

**CREATING A CITY IN A GARDEN:
Changing Chicago's Housing Crisis
into New Opportunities**



OCTOBER 12, 2006

A REPORT BY UNITED POWER FOR ACTION AND JUSTICE

TABLE OF CONTENTS

Executive Summary	Page 3
Introduction	Page 6
Housing Status in Chicago After 15 Year Market Binge	Page 7
City and State Response to Affordable Housing Crisis	Page 9
The City of Chicago: Not the Second City, the 22nd City	Page 10
The State of Illinois: Lagging Behind Its Peers	Page 12
The City and State: Failing to Lead	Page 14
Recommendations: Creating a 15 Year Affordable Housing Boom	Page 16
A Major Monetary Commitment for Affordable Housing	Page 17
Publicly Owned Land for Affordable Housing Creation	Page 17
City-Wide Commitment to Balanced Development	Page 18
United Power's Vision	Page 19
End Notes	Page 20

EXECUTIVE SUMMARY

The City of Chicago has undergone a gradual but radical transformation in the past two decades. A city of neighborhoods, once characterized by bungalows and two-flats and smaller rental properties affordable to working families, has morphed into a city of high-rise condos and high-cost homes. The “City that Works”—once a stable home to working and middle-class people—is now losing its heart and soul, as more households flee to the suburbs in search of affordable housing, robbing our city of its tax base, its social capital, and its cultural character, and leaving our city with more neighborhoods of concentrated affluence and more neighborhoods of concentrated despair. Most disturbingly, our elected officials are failing to invest significant public resources or political will in solving this problem.

If we allow the status quo to proceed, we put the future success of our city at risk; and most working and middle-class families will continue to move away. If we act together, we can build a city for all Chicagoans. This report examines the crisis conditions of affordable housing and offers a way forward.

I. The State of Housing in Chicago After a 15-Year Market Binge

The City’s housing crisis can be described as a “perfect storm.” The city is beset by an amazing confluence of diverse housing problems:

- **Historically high quantities of vacant land and vacant buildings on the city’s south and west sides;**
- **Rapidly rising home and rental costs and a dramatic loss of affordable rental housing and affordable homes;**
- **Record high rates of homelessness—especially among homeless children;**
- **Rising property taxes;**
- **Rising foreclosure rates in some communities; and**
- **Potential for the loss of more government assisted, affordable housing.**

These problems have been and continue to be documented *ad nauseum* by repeated studies and statistics. Most recently, 2005 census data revealed that now **one of every three homeowner households in Chicago is spending over 35% of their income on housing** (up from one in five in just five years) and that Chicago suffered from the second largest increase in median monthly housing costs in the nation from 2000 to 2005.

II. The Inadequate Response of the City and the State

The need for affordable housing in our city is large and growing. And yet, the city and state are failing to provide the leadership necessary to deal with the affordable housing crisis. Below is a summary of United Power's research on the efforts of the City of Chicago and the State of Illinois on addressing the affordable housing crisis.

- **Chicago: "The Twenty-Second City."** According to the U.S. Census Bureau's Annual Survey of Government Finances, 2002/03, the City of Chicago ranks 22nd out of the 51 largest U.S. cities for investing funds in affordable housing and community development.
- **Chicago: Failing to put its own money where its mouth is.** According to the Center on Tax and Budget Accountability, only 16.5% of all the funds spend by the city on housing in FY 2005 were city funds—the rest were state and federal, the vast majority of which were already earmarked for affordable housing.
- **Chicago: Dwarfed by New York City in investing "city" funds.** In FY 2005, the City of New York spent over \$236 million in city funds on affordable housing—almost \$30 per person. Chicago only spent \$34 million—only \$12 per person. In total, New York City spent over 2.5 times as much per capita as Chicago, over 7 times as much in absolute terms, and allocated over \$1 billion more in bond proceeds to affordable housing than Chicago.
- **Illinois: Waiting 100 Years to Address the State's Housing Needs.** With over a quarter million households in the state in need of affordable housing, at the current rate of state investment, it would take the state over 100 years to address just one measure of the housing need in the state of Illinois.
- **Illinois: Failing to put its own money where its mouth is.** Only approximately 10% of the funds spent by the state on affordable housing needs came from state funds—the rest were federal dollars, again almost all already earmarked for affordable housing.
- **Illinois: Dwarfed by Florida, Massachusetts, New York and California in investing "state" funds.** In FY 2005, Illinois invested \$3.86 per person in state funds on affordable housing. Florida invested \$28 per person, California invested \$11 per person, New York invested \$16 per person, and Massachusetts invested \$35 per person. In addition, all four states invested far more in bond proceeds in affordable housing. Not surprisingly, all four states created much more affordable

housing than Illinois.

