

Department of Planning and Development

2014 Budget Message

Commissioner Andrew J. Mooney

Monday, Nov. 4, 2013

Thank you for the opportunity to present the Department's budget request for 2014.

After three years in our current format as the Department of Housing and Economic Development, during which the department's functions were refined to provide more efficient services in all areas of development, we will be changing our name in 2014 to better reflect our purpose and mission. Starting on New Year's Day, we will operate as the Department of Planning and Development, which you may recall was the department's name for much of the 1990s and early 2000s.

The name change underscores our renewed emphasis under Mayor Emanuel on planning initiatives that support the department's community-based objectives involving economic development, housing, and land use planning. The structure of our three bureaus will continue to reflect these responsibilities, but they'll collectively operate under an expanded strategy to coordinate the city's priorities with those of our sister agencies. The department's Planning Division will shift to a more centralized role in guiding the intergovernmental cooperation, as we consider opportunities to expand Chicago Neighborhoods Now initiative into other Chicago community areas as part of a comprehensive effort to leverage City assets with private investment and neighborhood needs.

In light of this pending change, I'll use my time today to recap 2013 and to highlight our goals and expectations for 2014.

As you know, our operations are closely tied to the fiscal realities of a lingering recession and a pullback in federal resources. However we are confident that with skill and additional local resources we will provide the same or improved level of services that your constituents and local businesses deserve and expect.

Housing and Affordability

I want to start with our Housing Bureau and its continued effort to promote affordability and housing stability citywide.

The bureau is currently completing a forthcoming five-year housing plan, which will be the fifth five-year plan to be issued by the city. The plan will run from 2014 to 2018, albeit with

a different approach than its predecessors, given the unprecedented housing market failure from which we're still emerging.

Staff is working with Chairman Suarez, many private owners and developers, financial institutions, nonprofit development corporations, and community organizations to finalize the plan's goals and strategies, which will explicitly recognize that housing is inter-connected with economic development, jobs, quality of life, and local land-use issues. DPD will implement the plan in cooperation with local aldermen as well as public, private, philanthropic and nonprofit partners who will work together to leverage effective housing resources for all Chicago residents.

Clearly, the plan will need to be more dynamic than its predecessors to fully address affordability and stabilization issues in local neighborhoods. It's interesting to note that new foreclosure filings in the first half of 2013 were down 39 percent compared to the same period last year, a trend that was reflected in all 50 wards across the city. Across the region, this is the lowest level of new foreclosures since the second half of 2007. Continued high levels of *completed* foreclosures, however, suggest the housing market is far from recovered, especially in low-income communities. Our housing plan will address this issue, and it's one of the reasons why we recently expanded the Micro Market Recovery Program (MMRP) into four additional neighborhoods on the Northwest, West and South sides.

As you know, MMRP is the department's most targeted strategy for battling foreclosures and vacant buildings. Since its inception in 2011, the program has established a centralized database of MMRP property conditions and intervention activities; created new procedures for properties subject to housing court violations; and created streamlined methods to convey distressed and bank-owned properties to qualified developers and new owners. To date, more than 2,200 housing units have entered an MMRP redevelopment process through approximately \$178 million in public and private investments.

All 13 MMRP areas overlap with existing Neighborhood Stabilization Program areas, where the City continues to leverage \$169 million in federal dollars for re-occupancy efforts. To date, 844 vacant and foreclosed units have been acquired through NSP, and rehabilitation work has been largely completed on 75 percent of them.

To help residents avoid foreclosures, we continue to provide housing counseling through our neighborhood-based delegate agencies. More than 5,000 people received face-to-face counseling during the first six months of the year, which resulted in nearly 1,000 people being able to hold on to their homes.

We also continue to support homeowners with housing repair and rehabilitation grants, specifically through the Neighborhood Improvement Program and the Emergency Housing Assistance Program (EHAP). Earlier this year, City Council approved new income guidelines to enable more families to participate in EHAP. Today, households earning up to 80 percent of area median income can participate, up from the previous 50 percent, which will be important now that heating season is upon us.

