-2023 for approval by the City Council; and

WHEREAS, strategic approaches are essential to assure the most effective use of resources and programs for maximum contribution to the core strategies of the Five-Year Housing Plan, namely Neighborhood-Based Housing Investment Strategies; Investment in Affordable Rental Housing; Investment in Housing for our Most Vulnerable Residents; Expanding Homeownership Opportunities; and Innovation and Collaboration; and

WHEREAS, achieving deeper collaboration and improved coordination between DPD and other City departments in support of equitable and affordable housing goals is essential; and

WHEREAS, developing partnerships with other public and private housing stakeholders to mobilize resources behind a housing agenda is also essential since housing challenges are increasingly metropolitan and regional in scope and dependent on support at the federal and state levels; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. The Estimated Five-Year Unit Production 2019 - 2023, attached as Exhibit A, is hereby approved. The Commissioner of DPD shall file with the City Council quarterly and annual reports, which shall specify program development strategies and implementation in support of the strategic objectives detailed in the Five-Year Housing Plan for 2019 - 2023, a departmental policy document attached as Exhibit B. Such reports shall outline and describe alterations in policy, program or the external environment that affect the department's strategy and goals, and shall provide such other information as the Committee on Housing and Real Estate deems necessary.

SECTION 2. The Commissioner of DPD shall prepare an annual estimate of DPD's production and shall prepare quarterly and annual reports on DPD's housing programs, identifying program allocations, sources of funds, and cumulative unit production, indicating income distribution for program beneficiaries. The form of the estimate shall be based on the display in Exhibit A, attached: Estimated Five-Year Unit Production 2019-2023.

SECTION 3. The Commissioner of DPD shall file with the City Council quarterly reports on the financing activity of DPD, including specific information about each of the affordable housing loans passed by the City Council in the preceding quarter. Reports shall contain the following information: a report on each affordable housing project, including address, location by ward, number of units, rent levels and number of bedrooms in each apartment, acquisition costs and development costs per unit, the name of each developer, whether it is a nonprofit or for-profit entity. The report shall also identify each lender involved in the project, and the terms of all loans the proceeds of which are used to finance the acquisition and/or development. Information on loans shall include separate statements of private and public funding (by funding source) involved and shall be limited to loans in excess of One Hundred Fifty Thousand Dollars (\$150,000) in principal amount. Each quarterly report will also contain an update on which developments approved by the City Council have closed during the preceding quarter.

SECTION 4. Reports shall be filed no later than the last business day of April, July, October and January of each year. The first report shall be filed on April 30, 2019 and shall provide the required information for the period January 1, 2019 through March 31, 2019.

SECTION 5. This ordinance shall be in full force and effect immediately upon its passage and approval.

Exhibits "A" and "B" referred to in this ordinance read as follows:

EXHIBIT A

ESTIMATED FIVE-YEAR INVESTMENT AND UNIT PRODUCTION

See attached.

ESTIMATED FIVE-YEAR HOUSING PRODUCTION 2019-23 (Anticipated use of resources subject to program review and budgetary authorization)

HOUSING PRODUCTION INITIATIVES

Total Estimated Funding
2019-23

2019-23 Estimated Units Assisted by Income Level

Below 15% Below 30% Below 50% Below 60% Below 80% 81-100% Over 100% 5-YEAR TOTAL

TO CREATE AND PRESERVE AFFORDABLE RENTAL HOUSING

MULTI-FAMILY REHAB AND NEW CONSTRUCTION •

Low Income Housing Tax Credit Equil	9% Credits 4% Credits	\$ 335,000,000	\$ 190,000,000								
Housing Revenue Bonds		\$ 300,000,000									
Multi-family Loans HOME CDBG AHOF		\$ 131,500,000	\$ 160,000,000								
TIF Subsidies		\$ 155,000,000									
Illinois Affordable Housing Tax Credit (value of donations/equity)		\$ 14,500,000									
City Land		\$ 10,000,000									
Subtotal, Multi-family Rehab and New Construction		\$ 1,036,000,000		115	567	1,754	2,268	168	124	204	5,200
Accessible Units (504, Type A, Type B)											1,000
RENTAL ASSISTANCE Chicago Low Income Housing Trust Fund (AHOF)		\$ 37,742,000		3,100	3,095						6,195
Rental Housing Subsidy Program / MAUI (State funds)		\$ 28,962,885		3,710	3,710						7,420
Subtotal, Rental Assistance		\$ 66,704,885		6,810	6,805						13,615
OTHER MULTI FAMILY INITIATIVES Affordable Requirements Ordinance							1,500				1,500
Preservation of Existing Affordable Rental (PEAR)		\$ 10,000,000		200	485	975	75	225	25		100
Heat Receiver Program		\$ 6,000,000						115			
Troubled Buildings Initiative - Multi-family		\$ 9,700,000			220	655	375	2,190	310		3,750

TIF Purchase+Rehab -- Muttr-family

S 7,000,000

64

64

Flexible Housing Subsidy Pool

S 2,500,000

100

Opportunity Investment Fund

S 5,000,000

300

1,200 1,500

Subtotal, Other Multi-family Initiatives

\$ 40,200,000

200

705

2,014

2,175

2,330

310

1,200 9,034

TOTAL, AFFORDABLE RENTAL PROGRAMS

\$ 1,142,904,885

7,125

8.077

3.768

4,443

2,498

434

1,404 27,849

Breakdown of income level distribution (% of total)

25.6%

29.014

13.5%

16.0%

9.0%

16%

5.0% 100%

Includes SRO Preservation Initiative units

ESTIMATED FIVE-YEAR HOUSING PRODUCTION 2019-23 (Anticipated use of resources subject to program review and budgetary authorization)

HOUSING PRODUCTION INITIATIVES

Total Estimated Funding

2019-23 Estimated Unit* Assisted by Income Level

2019-23)

Below 15% | Below 30% | Below SOV | Below 100% | Below 11-100% | Over 11-100% | Over 50% | TOTAL

TO PROMOTE AND SUPPORT HOMEOWNERSHIP

Chicago Community Lend Trnt - ARO-generated units

20 65

Chicago Community Land Trull - Non-ARO units

9 7,000,000

13

75

20

IDS

Building Neighborhoods and Affordable Home**

S 5,000,000

GO

B0

Negotiated Sale of City Land

t

50

50

Cry Lots for Working Families

\$ 200,000

77

40

63

40

Home Buyer Assistance Program (CIT)

S 850,000

140

Purchase Plan Assistance - Public Safety Officers

S 450,000

15

15

Troubled Buttrick Initiative - Single-family

1 0.075,000

750

750

Troubled Bulkington Initiative - Condo

S 3,000,000

50

50

Preserving Communities Together - Single-family

S 225,000

50

50

TIF Purchase-Rehab - Single-family

S 0,000,000

192

TaxSmart

S 85,000,000

15

35

100

IX

250

500

Neighborhood Lending Program - Purchase 7-Purchase-Rehab Loan*

S 12,000,000

5

15

30

75

75

im

TOTAL, HOMEOWNERSHIP PROGRAMS	\$ 128,800,000			20	800	243	342	543	2,140	
Breakdown of income level disrioutwn (% of total)				00%	on	37%	114%	100%	254%	100%
TO IMPROVE AND PRESERVE HOMES										
Roof and Porch Repair*	\$ 20,000,000	35	335	1 020	3E5	245				2,000
Emergency Heating Repairs	\$ 4,500,000		120	200	no	70				500
SARFS (Small Accessible Repairs for Seniors)	\$ 9,055,065	THO	t.OBO	870	200	145				2,585
TJF-NIP-Single-family	\$ 7,500,000	20	95	100	115	80	10			500
Neighborhood Lending Program - Home Improvement Loans	\$ 3,000,000					00	70	70		700
Neighborhood Lending Program - Home Ownership Preservation Loans	\$ 3,250,000					5	10	10		75
Neighborhood Lending Program - UMRP Energy Improvement Grants	\$ 3,375,000				30	150				180
AHOF Home Improvement Program	\$ 3,500,000				6G4~	1J6H	42 1.1GE70			117
Hatone Bungalow Initiative / Energy Services	\$ 27.5X,000	to	377	m				lift		4000
TOTAL, HOME PRESERVATION PROGRAMS	\$ 86,680,065	425	2,002	2,602	1,429	1,958	1,370	316		10,100
Breakdown of income level distribution (% of total)		42%	ise%	a a%	14 1%	15%	135*	3 1%		100%
TOTAL, ALL HOUSING PRODUCTION INITIATIVE	\$ 1,358,384,950	7,550	10,079	6,390	6,672	4,699	2,146	2,263		40,089
Breakdown of income level distribution (% of total)	\$ 11,975,000	18 8%	251%	15 9%	16 6%	117%	54%	56%		100%
DELEGATE AGENCY INITIATIVES										
	Total Estimated Funding 2019- Total Households 2019-23									
Technical Assistance Centers - Citywide	\$ 4,175,000	90,000								
Technical Assistance Centers - Community	\$ 3,000,000	125,000								
Foreclosure Prevention Housing Counseling Centers	\$ 550,000	5,500								
Housing Counseling Centers	\$ 1,750,000	25,000								
TOTAL, DELEGATE AGENCY INITIATIVES	\$ 11,975,000	243,500								

EXHIBIT B 2014-2018 FIVE YEAR HOUSING PLAN See attached.

4

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One Chicago

Housing Strategies for a Thriving City Five Year Housing Plan
2019-2023

Rahm Emanuel, Mayor David L Reifman, Commissioner

Department of Planning & Development

Letter from the Mayor

The City of Chicago supports a vibrant housing market place that is open and accessible to everyone. As demographic and economic forces changed over the last decade, we face a mix of new challenges, including gentrification in some neighborhoods and disinvestment in others.

To address these challenges, this plan has five principal goals: employing neighborhood-based investment strategies that promote fair and equitable access to housing; creating and preserving affordable rental housing where it's needed; helping at-risk residents gain access to housing; increasing affordable homeownership; and expanding collaboration with housing partners.

Chicago must be strategic with its approach to neighborhood investment. That is why in the first year of the housing plan, a new Department of Housing will be created to implement the plan and guide future investments. The newly recreated department will also identify ways to preserve and enhance our neighborhoods through policies and programs that address the City's changing housing needs.

Thank you for your cooperation and participation as we all continue to do our best to serve the residents of this great city.

Sincerely,

Rahm Emanuel Mayor

Letter from the Commissioner.

As a road map to maximize the City's resources on behalf of neighborhood housing needs, the "2019-2023 Housing Plan" has a broad purview.

By working in partnership with all levels of government, nonprofit organizations, developers, community groups and financial institutions, this five-year plan will result in innovative programs and collaborations that will benefit renters, owners, buyers and others who have chosen to make a home for themselves in Chicago.

The plan was shaped through the input of a broad range of community stakeholders, including housing professionals and advocates that understand the market realities in which the plan will unfold over the next five years. As the sixth consecutive plan of its type, the plan will also help to ensure the entire city equitably shares in the neighborhood improvements that define the Emanuel Administration's approach to community development.

I encourage all residents to review the plan to help foster their understanding of its key components and projected outcomes that endeavor to make Chicago a better home for all its residents.

Sincerely,

David L. Reifman
Commissioner

One Chicago
Housing Strategies for a Thriving City
Chicago Five Year Housing Plan

5 Year Plan for a Critical Time	1
Vision and Guiding Principles	2
Challenges and Opportunities	3
The State of Today's Chicago Housing Market	; 5
Different Markets and Different Needs (High-Cost, Moderate-Cost, Lower-Cost)	6
Chicago Department of Housing	11
Strategic Vision.,	14
Neighborhood-Based Housing Investment Strategies	14
Invest in Affordable Rental Housing	:....25
Investing in Housing Choices for our Most Vulnerable Residents	28
Expand Affordable Homeownership Opportunities	31
Innovation and Collaboration	34
Chicago Housing 2019-2013	41
Appendices	44

All graphics and data in this report, unless otherwise stated, are from "Overview of Chicago's Housing Market: Data and information commissioned by the City of Chicago to guide conversations around developing Chicago's 2019-2023 Five-Year Housing Plan," which was prepared for the 2019-2023 Housing plan by the Institute for Housing Studies (HIS) at DePaul University. View the full report at <<https://fiveyearplandata.housingstudies.org>>.