Not only are the dollars lacking, but so is the political commitment. Three examples in the report tell the story:

1. **Lack of city lots drives \$2.5 million in private investment from poor communities.** Despite thousands of city-owned vacant lots, the city won't release any more to the Ezra Community Homes Initiative and thus, the Initiative must return \$2.5 million for constructing affordable homes to private donors.
2. **City policy to keep stores, but not people in the city.** The City fights with all its might to keep "big box" stores in the city, but refuses to enact a Balanced Development Ordinance that would help to keep working class families and seniors in the city.
3. **More state resources for horses than for housing people.** The State invested more in tax breaks and subsidies to the Horse Racing Industry (\$47.5 Million) in 2004 than it did in its new program to help the elderly and the working poor secure affordable rental housing around the state (\$25 million).

III. The Way Forward: Creating a 15-Year Affordable Housing Boom

Money—United Power believes that the State of Illinois should allocated **\$500 million per year in state funds; and the City of Chicago should allocate \$250 million per year in city funds** for affordable housing.

Land—United Power believes that the city needs to dedicate 200 parcels of vacant land per year for next 15 years for the EZRA Homes Initiative. Chicago must stop using land for patronage and start using it for housing and for rebuilding our city.

Balanced Development—United Power believes that new developments (new construction, condo conversions, and substantial rehabs) should **include 15% affordable housing or should contribute funds to the city's Low Income Housing Trust Fund in lieu of building affordable units.**

IV. United Power's Vision: The City in a Garden

Our city's social, economic, and cultural health lies in neighborhoods blessed with a mix of incomes and a healthy supply of homes and apartments that are affordable to seniors, young families, and working-class people of every background.

As people of faith and imagination, we believe in change, redemption and renewal. We can reshape and redirect the market-rate binge of the past two decades to better serve our city's heart and soul. Chicago may never become a "Garden of Eden." But with a vision of hope, long-range planning, and sufficient resources, housing construction and preservation in the Chicago area can shed its addiction to the motto, "Ubi Est Mea" ("Where's mine?") and recommit itself to the goal of "Urbs in Orto" ("City in a Garden").

CREATING A CITY IN THE GARDEN: Changing Chicago's Housing Crisis into New Opportunities

OCTOBER 12, 2006

A REPORT BY UNITED POWER FOR ACTION AND JUSTICE
An affiliate of the Industrial Areas Foundation

INTRODUCTION

The City of Chicago has undergone a gradual but radical transformation in the past two decades. A city of neighborhoods, once characterized by bungalows and two-flats and smaller rental properties affordable to working families, has morphed into a city of high-rise condos and high-cost homes. A city of working and middle-class people is losing its heart and soul, as more households flee to the suburbs in search of affordable housing, robbing our city of its tax base, its social capital, and its cultural character, and leaving our city with more neighborhoods of concentrated affluence and more neighborhoods of concentrated despair.¹

Chicago's motto is "Urbs in Horto"—A City in the Garden. One-third of our city, along the lakefront, embodies this motto quite well. But these lakefront neighborhoods have already become or are fast becoming unaffordable to large portions of the city's population. Meanwhile, another third of the city, comprising vast tracts of the south and west sides, remains plagued by vacant lots and choked by weeds of disinvestment and abandonment, a sad testimonial to years of public and private neglect. The final third, southwest and northwest side communities primarily, find the future well-being of their attractive, historically stable neighborhoods in doubt—threatened by the prospect of foreclosures in some locations and rising property taxes and home costs in others.

