

2009-2013 AFFORDABLE HOUSING PLAN



Keeping Chicago's neighborhoods affordable.

Second Quarter Progress Report April–June 2009

City of Chicago
Richard M. Daley
Mayor





LETTER FROM THE COMMISSIONER

We are pleased to submit the 2009 Second Quarter Progress Report, which presents the Department of Community Development's progress on the goals set forth in the City's fourth Affordable Housing Plan, 2009–2013.

The Department of Community Development committed over \$93 million to support over 5,000 units of affordable housing through the first half of 2009. This represents nearly 29% of our resource allocation goal and 48% of units assisted.

While the first half of 2009 has been challenging, with the help and cooperation of our many partners we were still able to progress our agenda with considerable success. In the second quarter, the City Council approved financing for four multifamily developments and authorized the disposition of City-owned land for two single-family developments through the New Homes for Chicago program.

Also during the second quarter, the Department sponsored Borrower Outreach and Fix Your Mortgage events that provided Chicago residents with information and resources to avoid foreclosure. Read more about these events on pages 11 and 12.

The Department has also made considerable progress with the implementation of American Reinvestment and Recovery Act funding. With these new resources we are seeking to expand our housing efforts through a combination of increased funding for current initiatives and the development of new, innovative programs.

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



Christine Raguso
Acting Commissioner



Ellen Sahli
First Deputy Commissioner





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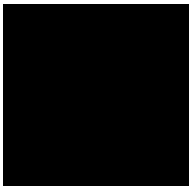
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1. Chicago Metropolitan Area Median Incomes
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INTRODUCTION

This document is the 2009 Second Quarter Progress Report on the Chicago Department of Community Developments fourth Affordable Housing Plan, 2009–2013.

For 2009, DCD projects commitments over \$324 million to support 10,500 units of housing.

Through the second quarter of 2009, the Department committed over \$93 million in funds to support over 5,000 units, which represents 48% of the 2009 unit goal and 29% of the 2009 resource allocation goal.



CREATION AND PRESERVATION OF AFFORDABLE RENTAL UNITS

In 2009, the Department has a goal to commit over \$190 million to support more than 7,000 units of affordable rental housing using loans for new construction or rehab, and rental subsidies.

Through the second quarter of 2009, the DCD committed \$53.6 million in resources to support over 3,800 units. These numbers represent 52% of the 2009 multifamily unit goal and 28% of the 2009 multifamily resource allocation goal.

Multifamily Rehab and New Construction

Wrightwood Senior Apartments

During the second quarter, the City Council approved financing for Wrightwood Senior Apartments, a new 85-unit senior housing development in the City's Ashburn community. The developers, 79th Street LP and NHS Wrightwood Inc., plan to build the proposed development on vacant land at 2801 W. 79th Street in the 18th Ward.

The \$21 million project will be supported with over \$3 million in TIF assistance and over \$6 million in multifamily loans.

Wrightwood Senior Apartments will provide a mix of five studios, 70 one-bedroom and 10 two-bedroom units. This mixed income development will have nine units for senior renters 15-30% of area median income, sixty-two units will serve senior renters 31-60% of area median income, and the remaining nine units will serve senior renters 61-80% of area median income.

The main floor will contain a dining area, library, fitness room, and management offices. Other amenities include laundry facilities, an outdoor patio, and on-site parking.

The 74,000-square-foot development will be located in the 79th Street/Southwest Highway TIF Redevelopment Project Area and will include various green design elements, including a green roof, solar hot water system and Energy Star appliances.



Wrightwood Senior Apartments will create 85 units of affordable senior housing in the 18th Ward. This project is being developed by 79th St. Development LLC and NHS Wrightwood Inc.



Dr. King Legacy Apartments

Also during the second quarter, the City Council approved financing for Dr. Martin Luther King Jr. Apartments at South Hamlin Avenue and 16th Street in the 24th Ward.

This \$17 million development, to be developed by Lawndale Christian Development Corporation, will be built with City assistance on the North Lawndale site where Dr. Martin Luther King Jr. and his family lived in 1966. The City investment will be over \$4.9 million in loans and land write-downs, and up to \$1.6 million in low-income housing tax credits, which will generate over \$6.9 million in equity.