A FIVE-YEAR PLAN FOR A CRITICAL TIME

The City of Chicago has a long legacy of strategic thinking for promoting and preserving affordable housing and promoting a range of housing options. This is the City's sixth five-year housing plan over the past 25 years. Each has outlined the City's housing needs, policy goals, development strategies and resource allocation by considering the market and environment of its era. None, however, have been created with the mix of challenges and opportunities that currently are changing Chicago, including accelerating displacement and gentrification in some neighborhoods and ongoing disinvestment and depopulation in other communities.

This plan was coordinated and written by the Department of Planning and Development (DPD) and it informs the launch of a new Department of Housing (DOH). Many City agencies and government departments beyond DPD, however, have crucial roles in providing an array of housing options and resources for neighborhood development in Chicago, for both

subsidized and unsubsidized housing stock. Their contributions and capacities are incorporated in the plan's five-year vision and strategies.

Yet this plan goes far beyond government resources and programs, representing the City's commitment to partnership and community-driven planning. Chicago has a robust housing sector with thriving market-rate developers as well as organizations that are deeply invested in affordable housing, including nonprofit agencies, mission-driven developers, community groups, financial institutions and philanthropic foundations. Their efforts are directly responsible for better housing for thousands of city residents. This plan is explicitly designed to expand and deepen the City's coordination and collaboration with these organizations and to achieve its goals through these partnerships.

To create this plan, the City engaged a broad group of stakeholders. An Advisory Committee of 120 public, community, nonprofit, philanthropic and corporate representatives-double the size of the committee from the City's last five-year plan-convened for four consultations. A thirty-member steering committee met regularly to discuss key themes that were covered during the consultations. Members of the public participated in an open hearing on the plan, and members of all these groups¹ submitted more than 150 ideas and suggested programs through an on-line portal.

Introduced to City Council November 14, 2018

Working closely with the Mayor's Office, DPD and other City agencies, DOH will provide implementation leadership for the plan. In year one, however, as DOH is established, DPD will assist with implementation, as well as ensure a steady transition of leadership on housing policy and ongoing coordination of resources and investments to support the plan.

VISION AND GUIDING PRINCIPLES

No matter who you are or where you live in Chicago, every family and resident deserves the chance to make a great home, thrive and be proud of their community. The City of Chicago supports a vibrant housing marketplace that is open and accessible to everyone. The 2019-2023 Housing Plan celebrates Chicago's diversity and promotes growth through equitable development. Its work is guided by the following key principles:

1. **Diversity:** Chicago is a welcoming city for all. The City celebrates Chicago's diversity, and will continue to promote racial, ethnic, and socio-economic diversity and fair housing through its housing investments and programs.
2. **Equity:** Rising property values and increased demand for housing have positive impacts but also can cause displacement and other problems. Housing and land-use decisions are assessed for how they affect different communities, including communities of color and communities impacted by segregation and its harmful legacy. The City works to address existing disparities both between and among all communities and the people who live there.
3. **Affordability:** People of all income levels should have a range of housing options available to them, and that requires protection of a variety of rental options. Affordable rental housing must be available in every neighborhood throughout the city, even as neighborhoods change, so that residents have a choice about where they call home.
4. **Homeownership:** Homeownership is a cornerstone of stable, thriving neighborhoods. The City will work with our partners to expand affordable homeownership options for working families and attract new homeowners to neighborhoods in need of investment.

2

5. Supporting Vulnerable Residents: A safe and dependable place to live is life-changing for people in vulnerable situations, including those experiencing homelessness, extreme poverty, people with disabilities, people who have experienced domestic violence and returning citizens who have been incarcerated. Chicago must have a sufficient supply of housing that is designed and connected to dedicated services for vulnerable populations.

6. Engagement: Chicago's residents live in a neighborhood, not just a housing unit, and each neighborhood is unique. Listening to and engaging with residents and neighborhood-based stakeholders will provide the best understanding of how housing investments can help overall community development to build and maintain strong communities.

7. Partnerships: This plan will be implemented with the City's various partners, together leveraging all available resources to achieve our collective housing goals and to help realize our collective vision of a diverse, more equitable and thriving Chicago. Partnerships between the new Department of Housing and the Department of Planning and Development, as well as other City Departments, will ensure the vision laid out in the Plan is implemented

8. Innovation: Chicago has a history of being at the forefront of new ideas. The City will continue to be bold, try new approaches and work with partners on innovative solutions to promote diversity, achieve greater housing affordability, and implement environmentally sound building and planning practices that lead to lower operating costs and greater sustainability.

CHALLENGES AND OPPORTUNITIES Chicago Is Undergoing. Transformative Change

In recent history, Chicago's housing market has shifted dramatically. Ten years ago, the housing market collapse and subsequent recession caused a wave of foreclosures, a dramatic drop in housing prices and a near halt in new housing construction, nationwide and here in Chicago. In response, the City of Chicago led partnerships to stop the damage, then to restart the housing market. The last five-year housing plan acknowledged a modest comeback but its vision still required a pivot toward recovery. During the first 18 quarters of that plan, the City has invested \$1.38 billion in affordable housing, which impacted 34,768 units across Chicago.

3

Introduced to City Council November 14, 2015

Thanks to that work and to steady economic growth, Chicago has now reached that next phase, and economic recovery is well underway. A combination of large-scale demographic and economic forces are transforming Chicago. The current housing market is shaped by these changes, but targeted, equitable, efficient housing policies can also influence how the city and its communities will change. This is a generational opportunity to strengthen the city and to determine what kind of place it will be.

As befits a world-class city, Chicago is increasingly attracting new and relocated businesses, highly skilled and well-

educated residents, and new housing development-positive, encouraging news and a source of resources for both the local economy and municipal programs. In 2000, 18.7 percent of the city's households earned more than \$100,000 annually. By 2016 that figure had risen to 26.2 percent. Massive new developments proposed in several parts of the city will create what are essentially new neighborhoods over the next decades. This fast-paced growth is a reflection of Chicago's reputation as one of the country's most livable cities.

The City of Chicago is aware, however, that this growth can also have unintended negative impacts. New development can disrupt existing communities and displace residents. Many of Chicago's working-class families and individuals, the bedrock of the City's middle-class, are finding housing increasingly expensive and homeownership increasingly more difficult to achieve.

All too often, investment has bypassed sections of the city and left many residents unable to take advantage of increased housing value. Despite the rising demand for housing in some markets, other communities face flat or falling real estate prices, rising rates of unemployment, too many vacant lots and too few local opportunities. These conditions are fueled and exacerbated by a loss of residents. Overall, Chicago's population rose very slightly from 2000 to 2016, but that figure can obscure the fact that the city's lower-cost communities lost more than 45,000 residents - or 7% - during this time.

Any plan for housing in Chicago must take into account the history of racial discrimination and policies that allowed for and advanced that discrimination. The map of today's Chicago is a result in many ways of systemic segregation of African Americans including restrictive covenants, redlining, block busting and disinvestment. Most recently, the foreclosure crisis has been particularly damaging to African American and Latino households and in low- and moderate-income communities. This history has left parts of the city thriving, while other parts continue to struggle.

4

Chicago as a city must be smart and strategic about the approach to investing in neighborhoods. The City is an active agent in directing the transformations that are underway in the city, celebrating and promoting diversity and equitable development in housing markets across the city. Chicago's legacy of racial and income segregation is not a trend that can be reversed overnight. Sections of the city with concentrated poverty, continuing disinvestment and falling population deeply retain the impact of this segregation. By understanding and directly addressing issues such as poverty and disparities in access to opportunity, the City of Chicago and its partners can change this trajectory.

THE STATE OF TODAY'S CHICAGO HOUSING MARKET

The strategies and programs in this plan are informed by key considerations about the current state of the city's housing market, including these factors:

Rising demand is changing the housing market in Chicago. The private real estate market is a powerful force, creating and directing billions of dollars in investments and value. Property values are rising across the city, even in many communities that haven't seen that growth for a long time. Several large, high-profile planned developments will amplify that impact. There are opportunities to continue to grow Chicago's population while protecting our current residents, and that will require consideration of how to address the needs of a variety of households and levels of income.

As Chicago's economy and housing markets have changed over the last decade, a gap in the availability of rental housing has grown. According to estimates by the Institute for Housing Studies (IHS) at DePaul University, in 2012 Chicago had a deficit of roughly 111,000 affordable units (rent for less than 30 percent of the income of someone earning

150 percent of the poverty level). By 2016 the citywide deficit had actually grown to more than 119,000 units, reflecting changes both in supply and demand.

Most rental housing in the city that is affordable is naturally occurring affordable housing (NOAH): units without public subsidy that can be rented at a low market rate. Yet NOAH, particularly two- to four-unit buildings, is vulnerable to threats of deterioration, foreclosure, disinvestment, demolition, conversion to single family homes and rising operating costs. Although discussion of "affordable housing" typically evokes the idea of subsidized housing—which is a critical source of affordable units—we also need strategies to keep NOAH affordable.

Because protecting existing housing costs much less per unit than building new housing, it is also an efficient route to maintaining a robust affordable housing market. That has always been the case and is increasingly so, as the cost of new construction has risen over the last five years. While federal housing budgets have been largely protected from threatened cuts for the next two years, the future is more uncertain, including the renewal of the housing voucher program in 2020. The City has been a careful steward of the funding it has available for affordable housing, particularly looking for ways to leverage private and philanthropic funds with its investments. That will become even more critical in the years to come.

Affordable housing in Chicago is supported by many funding sources. Any new affordable housing development is typically built with a layered mix of private and public financing that can include TIF funds, philanthropic donations or program-related investments, Low-Income Housing Tax Credits, private investment, federal HUD grants, project initiation loans and/or CDFI funds. City funds are a valuable resource in this mix. Public investments in housing must be focused on achieving specific goals and deployed in ways that attract the maximum amount of private investment.

DIFFERENT MARKETS, DIFFERENT NEEDS

Chicago has no single challenge when it comes to housing today. Rather, it has a series of housing challenges, reflecting the different realities that exist in different communities. Some blocks are dotted with boarded up homes, some are seeing affordable housing becoming much harder to find, and others are experiencing sharply rising prices and the impact of gentrification.

The Institute for Housing Studies at DePaul University uses a model to measure the conditions in three broad types of housing markets in Chicago—high-cost, moderate-cost and lower-cost—at the Census tract level across the city. These market types are based on 2016 sales prices of 1-4 unit buildings using formulas that take into account the variation in demand for and cost of housing. With this methodology, Chicago's tracts are 39.4 percent high-cost, 34.6 percent moderate-cost and 26.1 percent lower-cost.

7

Introduced to City Council November 74, 2013

Housing Market Analysis Based on Sales Prices in 2016
City of Chicago Census Tracts

LOWER-COST MARKETS

Chicago's lower-cost areas lost population from 2010 to 2016, including 35,568 African American residents. This loss of residents-including 5,993 moderate income households-is one factor in rising unemployment figures in these communities. Loss of well-paying blue-collar jobs as various sectors of the economy continue to transition is another.