In addition to single-family and one- to four-unit residences, we continue to target multi-family structures that are threatened by the foreclosure crisis. We intervene where possible, especially through our Troubled Buildings Initiative, which puts foreclosure-threatened buildings in the hands of receivers. So far in 2013 we have preserved more than 900 units through TBI.

We are also pleased to have been able to contribute to the creation of the Vacant Building and Keep Chicago Renting ordinances, which will help reduce the number of buildings that sit empty and blight our neighborhoods. While our Department does not oversee the implementation of these ordinances – the Building Department and the Department of Business Affairs and Consumer Protection carry out enforcement – we view these ordinances as complementary to our efforts to help buildings stay occupied.

When tenants are actually forced out of foreclosed apartment buildings, or when landlords are not able to maintain appropriate occupancy levels, some turn to one of DPD's in-house non-profits, the Chicago Low Income Housing Trust Fund. As the largest rental subsidy program of its type in the nation, the Trust Fund is committing more than \$14.4 million in rental assistance to very low-income families in 2,666 units of housing throughout the city. Approximately 40 percent of the subsidies involve formerly homeless families, people with HIV/AIDS, female-headed households, and veterans. These involve Chicago's poorest residents; people with incomes at or below 30 percent of the area median income, approximately \$22,600 for a family of four.

By year end, our housing commitments will support more than 8,000 units. These include new and rehabbed units made possible through our multi-family loan and tax credit programs and of course TIF. Notable City-supported projects that opened in 2013 include the 89-unit Harvest Commons supportive housing development on the Near West Side; the 60-unit All Saints Senior Residence in Roseland; the 40-unit New Moms residential complex for at-risk adolescent parents and their children in Austin; and the 48-unit multi-family Borinquen Bella development in West Town.

During the last three years, department housing initiatives have helped to repair, create, or support nearly 22,000 affordable units through more than \$886 million in public funding. In our new five-year plan, we are projecting total investments of \$1.1 billion toward the rehabilitation or development of nearly 40,000 units. Even with our limited resources, this commitment demonstrates the administration's continuing concern for housing and especially affordable housing in our city.

In 2014 specifically, our affordable housing efforts will be highlighted by the opening of a number of new projects, again made possible through loans, TIF, tax-exempt bonds, and tax credits. They include the 73-unit Hope Manor II veterans' apartments in Englewood, the 79-unit Town Hall Senior Apartments in Lake View, the 122-unit Montclare Seniors of Avalon Park II in Greater Grand Crossing, and the 56-unit Darul Amaan senior apartments in Albany Park. Largest of all, and after many years of vacancy, the historic Rosenwald Apartments in Grand Boulevard will also be rehabilitated as 239 apartments for low-income families and seniors.

All these projects, like affordable housing projects in general, are characterized by multiple funding sources, including Low Income Housing Tax Credits. Last year, we announced the deployment of approximately \$230 million in Low Income Housing Tax Credits for more than 3,100 units of multi-family housing that will be built through 2017. Our active 2013 tax credit projects include 61-units of supportive housing at Lake Street Studios on the Near West Side, the 84-unit Senior Suites of Norwood Park, the 54-unit Veterans New Beginning in Auburn Gresham, and the 71-unit Legends South C-3 in Bronzeville.

As Council is aware, the department closely monitors minority and women participation in all the projects that we help to fund. I am pleased to report that, of the 26 projects we've closed out so far this year, 28 percent of the construction contracts went to minority-owned firms and 7 percent to women-owned firms. The projects were collectively valued at \$189 million.

Economic Development

Turning to the local economy and our Economic Development Bureau, I'll start with a quick recap of the job market: Unemployment remains a significant challenge coming out of the recession, with many indicators underscoring the complexity of the issue. For example, more than 47,000 Chicagoans have joined the workforce over the last three years, but there are also nearly twice as many job seekers than during the recession's peak in 2010. So while people are optimistic about finding jobs in Chicago, that optimism is resulting in a higher unemployment rate than other large U.S. cities. The rate is currently 9.2 percent for the metropolitan area. The good news is that Chicago is emerging from the recession as an attractor to businesses. Since taking office, Mayor Emanuel has announced nearly 30,000 jobs that are either coming to or expanding in the city, including the headquarters of some 20 companies.