Dr. Martin Luther King Apartments will be built on the site where Dr. King and his family lived in 1966. This development will create provide 45 units of affordable rental housing in North Lawndale.

Dr. King Legacy Apartments will include 45 units of rental housing ranging from two to four bedroom units. Rents will be affordable to households making no more than 60% of area median income. Ten units will be set aside for CHA project based voucher holders.

The development will also include 6,000 square feet of commercial space on the ground floor, open green space, on-site parking, an on-site fitness room, and free Internet access for residents.

TRC Senior Village I

In June the City Council approved an ordinance authorizing the development of TRC Senior Village I, a new 71-unit HUD Section 202 development for seniors age 62 and older. TRC Senior Village I, to be developed by The Renaissance Collaborative Inc., will be located at 346 E. 53rd St., 5243 S. Calumet Ave., and 5247 S. Calumet Ave. in the Washington Park neighborhood of the 3rd Ward.



TRC Senior Village I will bring 71 units of affordable rental housing for seniors to the Washington Park neighborhood in the 3rd Ward

Seventy units at TRC Senior Village I will be affordable for households earning no more than 50% of area median income. One unit will be set aside for a resident manager. Each unit will include one bedroom and a private bathroom. Monthly rents will not exceed the lesser of \$600 or 30% of monthly income. In addition, the property will include many green features such as increased insulation, high efficiency windows and heating systems, and Energy Star appliance.



Additional on-site resources include a ground floor community space, dining area and warming kitchen, library, and a multi-purpose meeting room. Additional office space is also being created for on-site not-for-profit services that cater to the needs of seniors.

The \$13.8 million development will be supported by \$725,000 in TIF assistance (the development will be located in the 47th/State TIF District), \$1.9 million in City loans, and a land write-down of \$1.2 million, which will generate \$523,300 in donations tax credit equity.

Funding will also come from the federal government's Section 202 program. The program helps finance the construction of affordable housing with supportive services for seniors.

Roseland Place Senior Apartments

Also approved in the second quarter was an ordinance authorizing financing for Roseland Place Senior Apartments, a \$17 million development for low-income seniors in the Roseland Community. The proposed 60-unit development will be built at 10400–30 S. Michigan Ave. in the 9th Ward.



Roseland Place Senior Apartments, a HUD Section 202 development, will bring 60 affordable rental units to seniors in the 9th Ward.

Roseland Place Senior Apartments, which is being developed by Neighborhood Housing Services Redevelopment Corporation, will provide 60 one-bedroom apartments, complete with bathroom and kitchen facilities, at initial monthly rents starting at \$641. The apartments in the five-story building will be available to seniors whose incomes do not exceed 60% of area median income (\$31,680 for a one person household). Tenants will pay no more than 30% of their income towards rent, and HUD will pay the remaining balance.

The main floor will contain a multi-purpose room, hair salon, and a physical therapy room. Eligible seniors will receive personal care assistance, including help with medications, bathing, and dressing. Laundry, housekeeping and transportation services, as well as social activities, will be provided to residents. Ground-floor space will be occupied by a Department of Family and Support Services for a Senior Services Satellite Center.

The building is part of a planned 3½ acre senior housing campus that includes an existing 124-unit supportive living facility and a proposed building for grandparents raising grandchildren.

The City will invest \$1 million in low-income housing tax credits, generating \$6.7 million in equity, in Roseland Place Senior Apartments. Funding will also come from the federal government's Section 202 program. The program helps finance the construction of affordable housing with supportive services for seniors.



UPDATES ON PREVIOUS REPORTED DEVELOPMENTS

Victory Centre of Galewood

In April, DCD First Deputy Commissioner Ellen Sahli joined local officials and members of the development team from Pathway Development Inc. in celebrating the official opening of Victory Centre of Galewood, a \$24 million senior housing complex that provides affordable, quality housing for seniors with access to full services and programs.