This report begins with an analysis of the housing situation of a city that United Power for Action and Justice believes is at a tipping point. If current trends continue, then the city will continue its slow march towards a city of extremes, and the last remaining affordable homes and apartment buildings and the city's working-class core, will disappear. The second part of the report provides a detailed breakdown of the current levels of political and financial commitment by both the city and the state, and how those levels compare to other cities and states. The report ends with a set of recommendations for the future.

HOUSING STATUS IN CHICAGO AFTER A 15-YEAR MARKET BINGE

1. Historically High Quantities of Vacant Land and Vacant Buildings

- The city's own Department of Planning and Development reports more than 150,000 vacant housing units as of 2004.² In North Lawndale, alone, the number of vacant housing units has increased by 500 since 1990, to a total of 2,218.³



The above vacant properties are located in Lawndale, a neighborhood on the west side of Chicago--and represent just two of the many vacant lots in Lawndale alone.

- Many city neighborhoods suffer from thousands of vacant parcels of land—many of them owned or controlled by the city. In three neighborhoods alone—West Garfield Park, Englewood, and West Englewood—the city controls well over 1,000 vacant parcels. Population loss in Auburn Gresham, Englewood, Grand Boulevard, North Lawndale, Oakland, Roseland, South Chicago, Washington Park, West Englewood, and West Pullman indicates two trends: the loss of existing housing units and the lack of new construction on any kind of scale.⁴
- In large areas of the west and south sides, vacant homes and buildings continue to blight blocks and communities—in many communities a persistent 40-year fact of life.

2. A Dramatic Loss of Affordable Rental Housing and Affordable Homes

- A recent University of Illinois study found that of all the households in Chicago, only 20% of them could afford the current median home price—which is just under \$250,000.⁵ The four out of five families that cannot afford a home in the city will be forced to look and buy elsewhere, as far west as Aurora, as far north as Waukegan.
- One out of every three homeowners in the city is paying more than 35% or more of their income for housing. Just five short years ago, only one in five

homeowners in Chicago was spending 35% or more of their income on housing.⁶

- From 2000 to 2005, median monthly housing costs for people with mortgages in Chicago rose 22%, the second highest increase in the nation (the national average increase was only 5%).⁷
- From 2000 to 2005 alone, the percentage of renter households in the city spending more than 35% of their income on rent increased by 13%.⁸

- Out of the ten largest cities in the nation that saw an increase in their population during the 1990s Chicago was the only one to realize a decrease in its inventory of rental units—a net loss of approximately 3,000 rental units.⁹



Logan View—New development in the heart of Logan Square where no new affordable housing units were built. Two-bedroom units start at \$297,000.

- 18,997 public housing units have been demolished by the City and only 1,937 units have been newly constructed.¹⁰ The City's "Plan for Transformation" is aptly named, for it has removed and dispersed poor families. It has done so without creating enough affordable rental and ownership opportunities.

- Between 1990 and 2000, rents rose by 25-75% in 30 Chicago communities.¹¹
- In 1980, 14% of all rental units in Chicago were affordable to the poorest 20% of households in Chicago. In 2000, only 7% of all rentals units in Chicago were affordable to this population.¹²
- In 1973, there were 53,000 single room occupancy units in Chicago. In 2005, there were 12,700.¹³

3) Record High Rates of Homelessness—with Large Increases in Homeless Children

- This past year, over 10,000 children in the Chicago Public School System were identified as homeless—the highest number ever recorded in the City.¹⁴
- A 2005 study by the University of Chicago found that 7,243 unaccompanied youth were homeless in Chicago in 2004.¹⁵

- In FY 2005, according to the Chicago Department of Human Services, 18,873 people were served in shelters in Chicago. In that same year, 14,476 people were turned away from adult emergency shelters, 5,000 were turned away from domestic violence shelters and 738 youth were turned away from one homeless youth shelter.¹⁶

4) Rising Property Taxes

- On the north side alone, homeowners are bracing for increases of 50% or more in their property tax bills during the next round of assessments.¹⁷ With the loss of housing units in other communities, with a city-wide total of 150,000 vacant units, and with the channeling of taxes in many areas into “fiscal gated communities” called TIF’s (Tax Increment Financing), the remaining homes in the city will see ever-escalating property tax increases. Fewer homes must support the public functions of the city.