- Median sale price value of single family home: \$72,892 in 2017, up 8% from \$67,500 in 2000
- Population change: - 7.3% between 2010 and 2016
- Residential parcels impacted by foreclosure, 2005-2013: 34.5%
- Change in total housing units: - 4.3% between 2010 and 2016
- Sale price per unit for multifamily property, \$13,993 in 2010, \$33,333 in 2017 (+138%)
- Unemployment rate: from 20.4% to 23.3% between 2010 and 2016

Lower-Cost Markets in the City of Chicago Sales Price Analysis by Census Tract, 2016

MUNITY AREA

40 **Washington Park**
41 Hyde Park 43 Woodlawn
43 South Shore
44 Chatham
45 **Avalon Park**
46 South Chicago
47 Burnside
48 Calumet Heights
49 Roseland
50 Pullman
51 South Decatur
52 East Side
53 West Pullman
54 Riveidale
55 Hegeworth 5G Garfield Ridge
57 Archer Heights
58 **Bluighton Park**
59 **McKinley Park**
60 Bridgeport
61 North City
62 West Elsdon
63 **Gage Park**
64 **Deering**
65 **West Lawn**
66 Chicago Lawn
67 West Englewood 6.1 Englewood 69 (leater Grand Closing)
70 Ashburn
71 Auburn Gresham 7J Beverly
73 Washington Heights
74 Mount Greenwood
75 Morgan Park
76 O'Hare
77 Edgewater
CHICAGO COM 1 Robert Park
1 West Ridge
3 Uptown
4 Lincoln Square
5 North Center
6 **Like View**
7 **Lincoln Park**
8 **North Side of Edison Park** 10 **Northwood Park**
11 **Jefferson Park**
12 **Forest Glen**
13 **North Park**
14 **Albany Park**
15 **Portage Park**
16 **Irving Park**
17 Dunning
18 Montclare
19 **North Cragin**

21 Avondale
22 **Lagan Square**
23 **Hillside Park**
24 **West Town**
25 **Austin**
26 **West Garfield Park 77 Hillfield Park 28 Near West Side 79 North Lawndale 80C South Lawndale**
31 **Lower West Side**

31 **Near South Side 3-1 Armour Square 31 Douglas**
36 **Northside**
37 **Fuller Park**
13 **Glenn and Boulevard**
38 **Kenneth**

SOURCE: IHS CALCULATIONS OF DATA FROM COOK COUNTY RECORDER OF DEEDS VIA PROPERTY INSIGHT, RECORD INFORMATION SERVICES. COOK COUNTY ASSESSOR - SEE IHS REPORT MAPPING DISPLACEMENT PRESSURE IN CHICAGO ([HTTPS://WWW.IHOUSINGSTUDIES.ORG](https://www.ihousingstudies.org))

A1

INSTITUTE FOR HOUSING STUDIES AT DEPAUL UNIVERSITY

8

Share of Population by Race/Ethnicity, 2016

Hwhite ■lllcllc E3 Latino 9 Asian B Other

9

Introduced to City Council November 74, 2015

Share of Households by Income, 2016

MODERATE-COST MARKETS

Chicago's set of moderate-cost markets has been largely stable since 2010 in terms of the number of residents and total available units. These averages obscure displacement pressure in some communities, though, as gentrification is shifting the demographics and income levels in sections of the North, West and South sides. Moderate-cost markets saw an increase in both Latino and Asian populations between 2000 and 2016.

- Sale price value of single family home: \$203,933 in 2017, up 63% from \$125,000 in 2000
- Population change: - 0.4% between 2010 and 2016
- Residential parcels impacted by foreclosure, 2005-2013: 23.8%
- Change in total housing units: - 1.7% between 2010 and 2016
- Sale price per unit for multifamily property, \$30,000 in 2010, . \$61,500 in 2017 (+105%)
- Unemployment rate: from 12.4% percent to 12.6% between 2010 and 2016

**Moderate-Cost Markets in the City of
Chicago Sales Price Analysis by Census
Tract, 2016**

- MUN1TY AREA
- 40 Washington Park
 - 41 Hyde Park
 - 42 Wadclawn
 - 43 South Shore
 - 44 Chatham
 - 45 Avalon Park
 - 46 South Chicago 17 Bur nude
 - 48 Calumet Heights
 - 49 Roseland
 - 50 Pullman
 - 51 South [eering 53 East Side
 - 53 West Pullman
 - 54 Rwerdale
 - 55 Hegewisch
 - 56 Garfield Ridfie
 - 57 Archer Heights 55 Blighton Paik
 - 59 McKinley Park
 - 60 Bridgeport
 - 61 New City
 - 62 West Elsdon
 - 63 Gage Paik
 - 64 dealing
 - 65 West Lawn
 - 66 Chicago Lawn til West Englewood 68 Engli>wr>od G3 Greatei Grand Crossi '0 Ashburn
 - 71 Auburn Gresham
 - 72 Beverly
 - 73 Washington Heights
 - 74 Mount Cji
 - 75 Morgan ■
 - 76 DH;::" TI Edgewall

CHICAGO.COM

- 1 Roger? Park
- 2 West Ridge
- 3 Uptown
- 4 Lincoln Squaic
- 5 North Cer.tei
- 6 Lake View
- 7 Lincoln Paik
- 8 Near Nonh Side y Ctllison Park
- 10 Noi-wood Paik
- 11 Jefferson Paik 17 Forest Glen
- 13 Noun Park
- 14 Albany Park J5 Puttge Park
- 16 Irving Part
- 17 Lrmming
- 18 Montclaie
- 19 Beltr-onr ungin
- 20 Heimasa Ji Avondalf
- 22 Lagan Stjuatp
- 23 Humboldt Paik J* Wijsi Town
- 25 Austin
- 26 West Garfield Pail
- 27 ran Garfield Park
- 28 Neil Wt-it Side
- 29 Nor:h Lawndale
- 30 South Ltiwiilald
- 31 lower Writ't Side ■(7 Loop
- 33 Nesi South Side J-H A-mo-J v-jliaic
- 15 Lfeugkt

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SOURCE: IHS CALCULATIONS OF DATA FROM COOK COUNTY RECORDER
OF UEEUS VIA PROPERTY INSIGHT, RECORD INFORMATION SERVICES.
COOK COUNTY ASSESSOR - SEE IHS REPORT MAPPING DISPLACEMENT
PRESSUPE IN CHICAGO (HTTPS://WWW <https://HTTPS://WWW> HOUSINGSTUDIEb.ORG)

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A| DEPAUL UNIVERSITY

10

Share of Population by Race/Ethnicity, 2016

B White B Slack Eff Latino S3 Asian ff Other

Share of Households by Income, 2016

11

■ Less than \$25,000 B \$25,000 to \$49,999 H \$50,000 to \$99,000 B \$100,000 or More

HIGH-COST MARKETS

Of the three market types, only Chicago's more expensive housing markets experienced population growth from 2010 to 2016. In the downtown market, one of the strongest in the city, the number of units, cost of construction and rents have all been steadily increasing during this period. Downtown added 1,500 to 4,500 new condo units annually from 1998 until 2010, according to estimates by Integra Realty Resources but since then, rental units have taken over new development. These are primarily smaller studio and one-bedroom units.

- Median Sale price of single family home: \$433,568 in 2017, up 88.5% from \$230,000 in 2000

- Population change: + 5.6% between 2010 and 2016
- Residential parcels impacted by foreclosure, 2005-2013: 13%
- Change in total housing units: +2.6 percent between 2010 and 2016
- Sale price per unit for multifamily property, \$91,905 in 2010, \$159,007 in 2017 (+73%)
- Unemployment rate: from 6.8% percent to 5.7% between 2010 and 2016

High-Cost Sales 2016 Markets in the City of Chicago Tract,

CHICAGO CO

1 Rogers Park
2 West Ridge i Uptown
* Lincoln Square 5 North Center 0 Ljkt Vitw 7 Lincoln Park a Neal North Side '' Erirson Pari
10 Norwood Park
11 Jertelson Park
12 Forest Glen
13 North Park 1-1 Albany Falls
15 PolTage Park
16 Irving Park
17 Dunning
18 Montclne
19 ndinont Cragin
20 Heimos
21 Avondale
17 loean Scuni p 71 Ilumbolct Park J4 West Town 2S Austin
21 West Galf eld 1'd 77 Last Garfield Par 2H Nea: WeM Sid<> ?1 Nnrth l BwnH.lle 3U Soull LdWRtill: 31 Lower W't Sllis
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SOURCE: IHI CALCULATIONS OF DATA FROM COOK COUNTY RECORDER OF DEEDS VIA PROPERTY INSIGHT. RECORD INFORMATION SERVICES, COOK COUNTY ASSESSOR - SEE IHI 5 REPORT MAPPING DISPLACEMENT *PISSURI IN CHICAGO (HTTPS://WWW.HOUSINGSIU.DIES.ORG)

INSTITUTE FOR HOUSING STUDIES AT DEPAUL UNIVERSITY

12

Share of Population by Race/Ethnicity, 2016

■ white ■ black H Latino B Asian ■ Other

Share of Households by Income, 2016

■ Less than \$25,000 ■ \$25,000 to \$49,999 ■ \$50,000 to \$99,000 ■ \$100,000 or More

Introduced to City Council November 14, 2015

13

Given the evolution of Chicago's housing market, Mayor Rahm Emanuel determined that the City would benefit from having a new Department of Housing with capacity to address the various housing challenges across its 77 communities. That is why, in 2019, the City of Chicago will establish a Department of Housing focused on supporting access to housing as a core component of all neighborhoods. The new department will advance the ideas and strategies in this plan, creating a long-term institutional structure to address Chicago's unique and constantly-changing housing needs.

The Department of Housing will be a strategic agency, with a mission and capacity to set an agenda for housing in Chicago. It will be a partner to the development and advocacy community to bring new solutions and tools to the city's housing challenges, researching and testing innovative programs and policies that support access to housing across Chicago for all Chicagoans. In creating the new department, the City will strategic invest in increased capacity to achieve its goals, including a focus on research, policy and innovations that can continually strengthen policies and practices that create or maintain housing affordability for all residents.

Each affordable housing project requires a unique stack of incentives, including land, financing, tax credits and additional funding through statutory affordability requirements. The Department of Housing will be the entity to control such financing, coordinating across departments and leading the process. In this era of declining federal support, the Department of Housing will work to identify and secure new resources to support the strategies outlined in this plan.

It will offer a seamless City partner to the many public, nonprofit and private organizations dedicated to housing in Chicago. It will continue to leverage the full gambit of City resources, including vacant land and buildings, TIF, tax-exempt bonds, the funding and additional affordable housing units through the Affordable Requirements Ordinance and other resources required to create a variety of housing options for all residents of Chicago. The Department will ensure the City is upholding its commitment to providing affordable housing that is accessible to people with disabilities.

The Department will explicitly connect housing and community development in its vision and its work. With a broad, comprehensive neighborhood investment strategy, the Department will closely partner with other City departments and

agencies to coordinate its programs and projects with efforts around education, public safety, parks, economic development, and other elements of a healthy, vibrant neighborhood. The Department will work with local community groups to understand and meet the needs of the neighborhoods and implement housing plans that reflect the needs of the community.

14

Through all this work, the Department of Housing will be led by the guiding principles outlined in this plan. The City of Chicago implements a variety of policies and programs to address displacement, provide resources to preserve naturally occurring affordable housing, and support to neighborhood-based revitalization strategies to reduce racial and economic inequalities. The housing department will continue to pursue policies and processes to ensure Chicago has and implements an equitable development vision.

STRATEGIC VISION

The Five-Year Housing Plan celebrates Chicago's diversity, prioritizing housing options for people of a variety of incomes and backgrounds. To promote growth through equitable development and reduce the housing affordability gap, the 2019-2023 City of Chicago Five Year Housing Plan will:

- 1) Employ neighborhood-based housing investment strategies to address diverse community needs that range from markets facing gentrification to those struggling with disinvestment
- 2) Invest in affordable rental housing stock across all markets
- 3) Support housing options for Chicago's most vulnerable residents
- 4) Expand homeownership opportunities
- 5) Promote housing innovation, partnership and collaboration

Neighborhood-Based Housing Investment Strategies Strategically invest based on diverse community needs that range from markets facing gentrification to those struggling with disinvestment.

