

**Department of Housing**  
2020 Budget Statement  
Commissioner Marisa Novara

Thank you for this opportunity to brief you today on the Department of Housing (DOH) budget request for 2020.

After 10 years as a bureau within the Department of Planning and Development, in 2019 DOH was reborn as an independent department. Its mission is to address the various housing challenges facing Chicago's 77 communities, support access to affordable housing as a core component of all neighborhoods, partner with the development and advocacy communities, and bring new tools and solutions to address the City's housing needs and challenges.

I am honored to come before this distinguished body as the first Commissioner of the new Chicago Department of Housing.

When Mayor Lightfoot asked me to take this job, I said yes right away because of her passion and commitment to transparency, inclusion and racial equity – and to help make Chicago a place where all residents can fulfill the basic need for decent housing that is affordable, stable and accessible.

Housing is a human right, not a privilege. Housing is health care. Housing is public safety. Housing is the foundation of stable neighborhoods, for families that prosper and for a thriving city.

Our \$198 million budget request reflects these fundamental truths and the high expectations set by the Mayor and the City Council, who are committed to making our neighborhoods safer and more affordable for all Chicagoans. Ending the cycles of disinvestment and segregation that contribute to Chicago's past and present inequitable distribution of housing will require perseverance, introspection, and resources.

Mayor Lightfoot believes homelessness is "an unacceptable symptom of a city that is not serving all its residents." Homelessness is everyone's concern. That's why she is investing five times more than the previous administration in housing support services for the homeless.

In the 2020 budget, the City of Chicago will increase funding for homelessness prevention by 36 % by investing \$5 million in additional local funds in the Flexible Housing Pool. This is just a first step; an initial down payment. Still, these funds will allow us to rapidly connect homeless individuals with complex needs who are frequently using crisis systems (e.g., emergency rooms, shelters, or jail detention), to supportive housing, and increase access to needed services.

Previously, the City supported the Flexible Housing Pool with an initial investment of \$1 million in 2018 and a continued investment of \$1 million in 2019 to serve single adults. Our

\$5 million investment is focused on Chicago's 811 youth aged 18-24 experiencing homelessness, including those who have aged out of the foster care system and the formerly incarcerated. This investment will reduce youth homelessness by 25%.

The City will also increase the number of affordable units for Chicago's lowest-income renters by 19 % by investing an additional \$5 million in corporate funds in rental support to the Low-Income Housing Trust Fund, focused on working-poor households at 30 % area mean income and below. They are the poorest and most rent-burdened households in the city – and represent nearly a third of rental households in Chicago. This investment will allow the Trust Fund to support 500 more households in 2020, including targeted outreach in gentrifying areas.

Together this package of investments and support will provide housing to more than 700 households. This increase is an important step in the direction of better providing for our most vulnerable neighbors and fellow Chicagoans while strategically targeting populations and geographies long lacking in affordable housing, thus helping to address the City's longstanding racial and economic segregation.

Even so, there is much more to be done. The DePaul Institute for Housing Studies (IHS) estimates a current affordable housing gap of nearly 120,000 units. In 2020 and beyond, it will be critical to provide resources and funding for the Department of Housing to support an effective and credible new department and to achieve the Mayor's housing and neighborhood investment goals.

The last time Chicago had an independent Department of Housing in 2008, the department's budget was \$170 million (2008 dollars), of which \$32.3 million was Corporate funding. In contrast, the 2019 DOH budget was \$148.4 million, with \$4.3 in Corporate funding.

The \$198 million 2020 DOH budget request, including \$15 million in Corporate funding, represents a renewed commitment to the critical issue of housing in Chicago.

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In 2020, my DOH colleagues and I will continue to advance the objectives laid out in Chicago's current five-year plan, "One Chicago: Housing Strategies for a Thriving City."

The plan commits \$1.4 billion in resources to create, preserve, and invest in approximately 40,000 residential units citywide for the years 2019 to 2023. The plan seeks to provide for a more equitable distribution of affordable housing, including the support of more affordable housing in gentrifying neighborhoods, more tools to help property owners combat displacement, and more incentives for new housing construction in under-invested neighborhoods.

I'd like to spend the rest of our time together sharing with you some of DOH's most important accomplishments so far this year and key goals for the coming year.

Critical DOH 2020 priorities are:

- Housing for Chicago's most vulnerable residents: those experiencing homelessness, very low-income households and the formerly incarcerated Creating and preserving more affordable rental housing by improving the Affordable Requirements Ordinance and announcing the 2020-21 Low Income Housing Tax Credit selections
- Expanding affordable homeownership opportunities such as through Building Neighborhoods and Affordable Housing new construction homeownership and the Chicago Community Land Trust
- Coordinating strategic investments in housing, retail, streets and transportation across the City's neighborhoods such as through Invest South West
- Improving the efficiency and transparency of DOH operations such as by translating our data into accessible, interactive tools on our web site

To reach these goals, here are some of the things we've done in 2019 during the first six months of the Lightfoot administration.

