



DEPARTMENT OF HOUSING
CITY OF CHICAGO

DATE: August 6, 2019
TO: All interested parties
FROM: Marisa Novara, Commissioner
SUBJECT: 2019 LIHTC PROGRAM UPDATES

This memo is intended to provide potential applicants and stakeholders interested in Chicago's Low-Income Housing Tax Credit (LIHTC) program with updates to the Department of Housing's 2019 Qualified Allocation Plan and various application materials.

Timing and Future Plans

As many updates as possible have been incorporated into this QAP given the short turnaround from the start of the Lightfoot administration. Changes have been informed by a May listening session with developers, data from multiple sources, and this administration's commitment to equity, transparency and accountability.

Going forward, developers can count on a City QAP being issued every other June. Between now and June 2021, we commit to a robust developer- and community-informed process to shape the next QAP.

Applicability of QAP

The QAP is applicable to both 9% and 4% LIHTC allocations. Tax-Exempt Bonds (TEB) applications requesting additional subordinate resources need to apply during this competitive funding round. There are only 3 instances when a 4% application can come in outside of the round:

- (1) Projects that request Tax Credits from tax-exempt bonds, but request no other Department financial support; and/or
- (2) Projects that are time sensitive as a result of other government financing (for example, but not limited to FHLB, VASH, CHA RAD, Choice, etc.) that has mandatory expenditure deadlines that would prohibit delaying of financing for a funding round; and/or
- (3) Preservation projects that are time sensitive as a result of an immediate loss of affordable housing due to a sale, closure or as a result of dangerous and hazardous conditions.

Coordination with the Continuum of Care

The Chicago Continuum of Care (COC) is a Housing and Urban Development (HUD) mandated organization that oversees the allocation of HUD funding for addressing homelessness. The COC is made up of representatives from the City of Chicago, the Chicago Housing Authority, various non-profit and faith-based organizations, other government organizations, and community members. To learn more about the COC and its mission, please visit: <https://allchicago.org/COC>

As noted in section III, projects proposing to provide supportive housing for specialized populations experiencing homelessness such as veterans, seniors, survivors of domestic violence, transition-aged youth, and households experiencing chronic homelessness will submit to the Housing Expansion Pre-Application Process and seek a Letter of Consistency from the Chicago Continuum of Care Housing Expansion Coordination Committee. This process seeks to determine a project's commitment to taking referrals through Coordinated Entry, creating partnerships that address the population's needs, and aligning with Housing First standards.

Qualified Contracts

As specified in Section III A, by submitting an application to be considered by DOH, all applicants waive their rights to submit a qualified contract, thus maintaining affordability for the duration of the extended-use period.

Electronic Copy of Application Required

Per Section III B, DOH is moving towards an electronic application for the next round. In addition to the electronic copy of the DOH proforma, DOH requires a complete copy of the application to be submitted electronically.

Income Averaging

According to the Institute for Housing Studies at DePaul University, 46% of all Chicago renters are low-income (below 50% AMI), and 68% percent of low-income renters are extremely low-income (below 30% AMI). Because it is imperative that the needs of this under-served population are met and it is challenging to meet the rent levels needed for very low-income households, income averaging is encouraged provided that serving households up to 80% AMI allows for also serving households at 30% AMI. Note that income averaging is allowed if at least 40% of the project units are rent and income restricted and the average income limit for all tax credit units in the project is at or below 60% AMI. More detail is in section III D.

Re-entry Housing

Data from The Safer Foundation and Chicago Coalition for the Homeless shows that 1,200 people are released directly from prisons to homeless shelters annually in Chicago. Additionally, nearly one half of all emergency shelter visitors self-report having felony convictions. In an effort to prioritize serving these housing-unstable populations, re-entry housing has been added to the category of 'tenant populations with special housing needs.'

Priority Tracts

In Section III E3, DOH has introduced Priority Tracts to communicate Primary Selection Criteria for the QAP. Each tract represents one of three geographic priorities: Redeveloping, Transitioning, and Opportunity. Each area is further described by the prioritization of type, use and affordability.

Each tract is distinct and requires its own strategies. Projects are encouraged to address as many preferences within the Priority Tract as possible.

Evidence of Community and Aldermanic Input

The QAP and MF Application no longer require evidence of community support or an aldermanic letter of support as a part of the application process. Community and aldermanic input remain a valued part of the process.

Anticipated Total Allocations

The following funding amounts are estimated to be the maximum total amounts available for allocation.

2019 QAP	2020	2021
9% LIHTC	5,027,234	7,278,115
Volume Cap Tax Exempt Bonds	270,686,502*	270,686,502*
HOME	12,000,000	12,000,000
AHOF	7,000,000	7,000,000
CDBG	5,000,000	1,000,000

*Annual volume cap is an estimate based on prior years. Actual allocation is based on the City and State population. Additional volume cap may be available due to prior year carry over.

The following is a list of the average allocation by funding source for projects funded by DOH since 2011. The average 9% LIHTC project selected was allocated \$1.4MM in 9% LIHTC and \$5.4MM in combined subordinate resources that may have included TIF, AHOF or Federal funds.

Capital Stack	9% LIHTC	4% TEB
9% LIHTC	\$1,405,664	N/A
4% TEB	N/A	\$16,717,618
MF Loan (HOME, CDBG, AHOF)	\$3,898,005	\$5,371,253
TIF Funds	\$4,498,200	\$4,162,599
ALL SUBORDINATE FUNDS (TIF and MF Loan)	\$5,427,523	\$6,387,902

To maximize the number of units created from these limited resources, the Department anticipates awards to follow prior allocation averages. Based on these averages, the Department is optimistic about funding as many as eight (8) 9% LIHTC projects to close in 2020 and 2021. The Department anticipates choosing as many as four (4) 4% LIHTC projects. Projects leveraging other resources are highly encouraged. The Department is not limited to allocating projects in these amounts.

Questions and Public Comment

If you have any comments regarding any of the above items or general comments related to the 2019 funding round, please send them to HousingDevelopment@cityofchicago.org. Additionally, please join us on Tuesday, August 27th, 2:30pm to 4:30pm at 121 N. LaSalle, Chicago, IL, Room 1103A for a public comment meeting.