Every neighborhood in Chicago should be a community of choice, a place where people of diverse incomes and backgrounds can find the housing and amenities that suits their needs. In Chicago communities in the midst of a strong or rapidly appreciating housing markets that means creating new affordable housing options and protecting existing affordable housing opportunities despite high housing costs. In other neighborhoods, it can mean nurturing growth so housing and the surrounding community are inviting and appealing. To address the needs across the city, the City will employ multiple strategies that work in concert and are effective where deployed in each specific market.

15

Introduced to City Council November 74, 2015

The City will continue to work across departments and agencies to ensure there is an adequate supply of safe, accessible quality housing to accommodate the continuing growth of Chicago as a global city. It will use these strategies to ensure that communities across the city both attract residents who recognize all Chicago offers and retain those who have lived here for decades or all their lives. Neighborhood-based strategies are one of the City's tools to reverse decades-long segregation, encouraging equity in investment citywide and making all of Chicago a place that people of all

races can call home into the future.

Note that the neighborhood investment strategies in this section are divided among different market types, but many are effective in-and will be deployed across-these market types, typically modified to best suit conditions in the community. In high-cost markets, for example, the City's citywide approach to leverage private investment includes requiring private developments to set aside units for affordable housing, while in lower-cost markets a key goal is to induce unsubsidized private investment with targeted public investments.

A. In lower-cost markets experiencing decades of disinvestment, strategically invest to attract private capital while supporting market-based affordability for owners and renters.

Chicago's low-cost markets are the product of a legacy of segregation, redlining and disinvestment, and many are still recovering from the foreclosure crisis and significant population loss over the last decade. Chicago's rising housing market threatens displacement of long-time residents in gentrifying communities, but it can attract responsible private development in lower-cost neighborhoods, where a lack of investment has caused displacement as well.

Weak housing markets are typically limited by two interlocking factors: A lack of access to private capital because property values do not support new home construction or rehab, and low demand due to disinvestment and fewer local amenities. To help make Chicago's lower-cost markets true communities of choice, the City can invest in ways that reverse both sides of that twinned dynamic. The City will continue to work with and through local partners to invest in targeted development that builds on the existing assets in these neighborhoods to pave the way for private investment. This improved quality of life and new development will help to attract new residents. Repopulating these communities can create mixed-income neighborhoods that offer both new amenities for current residents and housing for young families, moderate-income workers and others who can find themselves currently priced out of a rising Chicago housing market.

1.1 Connect affordable housing with other comprehensive investments

Chicago's residents live in a neighborhood, not just a housing unit, and investment in housing alone in low-cost markets is insufficient. Families and individuals want to move to and remain in an area that offers shopping, green space, safe streets, good schools and more. The lower-cost markets that have seen population growth in Chicago are markets in which the City has undertaken a comprehensive investment strategy that builds community-layering new housing development with coordinated investments in retail, transit, schools, parks and other amenities.

The City will continue to intentionally connect housing and community-building strategies in lower-cost markets. These approaches require financial and operational coordination among government agencies, banks and financial institutions and private developers, and retailers. The Department of Planning and Development, Mayor's Office and the new Department of Housing will lead these efforts, including mixed-use development.

Attention and investment are more likely to have an impact and reach a critical mass when they are tightly targeted-hyper-investment in a section of blocks or portion of a community. The City will concentrate its limited housing and other community development resources to activate areas that are best poised to grow and to attract private development. The City will continue its Micro Market Recovery Program in communities across the city, coordinating local resources and partnerships with existing nonprofits and community leaders. It will also expand the program's capacity beyond foreclosure to target neighborhood-specific challenges. The City will also consider how to leverage catalytic investments and community anchors such as medical centers and strong commercial corridors in these targeted communities, as well as opportunities for transit-oriented development, including new high-capacity bus route TOD.

1.2 Target vacant and abandoned buildings for rehab

Empty and blighted properties depress local property values, attract crime and trigger a cycle of neighborhood disinvestment and deterioration and continue to dot the landscape of low-cost markets. Over the past decade, the City and its partners have pursued various strategies to acquire and rehab vacant and abandoned properties, particularly those impacted by foreclosure, into productive, affordable units. These programs include the pilot TIF Purchase-Rehab and the Troubled Buildings Initiative, which together have preserved over 17,000 homes.

The City will continue its commitment to these programs, including expanding the number of communities served by the TIF Purchase-Rehab program and collaborating with the Cook County Land Bank Authority and local partners on areas for strategic redevelopment. The City will educate and enable community partners on the existing tools and resources available to reclaim vacant and abandoned buildings, including court-ordered forfeiture processes, and work with partners to leverage existing acquisition and rehab funding sources. Across these efforts, the City will prioritize vacant or distressed one- to four-unit buildings, as outlined in Strategy 2.3.

1.3 Leverage affordable housing construction for economic and workforce development..

Programs to rehab buildings in lower-cost markets are also an opportunity to provide employment in the community. Affordable housing investments by the City can leverage capacity-building opportunities with construction jobs with local organizations and contracts to small and minority contractors or developers, building wealth in lower-cost markets. The City will continue to fund and expand programs like the Chicago Neighborhood Rebuild pilot program, which provides transitional jobs and training opportunities for at-risk youth and ex-offenders while rehabilitating vacant homes in low- and moderate-income communities, and the Community Receiver program, which transfers troubled and abandoned buildings to a smaller contractor or small-scale development partner for stabilization. Programs such as these need access to capital and to training to be effective and be best positioned to be brought to scale.

Spotlight Program Troubled Building Initiative.

The Troubled Building Initiative (TBI) targets vacant and occupied buildings that are distressed and a problem in the community. With a mix of available strategies, including court-ordered receivership, developer loans and grants, and lien management, TBI has recovered and preserved 17,000 housing units since inception in 2003. Overseen by the Department of Planning and Development, TBI is a coordinated response from multiple City agencies, departments, community partners and delegate agencies. The City will continue this successful program to coordinate with community development programs such as MMRP for a strategic and targeted response in neighborhoods.

1.4 Use vacant land as a resource to build new homeownership units

City-owned vacant land is a powerful resource for new and rehabbed housing in low-cost markets, providing property at low cost to developers of affordable housing, reducing blight and putting tax delinquent properties (or parcels) back to productive use. The City has programs and legal powers to acquire vacant lots and transfer them to responsible owners, and it will develop accelerated systems to identify appropriate properties that are abandoned or delinquent, as well as expedited procedures to clear titles and liens. The Cook County Land Bank Authority's (CCLBA) work to acquire and assemble land makes it an important partner in this work, and the City will continue to coordinate with CCLBA.

The City will explore a renewal of its Tax-Reactivation Program to strategically acquire tax-delinquent land and properties through the No Cash Bid process. It will continue to operate its Large Lots program, which has transferred vacant property to more than 1,200 homeowners who live on the same block, with another 2,000 lot transfers in process, as well

as City Lots for Working Families and Building Neighborhoods and Affordable Homes, profiled in the Spotlights in Section 4. Quality housing will be a priority in new development of vacant land, including mixed-income developments, which allow the real estate market in lower-cost communities to expand while serving as a hedge against gentrification in years to come. It should be noted that, while the City-owned supply of vacant land is much larger in lower-cost markets, the City will be strategic about using this resource to ensure housing choice, both rental and homeownership units, in all markets.

Introduced to City Council November 7-J, 2015

1.5 Market communities as neighborhoods of choice

Chicago is the rare city that has very strong local economic sectors as well as large sections of the city that are underdeveloped and wanting for investment. The reality of the quality-of-life and local amenities in many of Chicago's communities does not match a broad reputation of the city's lower-cost neighborhoods, and that will be even more the case as the investments outlined throughout this plan take hold.

Through its Micro Market Recovery Program (MMRP), the City and partners, guided by local stakeholders with the best understanding of local conditions, can market these communities to first-time homeowners, immigrant communities, investors, and new residents throughout the Chicago region and in housing markets around the country. Marketing campaigns can emphasize these markets' low housing costs, new housing and retail development, access to transit, historic sites, and access to Chicago's unparalleled civic assets.

Spotlight Program

Micro Market Recovery Program.

Launched in 2011, MMRP is a coordinated stabilization initiative for small geographic areas that are experiencing increased problems following the foreclosure crisis. The City of Chicago works with sister agencies and community partners to re-occupy vacant homes and allow existing residents to remain by connecting owners with home repair financial assistance, foreclosure counseling, and legal or technical assistance. Analysis by the Institute for Housing Studies shows that sales for single-family homes in MMRP areas increased at far higher levels than the citywide average and sales of two-to-four unit buildings increased in seven of ten areas, with nine of ten seeing much higher sale price increases than the city average. The program, is an example of the City's deep partnerships with nonprofit agencies and the outsized impact possible through a focus on specific areas in a community. Since inception, MMRP has reoccupied 667 properties and 2,077 units of housing.

B. In moderate-cost markets that are facing gentrification pressure, identify new ways to create affordability and protect existing residents against displacement.

As Chicago's economy grows stronger, moderate-cost markets are attracting new households, investors and developers. Prices for single-family homes have risen 50 percent in moderate-income communities in aggregate from the bottom of the housing market to 2017, an rate even higher than in the city's high-cost communities. In gentrifying sections of these moderate-income communities, the market is rising even faster, and this pressure can destabilize established working-class communities and displace long-term residents.

1.6 Proactively preserve affordable housing when it is threatened.

Preservation is often a more efficient and cost-effective strategy to preserve rental affordability than new construction. Existing properties in moderate-cost communities often sell quickly in an active market, however, and traditional government sources of financing such as Low Income Housing Tax Credits are complex and slow-moving, creating

challenges for mission-driven and nonprofit developers who compete for the properties. The City will work with its partners to continue and expand programs that allow developers to acquire buildings and lock in affordability.

Spotlight Program Preservation of Existing Affordable

Rentals (PEAR).

PEAR protects small and medium-sized naturally occurring affordable housing buildings in communities with rapidly increasing property values. Through PEAR, a building's new owner can refinance private sector debt at below-market rates for a commitment to keep at least 20 percent of the units affordable to tenants earning up to 80 percent of area median income over a 30-year term. Launched in 2018, PEAR has been used by mission-driven developers with vacant or foreclosed buildings, but it also can provide affordable financing that allows small developers to invest in their community while maintaining affordable housing.

The City will expand the new Preservation of Existing Affordable Rental (PEAR) program, a flexible refinancing tool leveraged best when combined with private capital, to help keep rental units affordable over the long-term. Acquisition funds noted in Strategy 1.13 for high-cost markets can be utilized in moderate-income communities, as well, and expanded strategies for the Chicago Community Land Trust in Strategy 4.5 can also be an important resource for protecting and expanding affordability in moderate-income markets. Once the property is acquired, developers can support affordability with rental subsidies such as Housing Choice Vouchers, Project-based Vouchers or the Chicago Low Income Housing Trust Fund.

For government-assisted projects, proactively preserving affordable rental housing means coordinating with HUD and other agencies to identify and preserve affordable buildings before they reach the end of their affordability terms, at which point the property could be sold in the private market and the affordable units lost in an area that needs them. The City will also explore working with HUD to provide continued support for the preservation of cooperative housing entities and other forms of shared equity housing:

Introduced to City Council November 14, 2018

1.7 Provide local partners with resources to address displacement-

Community partners are a critical resource in empowering residents by taking a lead in implementing initiatives that educate them about the tools and resources available to prevent and avoid displacement. The City will continue to fund the extensive-network of partner agencies to educate tenants about their rights; provide homebuyer and credit counseling to first-time homebuyers; ensure that residents have access to information on all applicable City programs; and continue to identify opportunities for collaboration between mission-driven developers and community-based organizations.