In the first three quarters of this year, Council-approved economic development projects will produce or retain approximately 4,500 jobs, including many small and medium-sized enterprises that form the backbone of the local economy. The projects include Vienna Beef, which is relocating from North Center to the Chicago stockyards; Method products, which is creating its first North American factory in Pullman; and Whole Foods, which is opening a new store in Englewood. All of these projects, I should mention, were made possible by the city's best incentive tool: Tax Increment Financing.

TIF made significant strides in terms of transparency this year, especially in June, when we launched an interactive online portal that provides every key document associated with proposed or approved economic development projects. The portal also, for the first time, provides information on TIF-funded expenditures involving public infrastructure, which constitutes 50 percent of the program.

Of course, the department's TIF subsidiary programs continue to make a difference for many small business and property owners. For example, the Small Business Improvement Fund will assist more than 180 properties this year with an average grant of \$69,000.

Besides improving the facilities in which businesses operate, the SBIF assistance also helped to create and retain 2,400 full and part-time jobs.

Our workforce development tool, TIFWorks, also continues to resonate in local TIF districts, having financed training projects for 1,600 workers affiliated with 63 different companies that were seeking to boost efficiencies, reduce costs, and increase output.

Beyond TIF, another effective development incentive administered by the department involves New Markets Tax Credits, which helped finance the Mercy Oakwood Shores medical center and residential project in Bronzeville and the Chicago Family Health Center in Pullman, both of which opened this year.

We also continue to utilize property tax incentives, which reduce standard Cook County tax rates by more than half for a period of 12 years. New and ongoing tax incentive projects in 2013 include Cinespace Film Studios in North Lawndale, the former Wieboldt's commercial building in West Town, Fox Motors in Logan Square, and Freedman Seating in Humboldt Park. These projects alone collectively affect hundreds of new and retained jobs.

All these projects underscore what I said earlier about Chicago's attractiveness to business. But they also underscore the roles of delegate agencies at the local level.

Even with all the demands on the city's resources, we believe the delegate agencies provide an essential network that the city itself could not replicate. We are therefore providing \$5.5 million in the 2014 budget to 87 agencies for specific work plans that involve either housing or business services.

The delegate agencies provide critical support for many neighborhood efforts, especially involving jobs. For example, we know that our local industrial councils and commercial services organizations were directly involved in creating or retaining 1,400 jobs so far this year in projects that attracted over \$63 million in total new investment.

Zoning, Land Use and Historic Preservation

Neighborhoods remain at the heart of all DPD's efforts, especially involving the multi-faceted work of our Zoning and Land Use Bureau. A large portion of the bureau's activities involves the maintenance of the city's zoning code and ensuring that individual projects comply with its provisions. By the end of the year, we'll have reviewed approximately 20,000 applications for zoning compliance, hundreds more for proposed zoning changes, and more than 60 new Planned Development proposals. Overall, we're seeing a 19 percent increase in zoning change applications over last year, which is a positive reflection of increased economic activity in neighborhoods

Underscoring the importance of manufacturing to the local economy, the Chicago Plan Commission recently approved the first comprehensive plan that's designed to support and expand Chicago's industrial base. The "Chicago Sustainable Industries" (CSI) plan identifies 32 strategies to positively impact the function and efficiency of approximately 2,700

manufacturers that operate in the city. To support the initiative, the department recently coordinated the designation of two new industrial corridors on the Northwest Side and we're currently assessing the integrity of the 15 Planned Manufacturing Districts. We expect to issue a first-phase report this fall that recommends specific boundary adjustments, and a phase II assessment next spring that includes specific ideas to promote modern and advanced manufacturing uses in specific corridors.

On another front, Zoning and Land Use has worked closely with our Economic Development Bureau to deal with the areas of the city that are underserved by traditional food outlets. With the introduction of several new operators in various parts of the city, and due in no small part to the leadership of various aldermen, we are pleased to acknowledge a 21 percent decline in the number of low-income Chicagoans living in these areas. Along these lines, another trend worth mentioning is the continued interest in urban agriculture and community-managed open spaces. To address this demand, the Bureau has coordinated the allocation and preparation of City-owned land toward the establishment of 12 new gardens, farms, and park expansion projects totaling approximately four acres.