The 102-unit development, located at 2370 N. Newcastle Avenue, in the 36th Ward's Montclare community, offers studio apartments and features spacious community rooms for recreation and gathering, a central dining area, a library, a physical therapy room, a beauty salon, and an outdoor terrace.

Eligible seniors receive personal care assistance, including help with medications and monitoring of health conditions. Laundry, housekeeping and transportation services, as well as recreational activities, are also available.

The City invested \$1.5 million in loans towards the development. Other financing sources included \$1.1 million low-income housing in tax credits, \$150,000 in donations tax credits from the Illinois Housing Development Authority, a \$380,000 grant from the Federal Home Loan Bank, and a private mortgage loan.

Casa Morelos

In June, the Department celebrated the grand opening of Casa Morelos, a 45-unit development at 2015 S. Morgan St. in the 25th Ward. This project, developed by the Resurrection Project, has created a mix of 40 one-to-three-bedroom units in a seven-story building at initial monthly rates from \$530 to \$1,050. Unit sizes range from 552 to 1,116 square feet.

Casa Morelos features various green elements including water permeable paving, highly efficient mechanical systems, green roofing and insulation.

The City invested \$2.9 million in loans towards this \$15 million development. Additional funding came from the Illinois Housing Development Authority, grants, and a private mortgage loan.



Tim Maloney, Illinois President of Bank of America, Fr. Charles Dahm O.P. of St Pius V Parish and Board Chair of The Resurrection Project, Fr. Michael Michelini O.P. of St. Adalbert Parish and Board Member of The Resurrection Project, Alderman Danny Solis of the 25th Ward, and DeShana Forney, Executive Director Illinois Housing Development Authority, prepare for the ribbon cutting. Casa Morelos is a 45-unit affordable rental development in the 25th Ward.



Chicago Low-Income Housing Trust Fund Celebrates 20 Years

In April the Chicago Low-Income Housing Trust Fund (CLIHTF) celebrated its 20th anniversary at the AMC River East Theater, 322 E. Illinois, at the premier of “The Soloist,” a new film by Dreamworks Pictures addressing the needs of a homeless individual.

Commissioned 20 years ago by Mayor Richard M. Daley and the City Council, the Chicago Low-Income Housing Trust Fund set out to make a difference for Chicago’s lowest income residents by removing financial barriers to safe and decent rental housing. Today, the Trust Fund serves up to 3,000 individuals and families in Chicago, who without this support might otherwise be homeless, and is the nation’s largest local rental subsidy program.

Started in 1989, the Chicago Low-Income Trust Fund provides \$15.3 million in rental subsidies each year and an additional \$4 million in State and Federal subsidies for supportive housing to serve the city’s lowest income residents.



The Honorable Mayor Richard M. Daley, First Deputy Commissioner Ellen Sahli, the Chicago Low-Income Housing Trust Fund Board of Directors and Trust Fund staff celebrated the program’s 20th anniversary at AMC River East Theater in April 3rd.



PROMOTION AND SUPPORT OF HOMEOWNERSHIP

In 2009, DCD has agreed to commit over \$112 million to help more than 1,000 households achieve or sustain homeownership. DCD supports the construction of new homes, the acquisition and rehab of deteriorated and abandoned properties, and financing programs for home purchase and rehabilitation.

Through the second quarter of 2009, the Department committed over \$33 million to support 450 units, achieving 30% of the annual homeownership resource allocation goal and 40% of the annual homeownership unit goal.

Single-Family Rehab and New Construction

Ararat Homes

In the second quarter, the City Council approved a redevelopment agreement authorizing the disposition of 17 City-owned parcels in the Auburn Gresham, Englewood and Greater Grand Crossing Neighborhoods of the 17th Ward for the construction of Ararat Homes. This commitment, under the Department's New Homes for Chicago Program, allows for the development of 19 single family homes and five two-flats.

Ararat Homes integrate innovative designs which allow for accessibility while maintaining an architectural design consistent with surrounding homes. They accomplish this by creatively situating ground level entrances at the rear of the property, and creating a great room and kitchen that facilitates assisted access to each of the homes floors. By doing this the front of the property maintains a traditional Chicago "walk-up" façade.