1.8 Help existing homeowners and small landlords keep their homes

Long-term owner-occupants in gentrifying markets can find it difficult to remain in their home due to rising costs, such as property tax assessments that increase with sharply rising local real estate values. Many long-term homeowners report receiving regular visits from developers looking to purchase their homes for cash. For those who would rather stay in the community and in their home, the City and its delegate agencies provide critical resources that assist thousands of low- and moderate-income families and seniors in gentrifying and lower-cost neighborhoods. Strategy 4.3 of this plan outlines approaches the City provides across the city, including home repair grants and post-purchase homeownership counseling to help owners manage expenses.

Spotlight Program 606 Bloomingdale Trail Home Improvement Program. Although it celebrated as a community amenity, as the opening of the 606 Trail increased property values for nearby homes, some long-time residents were put at risk of displacement. Through this program, which was announced in 2018, owner-occupants of one- to four-unit properties along 1.5 miles of the 606 can receive forgivable home improvement grants of up to \$25,000, providing financial relief to homeowners earning up to 120 percent of area median income and allowing them to remain in their homes. The

program could serve as a model for other communities experiencing similar property value pressures.

Recognizing the specific market forces in gentrifying neighborhoods, the City will also target specific programs or incentives in these communities by replicating efforts such as the 606 Bloomingdale Trail Home Improvement Program and, as discussed in Strategy 5.6, continuing to work with the Assessor's Office to solidify property tax incentives for affordable housing. The City will also consider incentives to homeowners in gentrifying neighborhoods who opt-in to the Chicago Community Land Trust, agreeing to maintain the property as affordable in perpetuity.

1.9 Create affordable housing through Accessory Dwelling Units (ADUs)

The City will identify options to leverage building codes or zoning to create affordability through accessory dwelling units (ADU), which is an additional housing unit added to an existing property such as basement or attic conversions, "in-law" apartment units, garage or coach house conversions, or new construction. ADUs can offer relatively affordable housing for tenants and can help moderate-income families become homeowners with the additional income. The permitting for an ADU could also be contingent on affordability requirements for renters. The City will work with partners to explore cost-effective, safe strategies or policy adjustments to increase this supply of housing, including new mandated and natural occurring affordable units.

1.10 Build new affordable rental housing

The City will ensure that as moderate-income communities attract new development, affordable rental housing is included in the mix. As with high-cost communities, this can include regulations and incentives that include affordable units in new private developments to mitigate displacement, such as is required under the Affordable Requirements Ordinance. More land is generally available in moderate-cost communities than in more expensive markets in the city, allowing more opportunities to build subsidized affordable rental housing in gentrifying communities, as well. These can include senior housing to allow aging residents to remain in a changing community and buildings with two- and three-bedroom units to accommodate local families, apartments of a size that are currently underserved by most current market-rate apartment developments. City-owned vacant land is an important resource for this strategy.

C. In high-cost markets, the City will create and preserve affordable housing units to expand housing choice and protect existing residents from displacement.

No housing market in Chicago should be exclusively available to high-income households: The benefits of the city's high-

cost neighborhoods, from schools to employment to quality-of-life, are an important resource for all families. Cities thrive when diversity is woven into every community, allowing all residents the opportunities to reach their potential. As Chicago's high-cost markets continue to attract new residents and development, the City of Chicago will support the preservation of existing affordable units as well as collaborate with partners to create new affordable units. This includes leveraging existing private market activity and providing tools, incentives and resources to existing owner-occupants and buyers to prevent displacement.

1.11 Leverage private capital and incentivize the-market for affordable housing.

Affordable housing development can and should be shared throughout all corners of Chicago, and the City will work with elected officials, mission-driven and nonprofit developers, and other government agencies to build new units in high-cost markets. Yet, property is expensive in these communities- prohibitively so in some parts of the city-and less land is available for purchase. The City of Chicago has found creative methods to mitigate these factors. New private developments are required to set aside units for affordable housing under the Affordable Requirements Ordinance (ARO), for example, and City funding is available as an incentive to include affordable units when a developer is buying, refinancing or renovating existing rental buildings.'

The City will continue to utilize the ARO to create new affordable units in strong housing markets and leverage strong markets to generate much-needed funds to develop affordable housing and programs across Chicago. The City will continue to look at ways to target the ARO's impacts to specific neighborhood and market conditions but will do so in a way that both balances market activity with community benefit and preserves the ARO's original purpose: leveraging the strength of the housing market to create affordability.

The City will continue to use its funds to incentivize private, corporate, philanthropic and other government sources. It will test and implement innovative options to add affordability in high-cost neighborhoods, including exploring new ways to leverage the City's tax-exempt bond capacity to provide low-cost financing to mixed-income rental developments, such as "80-20 projects," which are primarily market-rate buildings but hold 20 percent of the units to be affordable, and the Opportunity Investment Fund, which supports rental projects that would not otherwise be feasible.

Spotlight Program Affordable Requirements Ordinance (ARO). The ARO requires developers that receive zoning increases, land or financial support from the City for residential properties of more than 10 units to either set aside a percentage of the units for affordable housing or pay an in-lieu fee to the Affordable Housing Opportunity Fund. In 2015, the City modified the ARO to establish three city zones, raise the in-lieu fee in high-cost and the downtown zones, and offer an option to provide comparable affordable units within two miles of the subject properties and in the same zone or downtown. A 2017 pilot program further changed those parameters by increasing the developer requirements along the Milwaukee Corridor and in the high-cost Near North Zone. The Near North Pilot also allowed a percentage of required units to be built in the adjoining Near West Zone. From its inception in 2007 through the first quarter of 2018, the ARO created 596 units in strong housing markets and generated \$83 million for the Affordable Housing Opportunity Fund.

12 Proactively preserve existing affordable housing units

Existing affordable units in Chicago's high-cost markets are an important resource to be preserved. The City will continue to support owners and managers that maintain affordable housing in these neighborhoods, including existing single-room occupancy buildings, and explore how to expand resources and incentives for preservation. The incentives in Strategy 1.11 are also available for developments that preserves existing affordable units in buildings undergoing rehab or for buildings whose affordable subsidies are expiring, as outlined in Strategy 2.2. Programs for gentrifying communities that support long-term homeowners and small landlords, outlined in Strategy 1.8, can also be applicable for households in high-cost communities, ■ and the City will work with nonprofit and community-based organizations to provide this support to low- and moderate-income families. The City will also continue to investigate and adjudicate complaints of discrimination in renting, which disproportionately impact low-income residents, particularly those with Housing Choice Vouchers.

13 Use acquisition financing to meet the challenges in

13 high-cost markets

To allow mission-driven developers to compete for properties with the speed of the private market, noted as a factor in the moderate-income section, the City will work with its partners to develop new sources of acquisition funding for nonprofit and mission-driven developers or others interested in maintaining a community's stock of affordable housing. The City could work with existing-1-4 Acquisition Pools or loan programs offered by CDFIs or other financial institutions to provide money for purchase as gap financing for developers interested in maintaining or creating affordable housing—a complementary tool for an acquisition fund to match the speed of the market.

As buildings reach the market, mission-driven and nonprofit developers can use this reliable source of quickly deployable acquisition financing or line of credit to compete to purchase a property. Single-family homes can be rehabilitated and sold to first-time low- and moderate-income homebuyers with long-term affordability requirements, and two- to four-unit or larger multifamily buildings can be maintained and managed by mission-driven developers.

The Chicago region has seen a substantial loss in affordable rental units since 2012—approximately 26,000 units, or more than 10 percent of the stock, according to the Institute for Housing Studies at DePaul University. In low-cost markets with low values, property owners struggle to maintain their buildings in good condition, and affordable rental housing is lost when buildings fall into disrepair. In markets with higher values, soaring rents have swept into more neighborhoods, shrinking the affordable supply and making it more challenging for low-income families to remain.

25

Introduced to City Council November 14, 2018

More than 56 percent of Chicago households are renters, and homeownership is not desired or financially feasible for many families. Affordable, safe and desirable rental housing is a bedrock of communities and Chicago as a whole. Yet many neighborhoods are still feeling the impact of the housing crisis that began in 2008, including the loss of two- to four-unit buildings, deferred maintenance, and foreclosures and vacant buildings. The City has worked to address the consequences of the decline in market values and capital for investment.

The City has a long and strong track record of working closely with government partners such as the Chicago Housing Authority and Illinois Housing Development Authority, and with local lenders and Community Development Financial Institutions to fund affordable rental housing projects across the city. An equally strong network of affordable housing developers works to ensure the construction and long-term success of these units.

Spotlight Program Opportunity Investment Fund.

A new developer incentive program targeted to high-cost markets, the \$30 million Opportunity Investment Fund provides low-cost loans to both for-profit and nonprofit purchasers of multi-family buildings in exchange for the buyer's commitment to make at least 20 percent of the units affordable to households earning up to 50 percent of the area median income. Run by the nonprofit Community Investment Corporation, the program is offered in higher cost markets with proximity to jobs, transportation, and other community amenities. The fund is expected to help create 1,500 mixed-income units, with 300 of those units preserved as affordable.

Invest in Affordable Rental Housing
Create and preserve dedicated affordable housing units across Chicago's neighborhoods.

2.1 Continue to invest in affordable rental housing

The City of Chicago will continue to add to the stock of affordable rental housing available throughout the city. This goal is reached through partnerships with nonprofit, private and government entities and a mixture of funding sources, and the City's contributions leverage other funds. The Department of Housing will explore opportunities to make its resources have a larger impact. That may include revising the Qualified Allocation Plan (QAP) to offer more frequent tax credit rounds and to implement set-asides for supportive housing and special housing needs, as well as an expanded use of the tax-exempt bond cap and 4% Low Income Housing Tax Credits.

Public housing is a critical need in Chicago, and the Department of Housing will coordinate and leverage resources with partners such as the Chicago Housing Authority (CHA) and the Illinois Housing Development Authority (IHDA). The City will continue to support and coordinate with CHA's Plan Forward, including how to best utilize DOH and CHA's resources to advance affordability goals throughout the city. The City will continue to work with IHDA to ensure that the Illinois Affordable Housing Tax Credits, bond cap and Low Income Housing Tax Credit allocations are effectively leveraged. Working together, the City, State and CHA can extend the number and reach of affordable rental housing in the City.

26

2 Preserve existing government-assisted affordable rental housing

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Building owners who develop and manage affordable rental housing using a government subsidy agree to maintain affordable rents for a set period of time, typically 15 to 30 years, in exchange for the federal funds. When the agreements expire, owners can either renew their affordability agreements or convert their properties to market-rate units. Given the cost and time needed to develop new affordable units, preserving existing affordable rental stock is cost-efficient and effective. The City will continue to work with partners to proactively monitor federally assisted properties that are nearing the end of their affordability restrictions and collaborate on strategies to maintain the properties as affordable. The City will look at new strategies to promote long-term affordability, including ground leases, extended-term covenants and permanent affordability, both at the time of project development and recapitalization.

The City will continue to implement the City's Affordable Housing Preservation Ordinance and work with building owners, community groups and The Preservation Compact Interagency Council to monitor properties and coordinate efforts to preserve this existing stock.

3 Prioritize preservation of two- to four-unit properties for homeownership and rental use

27

Introduced to City Council November 14, 2018

Small buildings with 2-4 units are a critical components of Chicago's housing market, comprising 35 percent of the City's overall rental housing stock, more than any other type. These properties are a source of both much of the naturally occurring affordable rental housing in the city and many of the rental family-sized, two- and three-bedroom apartments. Chicago lost more than 20,000 units in two-to four-unit buildings from 2010 to 2016, significantly more than any other housing type. The City will work to creatively target preservation of this important housing throughout the city, which will retain the historic flavor of many communities and return an important asset to productive use. For some residents, two- to four-unit buildings can provide a path to homeownership and/or financial security because of the financial opportunities from earning rent and from financial incentives for purchase in exchange for long-term rental affordability.

Spotlight Program

Preservation Compact Interagency Council.