Committed \$265 million in funding to assist more than 5,700 units of housing, of which \$127 million was expended through the second quarter of 2019 to assist 2,836 units. This includes:

- \$217 million committed to support nearly 3,000 units of affordable rental housing; \$114 million expended through the second quarter to assist 1,850 units
- \$29 million committed to helping nearly 560 households achieve or sustain homeownership; \$7.5 million expended through the second quarter to assist 238 units
- \$19 million committed to assist nearly 2,220 households repair, modify or improve homes; \$6.2 million expended through the second quarter to assist 748 units

We are convening a new Inclusionary Housing Task Force charged with examining the Affordable Requirements Ordinance in its current form and recommending revisions to our approach to inclusionary housing. The ordinance is an important tool for inclusion that we will use to create and equitably distribute affordable housing throughout the city of Chicago.

The new Task Force is the latest in a series of initiatives by the Lightfoot administration designed to maximize transparency, accountability and equity. Membership on the Task Force is open to all Chicago residents, civic organizations, community advocates, unions and housing developers. The Task Force will be convened in early December and meet for the next four to six months before issuing its recommendations. In addition, DOH will hold focus groups in neighborhood locations, work with Chairman Osterman to hold subject matter hearings and post the results for a 30-day public comment period.

Additionally, DOH designed – after considerable community outreach and input – and the

City Council approved an innovative \$3 million Chicago Community Land Trust (CCLT) pilot called the Affordable Homeownership and Housing Program (AHHP) to help prevent displacement of residents in six gentrifying communities across the city of Chicago.

AHHP marks a significant new chapter for CCLT. It contains two new programs to create and preserve affordable housing. For the first time since the CCLT was formed in 2006, the city will commit \$3 million so that the Trust can acquire new properties. In consultation with analysts at the Voorhees Center at the University of Illinois at Chicago, the Trust has identified six "target areas" to begin acquisition where new affordable housing can best help low- and moderate-income Chicagoans stay in their neighborhoods in the face of gentrification.

AHHP also allows Chicago homeowners to "opt-in" to the Trust--an option that will be open to homeowners in any neighborhood, not just the target areas. In exchange for a legal commitment that their home will be sold at an affordable price when they choose to sell it, homeowners will qualify for substantial property tax savings and, for the first time, up to \$30,000 in home improvement grants.

I also want to note that both the Inclusionary Housing Task Force and the CCLT's AHHP initiative are part of our response to the growing concern around gentrification and displacement in many neighborhoods. The ARO is a unique tool in that it can deliver affordable units precisely in those places that are seeing substantial market activity in residential construction, and part of the Task Force's charge will be to look at how it can accomplish that goal more effectively than it has to this point. The CCLT's AHHP initiative represents two new mechanisms by which the city can prevent displacement in owner-occupied housing, and particularly gives current owners the option to address their property tax burden by opting into the land trust. The Department is continuing to aggressively use tools to address displacement across the city in collaboration with the City Council and community groups.

We also revised our Qualified Allocation Plan (QAP), which was released in August. For the first time, affordable housing developers applying for City tax credits were provided with a clear, transparent rubric that shows how funding decisions will be made – one the public can see as well. We also shared the amount of funds we have available and how many projects we anticipate funding – all of which is a new level of transparency and accountability for the Department.

Other programs and initiatives include:

*Multi-Family Projects*

A sampling of new projects coming online in 2020 or later include the 38-unit Sarah's on Sheridan supportive housing facility in Uptown for women experiencing the challenges of

homelessness; the 103-unit, first phase of the Southbridge mixed-income housing project on the site of the former Harold Ickes Homes public housing complex located on the Near South Side; the 62-unit Cicero Senior Lofts in Garfield Ridge; and the 134-unit, final phase of the Parkside of Old Town mixed-income development on the Near North Side.

#### *Accessory Dwelling Units*

DOH will seek to expand affordable housing opportunities citywide through the legalization of accessory dwelling units (ADUs) in basements, attics, coach houses and new construction.

#### *Preservation of Existing Affordable Rental (PEAR) Program*

Our 2020 budget includes \$4.1m to support additional PEAR refinancing projects and an additional \$2m for a PEAR initiative in the Pilsen and Little Village communities. Funding for the program is provided by the City's Affordable Housing Opportunity Fund.

#### *Building Neighborhoods and Affordable Homes Program*

DOH will relaunch the homeownership program that helps qualifying residents purchase newly built affordable homes in Englewood, North and South Lawndale, Humboldt Park, Garfield Park and Woodlawn. The Building Neighborhoods and Affordable Homes program offers up to \$60,000 in assistance to support the purchase of homes built through the City Lots for Working Families program.

#### *Chicago Low Income Housing Trust Fund*

The Chicago Low Income Housing Trust Fund serves the needs of our lowest-income renters, those at 30% of the Area Median Income and below. In 2019, the Trust Fund committed monthly rental subsidies on behalf of 2,687 Chicago households, including many veterans, female-headed households, CPS students experiencing homelessness and people living with HIV/AIDS. In 2020, the Trust Fund will receive an additional \$5 million in City funds to support rental subsidies on behalf of 520 households in neighborhoods across Chicago, especially targeted to areas that lack affordable housing and are facing gentrification pressures.

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With the City Council's input and the Mayor's support, DOH will continue to seek innovative ways to develop even more affordable housing.

On a personal note, I want to thank you, the members of the City Council, for your guidance, support and spirit of collaboration over my first five months as Commissioner of the new Chicago Department of Housing. I look forward to deepening our relationship as we work together to make the City we all love an even better and more equitable place to call home.

Thank you.