The developers, Breaking Ground Inc. and Mt. Ararat Community Christian Center, will provide these units to low-to-moderate income households. Buyers at or below 100% of area median income will be eligible for DCD purchase price assistance.



Breaking Ground Inc. will bring a variety of affordable single family and two-flat homes to the 6th and 17th Wards. These developments will integrate innovative accessible design concepts.





Junction Grove Homes

Also in the second quarter, the City Council approved a redevelopment agreement authorizing the disposition of 19 City-owned vacant parcels in the 6th Ward's Englewood neighborhood for the construction of 20 single family and five two flat properties. As with Ararat Homes, Junction Grove also includes innovative designs that facilitate accessibility.

City land will be conveyed to developers as the cost of \$1. Buyers at or below 100% of the area median income will be eligible for DCD purchase price assistance.

Junction Grove Homes will be developed by Breaking Ground Inc., a not-for-profit corporation with a strong history of working with the City on previous New Homes for Chicago developments.

UPDATES ON PREVIOUS REPORTED DEVELOPMENTS

Good Neighbor Awards

During the second quarter local developers who worked in partnership with the Department of Community Development whose recently constructed or rehabbed buildings have positively impacted the community received awards from the Chicago Association of Realtors (CAR) for their work in neighborhood revitalization.

Revelation Pointe, located at 1413 E 68th St. in the South Shore Community of the 5th Ward, was built under the City's HomeStart Program and received City land for the construction of single-family and two-flat homes.

The Greenline Condos were built on vacant scattered City-owned land in the Woodlawn community and received assistance under the City Lots for City Living Program.

Community Venture Investment Corp. & *Checkmate Realty* were recognized for rental developments at 1256 S. Independence in the Lawndale neighborhood of the 24th Ward, and 1908 S. Kimball and 3400 W. Cortland in the Logan Square neighborhood of the 35th Ward. These restoration projects received assistance under the Lawndale Restoration Initiative and the Troubled Buildings Initiative.

Klee Plaza, located at 4014 N. Milwaukee Ave. in the Portage Park neighborhood of the 45th Ward, received TIF assistance to renovate commercial and residential space, restore a historic art deco façade, and install a green roof.



Chicago Community Land Trust Celebrates 3 Years

In the second quarter the Chicago Community Land Trust (CCLT) celebrated its third anniversary at its annual meeting held at the Northern Trust Bank. CCLT provides secure, affordable homeownership opportunities for Chicago families, and works in combination with City programs such as the Downtown Density Bonus Program, Affordable Requirements Ordinance, City Lots for City Living, Chicago Partnership for Affordable Neighborhoods, HomeStart, and New Homes for Chicago. Upon purchase of a CCLT home, the initial homebuyer enters into a 99-year Deed Covenant with the CCLT. The Deed Covenant preserves the affordability of the home over time by requiring that the home be resold to another income-qualified buyer at an affordable price. Sellers then earn back their initial purchase price plus a share of the market appreciation with the remaining equity, including the subsidies that made the unit affordable, stays with the home providing savings to another low- to moderate-income family.

In the last three years, CCLT has helped 32 families become first-time homebuyers and more than 400 prospective buyers have participated in homebuyer workshops.



Sue Lauricella purchased a home through CCLT in the Avondale neighborhood. According to Ms. Lauricella, "As a renter I felt like I wasn't invested in the neighborhood so my opinion wasn't as important. As a homeowner, I plan to take an interest in what's going on in the neighborhood and to be a part of the community. The CCLT allows you to do that."