The City of Chicago has participated in the Preservation Compact's Interagency Council since it was founded in 2008, along with government agency staff from the federal, state and county levels and partners including the Chicago Housing Authority and tenant advocacy groups. Together, the Council works to identify, evaluate and coordinate preservation strategies for publicly funded properties at risk of being lost. Housing stock at risk is more likely to be saved when agencies communicate regularly. Since 2008, the City has worked with Compact partners to help preserve and ensure ongoing affordability in 50 properties with 5,000 rental units originally provided with scarce government resources.

2.4 Reduce operating costs for owners of naturally occurring affordable rental housing stock

Landlords of affordable multifamily rental properties who are facing rising operating costs may find themselves required to raise the rent or in some cases even be forced to sell the building or face foreclosure, particularly small local owners. These costs can include maintenance and repairs; heating, water and electricity utility costs; and rising property taxes. The City runs or supports programs that can reduce these expenses for rental operators, similar to or part of programs for homeowners in Strategy 4.3, including programs that contribute to lower energy usage and enhanced sustainability in the city by reducing energy usage. The City will continue these programs and other strategies to reduce operating costs, which can be particularly effective when paired with rental subsidies for affordable units, such as project-based vouchers, tenant-based vouchers and the Low-Income Housing Trust Fund.

Across all markets in the region, owners grapple with rising property taxes, often a large and unpredictable expense. The City will work with the Assessor's Office and partners to pursue property tax relief for owners of multi-family properties who undertake rehab or new construction and agree to hold rents in a percentage of units at a level affordable to households at or below 60 percent of AMI.

Chicago has 300,000 vulnerable citizens-including low-income seniors, people experiencing or at risk for homelessness, people with disabilities and families in extreme poverty-and a need for more than 10,000 additional units of housing to fully address their needs, according to The Chicago Continuum of Care. The City of Chicago is committed to ensuring the necessary resources are available to ensure a place to live for those for whom housing can be particularly difficult to obtain. This can range from immigrants without full documentation to the thousands of individuals with mobility disabilities living in our city.

Providing housing for the most vulnerable is a mission that brings in many partners, dedicated to specific populations and with specific expertise or resources. An important part of the City's role is coordinating and collaborating with this large field of organizations and agencies to establish the best, most efficient use of resources.

Investing in Housing Choices for our Most Vulnerable Residents Protect our most vulnerable residents and help households access and afford quality housing options. •

1 Expand the Low-Income Housing Trust Fund

Chicago's Low-Income Housing Trust Fund (LIHTF), established in 1989, supports households that have an income of less than 30 percent of the area median income. The fund subsidizes renters in more than 2,700 properties, 58 percent of

whom are formerly homeless and special needs populations. Its investment program provides funding for affordable housing development for these vulnerable citizens, including the very lowest income households, and is an efficient resource with minimal staff and overhead.

The City will explore how to expand the funding available to the LIHTF, which is currently supported by in-lieu fees from the Affordable Requirements Ordinance and the Illinois property recordation fee. With an expanded corpus, the LIHTF would be able to work from a consistent annual budget and reach goals that include greater presence in gentrifying neighborhoods and new developments that are linked to social services and offer physically accessible amenities. The LIHTF will increase its investments in communities across the city, including Latino communities, which have been underserved, and expand its service for programs that serve Latino residents. As a nonprofit fund, the LIHTF can be supported by philanthropic, corporate and individual giving, as well as government investment, and the Trust Fund will explore ways to convert this flexibility into expanded funding.

2 Provide robust resources to serve the homeless and

2 those in danger of homelessness.

Spotlight Program

Flexible Housing Subsidy Pool. The

Chicago Continuum of Care (CoC) is a membership organization of organizations and individuals working to prevent and end homelessness with a coordinated, comprehensive approach. Its Flexible Housing Subsidy Pool (FHSP) quickly houses and provides supportive services to some of Chicago's most challenged homeless populations: frequent users of crisis response systems including emergency rooms and the criminal justice system. FHSP creates a mechanism to unify administrative and service practices for public and private funding sources that are often siloed. The program streamlines approval, adds units citywide to the homeless housing inventory and manages the housing process from beginning to end-including intensive case management, housing navigation and permanent supportive housing. FHSP, started in 2018, brings together an unprecedented partnership that includes the Chicago Housing Authority (CHA), the Chicago Department of Family and Support Services (DFSS), the Chicago Department of Public Health (CDPH), the Chicago Department of Planning and Development (DPD) and planning partners the Corporation for Supportive Housing, Cook County Health and Hospitals System, University of Illinois Chicago Hospital and Health Sciences System, and Illinois Public Health Institute.

Introduced to City Council November 14, 2015

The Continuum of Care (CoC) Housing Pipeline Workgroup, through a thorough needs analysis, has determined that 4,200 units of supportive housing and 4,500 units of tenant-based transitional rental assistance are needed in Chicago. The City of Chicago has committed to securing an additional 1,600 units for the chronically homeless through the CoC, which includes a goal of 600 new units of supportive housing through the housing department over the next five years to best target its investments. The City will continue to utilize the partnership to expand its commitment to these issues, including ongoing support of the CoC's Flexible Housing Subsidy Pool. The City will also strengthen and clarify the relocation assistance requirements under the SRO Preservation Ordinance and coordinate the preservation of housing for special needs populations with the CoC.

3.3 Connect social services with housing.

Supportive housing allows people with specific needs to improve and redirect their lives. Research has shown that housing with health services is proven to help the chronically homeless stay housed, and other supportive housing sites offers services dedicated to people with disabilities, individuals with mental illness and/or substance abuse issues, the

elderly, and others. Specific populations such as underage single mothers and the formerly incarcerated can use dedicated transitional housing facilities to move to self-sufficiency.

Spotlight Program MOPD Accessibility Plan Review and Permitting The Mayor's Office for People with Disabilities (MOPD) plays a critical role in ensuring that Chicago's housing infrastructure is compliant with federal, state and city accessibility codes. It offers optional preliminary plan review to architects and developers for accessibility compliance prior to submitting their plans for permit. MOPD permits plans for both new construction and rehabbed housing that meets the housing accessibility requirements of the Fair Housing Act, Illinois Accessibility Code, Rehabilitation Act and the Chicago Building Code. MOPD also provides ongoing technical assistance to architects, developers, businesses and the public on housing accessibility requirements and strategies for achieving compliance. In 2017, MOPD responded to 2,451 requests for assistance and has fielded 12,526 requests for assistance since 2014.

These programs require special planning and in some cases more resources than other types of affordable housing, but they are essential to thousands of Chicagoans and make a marked difference in their lives. The City will maintain and add to Chicago's stock of housing that meets these needs.

3.4 Support partners in advocacy and organizing around housing and services.

Citywide and community-based organizations in Chicago provide local community education and organizing efforts that support low-income renters as they organize to preserve affordable rental housing and advocate on behalf of improved housing conditions. The City will continue to support and leverage the important work of these organizations and delegate agencies to support vulnerable populations.

Spotlight Program SRO Preservation Initiative Single-room occupancy (SRO) buildings provide affordable housing opportunities across the city. Passed in 2014, the Single-Room Occupancy Preservation Ordinance requires property owners to notify tenants and the City of Chicago 180 days before sale or transfer of the property and must allow a buyer intending to maintain the building as affordable housing to tender an offer to purchase the property. DPD supports these preservation efforts through investment and various financing mechanisms, including the City's SRO Preservation Fund. The City's SRO Preservation Fund has maintained affordability for more than 1,360 units by working with nonprofit and mission-driven developers to acquire, preserve and/or rehab 11 SRO properties. To make this possible, the City has invested more than \$30 million on these buildings, leveraging more than \$100 million in private resources.

3.5 Maintain and provide housing for vulnerable populations

The City and its partners will continue to provide affordable housing programs that meets federal, state and city accessibility laws and codes and supports integration and inclusion, and the Department of Housing will continue to work with the Mayor's Office for People with Disabilities (MOPD) and their delegate agencies to enable the target populations to access existing and new units. The City will leverage funding available for senior housing and explore expanded strategies that allow seniors to age in place, such as funding and assistance to modify their homes with "universal design" elements. MOPD will look to expand its home medication program that allows low-income individuals with mobility disabilities to stay in their homes. The City will be responsive to the growing immigrant population, including those households with ITINs. It will support, explore and advocate for programs that provide transitional housing for citizens returning from incarceration.

For all these programs—as well as those that support very low-income households and those experiencing or at risk of homelessness—the Department of Planning and Development and the Department of Housing will deepen and widen its collaborations with social service agencies, philanthropic organizations, city, state and county agencies, and others. Blended funding, coordinated program operations and cross-sector innovation are hallmarks of successful transitional and supportive housing programs. The capacity to plan, build and maintain subsidized housing for households under 30 percent of area median income requires close collaboration as well, and the City will work closely with CHA and other partners to target that population.

Real estate ownership allows a household to support and share in a neighborhood's growth and development. It can be a route to building wealth for residents in lower-cost communities and with the right support can enable residents of moderate cost markets to remain as rents rise. Citywide, however, the number of households in owner-occupied homes has fallen over the last decade or more by 8 percent, reflecting a nationwide trend in the wake of the Great Recession.

Although foreclosure rates in Chicago have returned to pre-recession levels, the impact of the wave of foreclosures is still felt, particularly in lower-cost markets and in the condo market.

Single-family home prices have been increasing across market types in Chicago, most strongly in lower-cost and moderate markets, and mortgage lending activity remains low. The City of Chicago has strategies to maintain and expand affordable homeownership across the city. It is also committed to exploring partnerships and innovative programs that can address the changing marketplace's impact on maintaining Chicago's historic working- and middle-class population, with a particular focus on workforce housing and opportunities for younger buyers.

Introduced to City Council November 14, 2018

Expand Affordable Housing

- **Provide support for more households, to become homeowners in markets across the city.**

Spotlight Program Building Neighborhoods and Affordable Homes A pilot program for Chicago neighborhoods where the housing market is still recovering, the Building Neighborhoods and Affordable Homes (BNAH) program builds on other major developments and investments in the targeted neighborhoods and transforms empty lots to new homes. BNAH offers eligible residents financial assistance to buy a home built through the City Lots for Working Families program, which provides vacant, City-owned lots for \$1 each to developers of affordable single-family homes. The program is available to homeowners at or below 140 percent of average median income, and affordability is locked in for 10 years. The program is modeled on the City's successful New Homes for Chicago program, which created and sold more than 1,100 new homes before the housing crash halted market-rate housing construction.

4.1 Promote continued growth by continuing production of new for-sale housing.

Chicago must have a supply of homes that are affordable to its working families, including middle-class families and recent college graduates, in a variety of neighborhoods. As Chicago continues its growth as a global city and attracts new companies and workers, the supply of for-sale housing must keep pace with this demand. Prices are continuing to increase, often at a higher rate than wage growth, and inventory is moving slowly, as some homeowners are reluctant to sell, underwater on their mortgage or feeling locked into a lower interest rate.

The City commits to continuing to encourage production of new affordable and middle-income for-sale housing. The City will leverage production of affordable for-sale units with implementation of the ARO and with strategic disposition of vacant land through initiatives such as Large Lots, City Lots for Working Families, and Building Neighborhoods and Affordable Homes (BNAH) programs.

4.2 Support home buyers and homeowners through education and counseling

The City will partner with its Housing Delegate Agencies and other community-based organizations to continue education and counseling for potential and existing homeowners. These efforts include classes on the pre-purchase process, one-on-one counseling and support, and post-purchase advice on financial and other aspects of homeownership.

The City will work with its partners to make it easier to understand and participate in affordable homeowner programs. From homeowner financing requirements to how to sign up for a program, affordable housing programs can be diffuse

and complex. Communications and marketing are critical to ensure potential participants are aware of what is available and are able to fully participate, and the City will explore how to compile homebuyer information on an online one-stop location. The City will work with new partners and information outlets, including faith-based organizations and other grassroots groups, to reach out through community networks and in multiple languages.