Of course, we intend to continue our efforts in all these respects in the coming year.

As part of the Mayor's efforts to emphasize public transit and mitigate traffic congestion, the Bureau also introduced a new part of the Zoning Code to foster what has been termed transit-oriented development, to allow for higher densities and lower parking requirements for developments that are near a major transit nexus. With Chicago's extensive transit system, we expect real estate developers to take advantage of this new opportunity.

On top of all this, by year's end, the Bureau's Historic Preservation division will have coordinated the designation of 11 landmarks by City Council, as well as established a foundation for the continued economic viability of one of the city's, if not the country's, most treasured historic assets, Wrigley Field.

In closing, I want to reiterate our commitment to affordable housing, jobs, and the quality-of-life enhancements that they make possible for residents and workers.

While the challenges are significant, the department's renewed effectiveness and accountability gives me great hope for the future: Tourism is at record levels; the average selling time for condos and townhomes is down by a third over a year earlier; and commercial property values are essentially back to their pre-recession levels. We hope these trends continue into more aspects of the local economy.

We appreciate your ideas, your input, and your continued partnership in the months to come. Thank you.

Department of Planning and Development

2014 Budget Hearing

MBE/WBE Data

*Period: Jan. 1, 2013- Sep. 30, 2013

Total Purchases: \$203,985,496.50

	MBE	WBE	Total MBE/WBE Purchases
WBE only	n/a	\$13,616,830.50	\$13,616,830.50 (6.7%)
Asian	\$3,146,920 (1.6%)		\$3,146,920 (1.6%)
African-American	\$30,502,539.48 (15.0%)		\$30,502,539.48 (15.0%)
Hispanic	\$22,266,230 (10.9%)		\$22,266,230 (10.9%)
Other¹	915,067 (0.4%)		\$915,067 (0.4%)
Total Spending	\$56,830,756.48 (27.9%)	\$13,616,830.50 (6.7%)	\$70,447,586.98 (34.6%)

Staffing Data

Department Ethnicity and Gender				
	Male	Female	Total	%
Asian	5	4	9	4%
Black	17	55	72	34%
Hispanic	16	27	43	21%
White	49	37	86	41%
Total	87	123	210	

New Hires Ethnicity and Gender				
	Male	Female	Total	%
Asian	0	1	1	8%
Black	2	3	5	42%
Hispanic	0	1	1	8%
White	4	1	5	42%
Total	6	6	12	
	50%	50%		

Department Managers Ethnicity and Gender				
	Male	Female	Total	%
Asian	1	1	2	5%
Black	5	2	7	18%
Hispanic	3	5	8	20%
White	14	9	23	57%
Total	23	17	40	
	57%	43%		

Interns

<u>School</u>	<u>Gender</u>	<u>Race</u>
Art Institute of Chicago	Female	White
Chicago State	Female	Black
DePaul	Female	Asian
DePaul	Female	Asian
DePaul	Female	White

*-M/WBE Includes construction hard costs based on final close out expenditures for Multi-Family, TIF, and Land Sales.

1. Other- includes South Pacific, Native American, Indian

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DePaul	Female	White
DePaul	Male	White
DeVry	Male	Black
Governors State	Female	Black
Loyola	Female	Black
Roosevelt	Female	Asian
Saint Xavier	Female	Hispanic
UIC	Female	Black
UIC	Female	White
UIC	Male	Black
UIC	Male	White
University of Notre Dame	Male	White

*-M/WBE Includes construction hard costs based on final close out expenditures for Multi-Family, TIF, and Land Sales.

1. Other- includes South Pacific, Native American, Indian



City of Chicago

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TIF Administration

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Assistant Commissioner
Multi-Family Affordable Financing

Assistant Commissioner
Workforce Solutions

Assistant Commissioner
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Assistant Commissioner
Planned Developments

Asst. Zoning Administrator
Zoning Ordinance Administration

Project Manager
Chicago Low income Housing Trust Fund