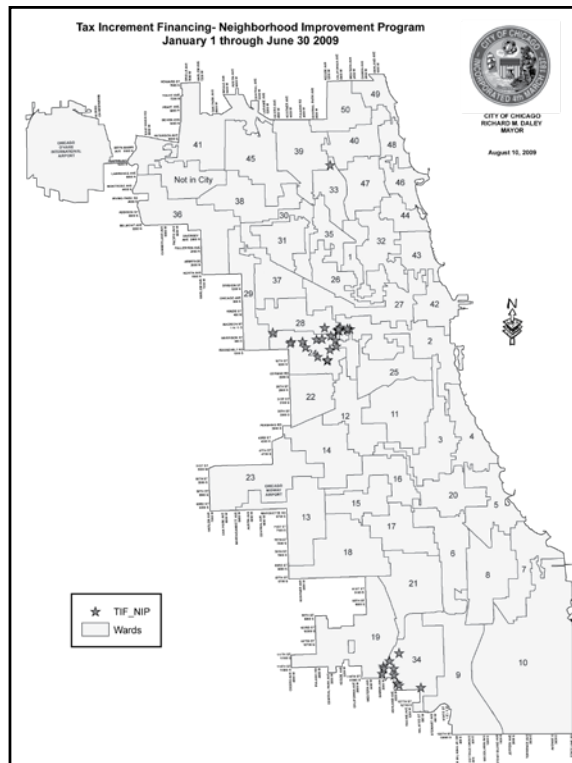
IMPROVEMENT AND PRESERVATION OF HOMES

In 2009, the Department of Community Development has a goal to commit more than \$20 million to assist more than 2,000 households repair, modify or improve their homes. Through the second quarter, DCD committed \$6.4 million in resources to support 725 units, achieving 32% of the annual improvement and preservation resource allocation goal and 35% of the annual improvement and preservation unit goal.

Tax Increment Financing–Neighborhood Improvement Program (TIF-NIP)

The Tax Increment Financing–Neighborhood Improvement Program (TIF-NIP) is a DCD-administered program that has been providing home repair grants since 1999. The TIF-NIP program provides home repair grants for both single and multi-family residences within selected TIF districts. Grants are primarily for exterior repairs; however, up to 30% of the grant may be used for interior repairs that are health and safety related. Grant amounts are based on the number of units per residence.

Through the second quarter of 2009 TIF-NIP has assisted 72 homeowners with over \$422,000 in assistance in the Lawrence-Kedzie TIF, Roosevelt-Homan TIF, 119th/57th TIF, 119th/Halsted TIF, Midwest TIF, and Harrison/Central TIF (see map below).





POLICY AND LEGISLATIVE AFFAIRS

American Recovery and Reinvestment Act (ARRA) Update

In the second quarter the Department of Community Development, in conjunction with the Mayor's Office and other City departments, applied for new sources of funding under the 2009 Stimulus plan (ARRA). DCD is requesting:

- CDBG-R: 3 RFP's for a total of \$5.4 million funding have been issued for (1) foreclosure counseling services for homeowners, home buyers, and renters in foreclosed multi-family buildings; (2) foreclosure prevention outreach events to connect homeowners facing foreclosure with assistance and resources; and (3) conversion of vacant foreclosed condominiums into affordable rental units through the Troubled Buildings Initiative.
- NSP II: In conjunction with the Chicago Housing Authority and Mercy Portfolio Services, the City applied for \$98 million to expand the Neighborhood Stabilization Program, which acquires and rehabs vacant and foreclosed properties in targeted community areas.
- Energy Efficiency Block Grant: The City applied for \$2 million in Energy Efficiency and Conservation Block Grant funding for energy-efficiency retrofits of housing on over 300 units of housing for low-income and senior households.

In addition to DCD applications, the City worked with the Preservation Compact to hold a technical assistance session for developers interested in applying for these resources. A total of 18 applications were submitted from Chicago applicants, more than any other city in the nation.

Finally, DCD is working with the Illinois Housing Development Authority to allocate funding to stalled Low Income Housing Tax Credit projects through the Tax Credit Assistance Program and the Tax Credit Exchange Program.

President Obama's "Making Home Affordable Plan"

On May 2 and June 6 the City, in partnership with Neighborhood Housing Services of Chicago, Attorney Title Guarantee, and the MacArthur Foundation sponsored "Fix Your Mortgage" events at the Chicago Police Training Academy and Chicago State University. These events helped Chicagoans determine if they are eligible for help under the Obama Administration's recently announced foreclosure prevention plan and ensure they get into affordable, sustainable, fixed-rate mortgages.