32

4.3 Work with Lenders and CDFIs to improve access to capital for prospective homeowners.

Access to capital is a significant barrier to many households interested in purchasing a home. Additional financial supports can help to preserve the current housing stock, stabilize some lower-cost markets and support a pathway to homeownership for Chicago residents.

The City will continue to encourage financial institutions to expand their neighborhood lending practices to support our collective goals. That includes lending directly to homebuyers in lower-and moderate-cost markets. It also means continuing to invest in local CDFIs who are well positioned to leverage and deploy private in underserved markets and offer affordable purchase and purchase-rehab products to buyers. The City will also continue to implement its variety of affordable mortgage and down-payment assistance programs, such as the Neighborhood Lending Program, TaxSmart, Chicago Homebuyer Assistance Program, and Building Neighborhoods and Affordable Homes.

The City will also explore opportunities to widen the range of buyers. Working with universities and policy organizations, the City will keep itself apprised of current conditions in the mortgage market by housing type, community and borrower income. It will work closely with local housing counseling agencies and lenders, expanding possibilities such as targeted purchase price assistance products or increased incentives in its neighborhood-based investment strategies. The City will also explore issues such as borrowing limitations due to ITIN status, revising lending standards to recognize rental income from two-flat buildings, and, if/when the bond market is amenable, developing Mortgage Revenue Bond Programs for down payment and closing cost assistance for moderate-income homebuyers. Across these programs, it is critical to ensure new buyers are fully capable of financially maintaining successful homeownership.

Spotlight Program

Homeowner Assistance Programs. The City administers a variety of programs to support existing homeowners in maintaining their home. Since 2014, the Emergency Heating Repair Program has provided \$3.7 million in City grants to low- and moderate-income owner-occupants of one- to four-unit residential buildings to assist them with emergency heating system repairs during the winter season, helping more than 750 households. The City also supports programs such as energy retrofit programs for the Chicago Bungalow Association (\$12.2 million to help more than 2,500 households) and the Roof and Porch Repair Program (\$19.1 million to help more than 1,800 households).

4 Provide assistance for homeowners facing increasing costs to stay in their homes,

Homeowners can be in danger of foreclosure due to a temporary loss of income or increased costs, from one-time repairs to ongoing higher operating expenses. Support can include energy retrofits and housing rehab-green solutions that save money-and funding for repairs that allows a family to remain in home while also improving the aesthetics of the community. The City will ensure that buyers or owners have access to capital for rehab and home repairs, including expansion of the TIF Purchase-Rehab program to new markets, as outlined in Strategy 1.2. The City will continue to invest in homeowner assistance through initiatives such as its Heat, Roof and Porch initiative and TIF-NIP repair programs. >

5 Expand the strategies of the Chicago Community Land Trust

The Chicago Community Land Trust (CCLT) was founded in 2006 and has focused to date on single-family homes and condominium units that have been acquired and rehabbed with City-funded subsidy programs or created through the ARO. As property is transferred to private owners, the CCLT uses deed restrictions to ensure long-term affordability. The CCLT also has stewardship programs, including regular workshops, monthly newsletters and help for owners to secure reduced property taxes.

Spotlight Program Renew Woodlawn Focused on a 16-block designated area of the Woodlawn community. Renew Woodlawn offers grants and down-payment assistance to help qualified buyers purchase and renovate one- to four-unit vacant property. Working with community partners, Renew Woodlawn actively acquires vacant and abandoned homes to facilitate their rehabilitation for homeownership. The program also provides financing and counseling for homebuyers, technical assistance for property rehab, and support for developers who sell to new owner occupants. Renew Woodlawn is a model for how to revitalize blighted properties and leverage investment in conjunction with other programs such as MMRP. To date, 45 vacant properties have been acquired and 34 new homeowners created under Renew Woodlawn.

The CCLT will expand its mission and operations, including proactively acquiring and holding land and residential properties in gentrifying communities to preserve existing affordability and expand the available options for residents impacted by rising homeownership costs who want to remain in their homes and neighborhoods for the long term. When housing prices were in deep decline after the housing crisis, these capacities were not in high demand. In today's rising market in Chicago, they provide a number of benefits for long-term affordability. The CCLT could also transfer properties to local development partners for development and/or preservation as affordable housing, reducing or eliminating developer acquisition costs and securing long-term affordability through deed restrictions or ground leases.

In addition to expanding the scope of the CCLT, the City will work closely with other community groups and nonprofit developers to explore partnerships with neighborhood land trusts who have similar goals. To achieve collective goals of affordability in moderate-cost neighborhoods, the City and these groups will explore how to align interests and communicate effectively while still allowing for an efficient process and local control.

Innovation and Collaboration

Focus on leadership, collaboration and equitable development for Chicago's future. •••

To accomplish the goals of this plan, the City of Chicago will continue to be a leader and innovator around affordable

housing, working with partners to advance shared goals. The Department of Planning and Development and the Department of Housing are better able to fulfill their mission by promoting strategies that have a broad impact on their and their partners capacity to succeed. The new Department of Housing will have expanded capacity for research, policy and innovation, working on new approaches to achieve the collective goals of the City and its many housing partners.

5.1 Coordinate efforts around housing

Nearly every strategy cited in this plan works in conjunction with agencies and organizations beyond the Department of Planning and Development-many in deep collaboration. Planning and working closely with both internal and external partners will be a fundamental organizing principle for the City as it establishes the new Department of Housing and implements this plan.

The Department of Housing will align its work, strategies and investments with agencies implementing other plans that intersect with its affordable housing goals, including but not limited to the CHA's Plan Forward, Chicago's Plan 2.0 to End Homelessness, Healthy Chicago 2.0, and Chicago's Climate Resilience Plan. The Department will be responsible for directing affordable housing deals and will coordinate efforts with agencies to align investment strategies, leveraging resources and tools across departments in a smooth and efficient manner to ensure affordable housing projects move forward.

35

Introduced to City Council November 14, 2018

The City also recognizes the key role played by its partners, including private owners' and developers, financial institutions, nonprofit development corporations and community organizations, shared-equity housing cooperative entities, philanthropic foundations and more. These organizations are connected to or are the primary drivers of everything from assembling land to homeowner counseling, from providing supportive services to construction of mixed-use developments. Clear communication and coordination make it possible for collaboration that is at its most effective because each organization can contribute what it does best.

5.2 Connect housing with health

There is increased recognition of the intersection between housing and health. Poor housing conditions, the lack of stable and supportive housing for vulnerable populations, and housing cost burdens are associated with a host of social ills. These include detrimental physical, social and developmental effects on human health, from asthma to mental health to cardiovascular disease. Inaccessible housing has health implications as well. Healthy Chicago 2.0, the citywide four-year plan to promote health equity, presents strategies to create and maintain affordable, safe, healthy, accessible and supportive housing.

The Department of Housing will work with the Department of Public Health to lead collaborations in healthy housing. It will pursue strategies to better understand the health impacts of housing policy, including increasing housing opportunities for vulnerable populations, mitigating existing health hazards in homes, and understanding how healthy standards are applied to new developments. By bringing new partners to the table, the City will also explore how this connection can leverage more financial support for affordable housing. That includes developing investment options for a new mix of funding partners, including hospitals and health care providers, foundations and other organizations that recognize that housing is crucial to health.

5.3 Expand the tent to highlight connections and build new partnerships

Over the past decade, research has shown that access to quality affordable housing can strengthen families and revitalize communities. Housing provides value well beyond shelter. In addition to impacting mental and physical health, housing can improve school performance and build stronger economic foundations for families. It plays a powerful role in issues such as criminal justice, public safety, environmental sustainability and more. The City will work with key stakeholders at the community, citywide and regional level-including members of the corporate, lending, and philanthropic communities-to highlight the impact of housing on these critical issues, explore new initiatives, and bring new resources to efforts to build, protect and maintain affordable housing throughout Chicago.

For example, the City adopted ambitious, innovative sustainability goals in 2017 that require City-funded projects to achieve high standards of energy efficiency and sustainability, such as on-site stormwater management strategies, location near transit and green roofs. The City continues to refine its Transit Oriented Development (TOD) incentives to create incentives to build near transit, reducing both the volume of greenhouse gases emitted and the costs of owning a vehicle for renters and homeowners. Projects near transit stations that provide affordable units on-site are eligible to build larger buildings under certain circumstances, to encourage TOD construction.

4 Strengthen the capacity of Chicago's vibrant affordable housing network

Local nonprofit partners such as community development corporations, housing counselors, community-based organizations and others are an invaluable resource in developing and maintaining affordable housing in Chicago. The City will help provide the information, technical assistance and funding to ensure these organizations, many of which operate under tight budgets, have the capacity to be robust conduit of information and services for residents. The city's network of Community Development Financial Institutions is also an important resource for Chicago, and the City will be an ally as they continue to innovate and leverage increased amounts of private capital to the affordable housing market, particularly to small, local, mission-based and nonprofit developers.

The City will also invest in the infrastructure that supports small nonprofit and community-based housing developers and owner-operators working in moderate- and lower-cost markets. This may include technical assistance and training and bulk rate purchasing for cost savings on materials. By improving the capacity of these organizations and companies, the City can help build local wealth and economic health in low- and moderate-income communities.

5 Assess fair housing in Chicago and act on the findings

The City, including the Commission on Human Relations, will work with Cook County, the Chicago Housing Authority and other regional authorities to conduct a regional analysis of fair housing issues, including racially concentrated areas of poverty, disparities in access to opportunity, accessibility, and disproportionate needs in housing. The assessment will include an existing conditions analysis, progress on action steps from previous Analysis of Impediments, extensive community engagement, and a comprehensive goals and strategies document addressing the fair housing issues identified.

The City is committed to an analysis that will address patterns of segregation with an emphasis on groups identified as protected classes under the Fair Housing Act, including those that have impacted low- and moderate-income persons and communities of color throughout the region. The City will demonstrate that its investments going forward affirmatively address these patterns and will report these investments through the quarterly housing plan updates.

Spotlight Program

Property Tax Legislation A collaboration of local partners is advocating for a new state property tax incentive to provide relief to

a broad range of affordable rental properties. The program, which is structured to create impact across market types, will encourage the creation and preservation of affordable rental units. Buildings that undergo required rehab or new construction and keep set percentages of units affordable to households earning 60 percent of AMI would be eligible for a reduction in equalized assessed value. The City will continue to work closely with these partners to pass the legislation, and when the legislation is enacted to help spread awareness about the new tool to owners of affordable rental properties.

37

Introduced to City Council November 14, 2018

5.6 Advocate for affordable housing resources and incentives

The City will continually seek new support at the county, state and federal levels to further the vision and strategies outlined in this Plan. This can include resources and policies, from expanding housing choice to consumer protections for Chicago residents. For example, due to the strong work of Illinois' affordable housing community, the 2009 state capital bill provided \$130 million for affordable housing, recognizing that housing is an important part of the local economy, social fabric and infrastructure. The City commits to working with local advocates and partners to be prepared to advocate for including affordable housing in a future state capital bill.

Opportunity Zones, a 2017 federal program that offers private investors tax benefits for investments in defined Census tracts with high rates for unemployment and poverty, will bring benefit new jobs and economic development to Chicago. The City will explore opportunities to leverage these new resources in a responsible way that reflects the underlying principles and vision of this plan and the needs of specific communities. The City will also be a partner as advocates defend and work to expand how the Community Reinvestment Act provides private capital to low- and moderate-income neighborhoods.

Rising property taxes can be a large and unpredictable expense that make it challenging to keep properties affordable and in good condition. The City will continue its strong support for a collaboration of local partners that have developed a new state property tax incentive to create and preserve affordable rental units and encourage investment. To assist homeowners with rising property taxes, the City will also work closely with the Assessor's Office on improvements of the long-term homeowner exemption and an increased formalization of long-term affordable property tax assessments.

7 Collaborate with partners to reduce the cost of construction

The high cost of housing construction in Chicago, which can range from \$300,000 to \$400,000 for an affordable unit in a new development, severely limits the range of options for adding affordability across the city, particularly at any large scale. The cost to construct market-rate housing is often not much lower. The City will work with labor leaders, developers, architects, lenders and contractors to discuss and implement reductions in the costs of quality housing construction.

The City will leverage the existing work of partners to explore modern construction techniques, green and sustainable

practices, use of pre-cast concrete, and other technologies, exterior finishes and methods. The Department of Buildings has already instituted improvements to building code standards to make building reuse more reasonable and flexible and new construction less restricted while maintaining safety standards. The Department of Housing will work with the Department of Buildings toward adopting international building codes to further reach those goals and reduce costs. Working with its partners, the City will explore other options and ideas such as supply-side collectives to buy in bulk, as well, with a broad mandate to find additional savings that can unlock hundreds of more affordable units across the city.

8 Establish new models to build lower-cost, energy-efficient housing at scale

39

Introduced to City Council November 14, 2015

The City and its partners are collectively interested in identifying new ways to build more affordable housing-and doing so faster and at lower cost. The City will work with private, philanthropic and nonprofit partners to explore creative and cost-effective options such as 3-D-printed homes, factory-" manufactured modular housing, tiny homes and other programs that use standardization to reach scale. Any plans for new homes will include green and sustainable practices to lower operating costs for the owners and design standards that are attractive and fit into the local built environment. The City will encourage these new homes to be built with basements and/or attics so they may be converted to affordable housing units in the future.

5.9 Explore new opportunities and models

The Department of Housing will have the mission and capacity to consider, and where appropriate, support development of innovative models to advance this Five-Year Plan's vision and increase the affordable housing supply across Chicago. Through the process to create the Plan, partners presented the Department of Planning and Development with a number of concepts and programs, and its strategies reflect that input. Over the course of the plan's scope, DOH will continually explore new opportunities. For example, some of the proposed ideas for consideration include but are far from limited to:

- Investment in a Healthy Housing Fund: Consider investment in a \$50 million to \$100 million fund supported by institutions interested in the connection between housing and health that would provide conventional equity to acquire, preserve and sustain affordable rental and SRO housing in Chicago.
- The New Chicago Bungalow: Explore partnerships with a citywide design competition to incentivize an easily replicable model for lower-cost construction of new housing that can be built at scale, ensuring that Chicago's housing supply meets the needs of new homeowners seeking to buy a home.
- City Design Studio: Consider establishing an entity that re imagines space utilization and leverages members and professionals of the design community for collaboration with housing stakeholder agencies.
- Helping College Graduates Afford Stable, Long-Term Housing. Studies show that students of color often have higher amounts of debt than white students, which may serve as a barrier in purchasing their first home. Consider a down-payment assistance program to minimize that barrier, encouraging young people to stay in Chicago in their search

for long-term housing.

- Identify and Preserve Units in Troubled Portfolios. Work with partners to explore how to ensure that when affordable housing developments become financially or otherwise at risk, the units are preserved in a responsible way with the greatest local benefit-and to identify ways to prevent buildings from becoming troubled in the first place.

40

- Better understand the scope of potential condo issues. Condominium buildings have the potential to offer wealth creation opportunities, but Chicago's current market includes too many distressed condo buildings, many of which are located in low-cost markets. There is a need to research the city's condo market and develop strategies based on findings.

Chicago Housing 2019^2023

Estimated five-year investment and unit production ;.

Projections for the five-year planning period are to invest more than \$1.35 billion to produce or preserve 40,000 units of housing.

Over the next five years, the Department of Housing also expects to fund partner delegate agencies to provide housing-related information and assistance to 243,500 households in Chicago.

Introduced to City Council November 14, 2018

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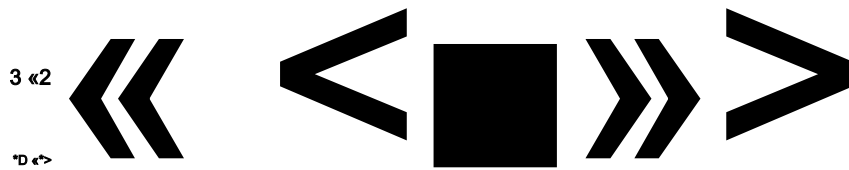
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HOUSING PRODUCTION INITIATIVES FIVE-YEAR PLAN 2019-2023

PROGRAMS TO CREATE AND PRESERVE AFFORDABLE RENTAL UNITS

Low Income Housing Tax Credit Equity (LI HTC)	Federal income tax credits to support construction or preservation of multi-family affordable housing.
Housing Revenue Bonds	Provides bond financing for developers who build or rehabilitate large housing developments for low- and moderate-income renters; also generates private equity investment.
Multi-family Loans	Supports construction or rehab of developments to provide permanent affordable rental housing.
TIF Subsidies	Supports construction or rehab of developments to provide permanent affordable rental housing.
Donation Tax Credits (DTC, also known as Illinois Affordable Housing Tax Credits)	A \$0.50 State of Illinois income tax credit for every \$1 that is donated to an eligible affordable housing development. DOH allocates 24.5% of the amount of credits authorized by the State.
City Land	Donation of City-owned land for multi-family rental developments in exchange for long-term affordability. Donated land value can generate private equity through Donations Tax Credits.
MAUI (Multi-year Affordability through Up-front Investments)	Provides up-front financing to developments in exchange for long-term affordability for units that serve households making no more than 30% of area median income.
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 (\$25,400 for a family of 4 in 2018).
Affordable Requirements Ordinance	Per City ordinance, developments with more than 10 units receiving zoning changes (including planned developments in a downtown zoning district), City land or City financial assistance must make 10-20% of units affordable.
Preservation of Affordable Housing (P.E.A.R.)	Provides reduced-rate refinancing for private debt on residential properties with 6 or more units, ensuring that at least 20% of units remain affordable to tenants below 80% of AMI for a minimum of 30 years.
Heat Receiver Program	When a building does not have functional heat and/or hot water, the City initiates a process for appointing a receiver to make necessary repairs and restore heat and hot water to tenants.

Troubled Buildings Initiative -Multi-family	With Community Investment Corporation (CIC), Department of Buildings, Department of Law and other City departments, DOH 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 for acquisition and rehab.
TIF Purchase-Rehab Program - Multi-family	Provides forgivable loans or recapturable grants to developers for purchase and rehab of 5-unit or larger rental properties made available to low- and moderate-income tenants in designated TIF area(s). Administered by CIC.
Flexible Housing Subsidy Pool	Combines rental subsidies and supportive services in a unique model to serve most vulnerable segments of homeless population.
Opportunity Investment Fund (OIF)	Provides low-cost loans to buyers of multi-family buildings in targeted areas in return for commitment to make a minimum of 20% of units affordable for at least 15 years.

PROGRAMS TO PROMOTE AND SUPPORT HOMEOWNERSHIP

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Chicago Community Land Trust (CCLT)	Provides long-term affordable home ownership with property tax benefits and resale restrictions. Units are added to CCLT portfolio either when Affordable Requirements Ordinance requires a developer to create affordable units or when CCLT acquires properties for resale to income-eligible buyers and placement into CCLT portfolio.
Building Neighborhoods and Affordable Homes	Provides forgivable purchase-price-assistance grants to eligible residents buying homes built under City Lots for Working Families program in designated neighborhoods.
Negotiated Sales of City Land	Developers purchase vacant City-owned lots at market rate for construction of market-rate units or at discounted prices for market-rate and affordable for-sale units. Buyers of affordable units cannot exceed 120% of AMI.

45

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Introduced to City Conned November 14, 2018

City Lots for Working Families	Developers purchase vacant City-owned lots for \$1 each to construct 75% affordable and 25% market-rate for-sale units. Any land discount over \$50,000 will be recaptured via a restrictive covenant on the land. Homebuyer's income cannot exceed 140% of AMI.
Home Buyer Assistance Program	Provides grants of up to 7% of purchase price (with 5-year recapture period) to assist income-eligible homebuyers with down payment and closing costs. Income limits are based on FHA or Freddie Mac guidelines. Administered by Chicago Community Trust through authorized lenders that originate 30-year loans at fixed interest rates.
Purchase Price Assistance Public Safety Officers	Provides forgivable \$30,000 grants to assist income-eligible, non-probationary police officers, firefighters & EMTs in purchasing owner-occupied homes (single-family or two-flat) in targeted Community Areas. Homebuyer's income cannot exceed 150% of AMI.
Troubled Buildings Initiative - Single-family	DOH works with Neighborhood Housing Services Redevelopment Corporation (NHSRC) and other developers to rehab vacani 1- to 4-unit properties for sale or rent to low- and moderate-income households. Also supports receivership activities on vacant or troubled 1- to 4-unit properties.
Troubled Buildings Initiative - Condo	DOH works with Community Initiatives, Inc. (CII) to acquire and secure all condominium units in targeted, distressed condo buildings. CII manages the de-conversion of the condos and disposition of the buildings to developers, who rehab and hold buildings as affordable rental units under regulatory agreements approved by DOH.
Preserving Communities Together	DOH takes title to vacant properties identified as abandoned via court abandonment proceedings, court and administrative forfeitures, donations from lenders or owners and the HUD \$1 Homes program. These properties are transferred to developers or owner-occupants for rehab and subsequent occupancy by income-qualified residents.
TIF Purchase-Rehab Program - Single-family TaxSmart	Provides forgivable loans to homebuyers at 120% AMI or below for purchase and rehab of 1- to 4-unit home in designated TIF Districts. Administered by NHS. Provides Mortgage Credit Certificates (MCC) to qualified home buyers, reducing federal income taxes by 25% of the interest paid on a mortgage. The credit may be claimed each year throughout duration of mortgage. Administered through private lending institutions.

Neighborhood Lending Program: Purchase and Purchase-Rehab Loans	Provides forgivable or deferred loans to low- and moderate-income home buyers for purchase or purchase-rehab of single-family homes. Administered by NHS.
Roof and Porch Repairs	Provides forgivable loans to owner-occupants of 1- to 4-unit buildings for repair or replacement of roofs and porches where life-threatening or hazardous conditions are present.
Emergency Heating Repairs	Provides forgivable loans to owner-occupants of 1- to 4-unit buildings for emergency heating system repairs.
Small Accessible Repairs for Seniors (SARFS)	Provides enabling devices & limited, non-emergency home improvements to residences occupied by low-income senior citizens. Administered by community-based delegate agencies.
Single-Family TIF Neighborhood Improvement Program (TIF-NIP)	Provides grants to help owner-occupants of one- to four- unit properties in designated TIF districts make exterior repairs or improvements. Administered by NHS.
Neighborhood Lending Program: Home Improvement Loans	Provides loans to low- and moderate-income homeowners for home improvement. Includes forgivable loans (with minimum 4-year recapture) to income-eligible homeowners for facade improvements in designated Target Blocks. DOH funds are used to leverage additional loan capital from a consortium of private lenders. Administered by NHS.
Neighborhood Lending Program: Home Ownership Preservation Loans	Provides affordable loans or refinancing for emergency repairs or essential home rehab to help at-risk homeowners remain in their homes. DOH funds are used to leverage additional loan capital from a consortium of private lenders. Administered by NHS.
Neighborhood Lending Program: AAAARP Energy Improvement Grants	Provides forgivable loans or recapturable grants to low- and moderate-income homeowners in MMRP areas for energy efficiency improvements. Administered by NHS.
AHOF Home Improvement Program	Provides forgivable home improvement grants to owner-occupants of 1- to 4-unit properties in designated neighborhoods experiencing gentrification pressures. Administered by NHS.

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Historic Bungalow Initiative / Energy Savers	Provides grants for retrofits and energy-efficiency improvements to low- and moderate-income owners of certified Historic Chicago Bungalows and other vintage homes. Administered by Chicago Bungalow Association.
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ADVISORY GROUP AND STEERING COMMITTEE

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20th Ward

Chicago, Office of Emergency Management & Communication

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