“We are the first city in the nation to be holding an event to ensure as many local residents get the assistance they need to prevent foreclosure under the President’s new program,” said Mayor Daley. “We estimate that approximately 8,000 Chicago homeowners who are in foreclosure will be eligible for the federal Loan Modification program, and we want to make sure as many as possible take advantage of it.”

The “Making Home Affordable” program has two primary parts: a modification program that is expected to help homeowners currently in or at risk of foreclosure modify their loans; and a refinancing program allowing homeowners who were previously unable to refinance their mortgage because the value of their home has dropped to do so.

During the “Fix Your Mortgage” events, HUD-certified counselors and attorneys from Attorneys’ Title Guaranty Fund, Inc. reviewed over 1,100 homeowners’ paperwork to determine if the borrower qualifies for assistance under the Obama plan. If homeowners provide the required documents, their applications will be sent directly to their loan servicer. Assistance was offered in English and Spanish, and all homeowners will have the opportunity to become more educated about how to gain better control of their finances or financial situation and their options to avoid foreclosure.



During the second quarter Chicago residents in mortgage distress were able to meet with counselors to apply for loan modifications at two “Fix Your Mortgage” events.





Helping Families Save Their Homes Act

On May 22, 2009 the “Helping Families Save Their Homes Act” was approved by the United States Senate. Among other provisions, this law gives all renters in properties that are foreclosed on after May 20, 2009 the ability to reside in the residence through the end of the lease term, unless the new owner intends to make the unit their primary residence, in which case the tenant is allowed 90 days to vacate. This Act mitigates the effects that a foreclosure will have on renters if the property owner defaults on their mortgage.

According to President Obama, “These landmark pieces of legislation will protect hardworking Americans, crack down on those who seek to take advantage of them, and ensure that the problems that led us into this crisis never happen again.”

Neighborhood Stabilization Program Update


In the second quarter, DCD continued to move forward with implementing the Neighborhood Stabilization Program (NSP). NSP is a \$55 million HUD-funded initiative to support the acquisition and rehabilitation of vacant, foreclosed homes in community areas that have been hit hardest by foreclosure. The goal is to get homes back up to building code standards and reoccupied as quickly as possible.

DCD is working closely with the non-profit Mercy Portfolio Services (MPS) on NSP. MPS serves as the City’s NSP subgrantee and is responsible for acquiring vacant, foreclosed properties from financial institutions, transferring them to qualified developers, and monitoring the rehabilitation of the properties.

In the second quarter, MPS began accepting and evaluating responses to the Request for Qualifications (RFQ) for developers that the City and MPS released in late March. An up-to-date list of qualified developers can be found at www.chicagosp.org.

In April, MPS released five Requests for Proposals (RFPs) for professional services (specification writing, appraisals, real estate professionals, board-up and security, and title services). A list of approved vendors selected through this process can also be found at www.chicagosp.org.



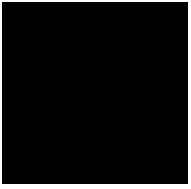


In May, the City Council approved an ordinance to support DCD's implementation of NSP. The ordinance does the following:

- Provides permit fee waivers for all homes rehabbed through NSP
- Exempts units rehabbed through NSP from the Affordable Housing Requirements Ordinance because these units will have other affordability restrictions placed on them, per the HUD regulations
- Allows the City to transfer any homes located in NSP areas of greatest need that it acquires through the HUD \$1 Homes program to MPS
- Provides DCD with authority to enter into agreements, such as intercreditor agreements, redevelopment agreements, and regulatory agreements, in the event that construction lenders require additional security to the rehab homes they are making and in order to implement the program within the mandated 18-month timeframe
- Allows eligible City employees to purchase homes rehabbed through NSP

The City and MPS expect the first NSP property acquisitions to close in the third quarter. DCD has developed a reporting template that we will include in the Appendix to provide information about these transactions. The report will include property-level information including address, number of units, ward, and community area.





APPENDICES