5) Rising Foreclosure Rates in Some Neighborhoods

- In 2004, in several communities on the southwest side, 3,140 foreclosure proceedings were initiated for single-family properties.¹⁸ This represents a foreclosure rate more than twice the average for Cook County as a whole and means that these communities are in a phase of accelerated decline.
- In the 2nd quarter of 2006, foreclosures rates rose by 60% in the Chicago area while falling in most metro areas around the country.¹⁹

6) Potential for the Loss of More Assisted, Affordable Housing

- Over 30,000 units of assisted affordable housing in the city—nearly 70,000 units statewide—are at risk of being lost to the private market due to expiring federal contracts or use restrictions before 2010.²⁰

CITY AND STATE RESPONSE TO AFFORDABLE HOUSING CRISIS

Affordable homes don’t appear on their own like manna from heaven—public resources and public policy are required to ensure that the housing market serves all the people we need in our neighborhoods, city, and state.

The City of Chicago: Not the Second City, the 22nd City

Under its current Five Year Housing Plan, the City projects that between 2004 and 2008, it will spend a total of almost \$1.9 billion on affordable housing to assist nearly 50,000 units of housing.²¹ This figure includes city, state, and federal resources, as well as private equity generated by federal, state, or city resources. It is an impressive figure but it is clearly not enough given the above statistics that show how many units have been lost, how many units are vacant and how many households are struggling with housing costs.

In the year 2000 in Chicago, 116,000 renter households paid more than 50% of their income for rent and 239,000 renter and homeowner households paid more than 35%

Figure 1
Chicago: The Twenty-Second City

City	Dollars Spent Per Capita in Total Expenditures	National Rank
New York City	\$411	1 st
Minneapolis	\$304	2 nd
San Jose	\$300	3 rd
Indianapolis	\$250	5 th
San Francisco	\$245	6 th
San Diego	\$214	9 th
Washington D.C.	\$142	17 th
Chicago	\$89	22 nd

Source: U.S. Census Bureau Annual Survey of Local Government Finances for 2002/03. This figure provides a sampling of the cities that are spending more on housing than Chicago.

community development a priority, Chicago isn't "The Second City"; it is the Twenty-Second City."

According to data from the U.S. Census Bureau's Annual Survey of Local Government Finances for 2002/03, **Chicago trails 21 cities** in its per capita expenditures for housing and community development.²³ The census data provides expenditures on housing and community development for the 51 largest cities in the country. This data includes all expenditures (federal, state, and city) directed at the creation and preservation of affordable hous-

of their income for housing.²² In addition, just released 2005 census data shows that the indicators of housing need in Chicago are getting exponentially worse. For example, as mentioned earlier, one of every three homeowners in the city now spend more than 35% of their income on housing (up from 1 in every five just five years ago). With such a clear need for investing in housing, Chicago does not stack up against other large cities when it comes to investing resources in affordable housing. Among the 51 largest cities, when it comes to making housing and

**NOT THE SECOND CITY—
Chicago ranks 22nd out
of the 51 largest cities
when it comes to making
housing and community
development a priority.**

ing and the revitalization of economically depressed areas. Figure 1 on the previous page summarizes some of the findings of this study.

We have all heard the phrase, “Put Your Money Where Your Mouth Is.” There is no question that the city spends a significant amount of federal and state money on affordable housing—even if they spend quite a bit less than other comparable cities as shown above. But given the dire need for *more affordable housing* in the city, is the city investing enough of its own funds to help solve the problem? An analysis by the Center on Budget and Policy Priorities reveals that **only 16.5% of the Total Dollars Spent on Affordable Housing in 2005 in the City of Chicago were city dollars.** How does Chicago compare to other cities when it comes to spending its *own* money?

Chicago spends substantially less than its two largest peers. An analysis of the Chicago and New York City budgets by the Center for Tax and Budget Accountability (CTBA) reveal that when compared to New York City, Chicago looks extremely *uncommitted* to creating and preserving affordable housing, see Figure 2. New York City, like Chi-

Figure 2: Comparison of City Funding for Affordable Housing
Between Chicago and New York City 2005. \$ in millions²⁵

City	FY 2005 Budgeted City Funds	Population 2005	Per Capita Spending	FY 2005 Bond Issuance
New York ²⁶	\$236,793,000	8,143,197	\$29	\$1,539,080,000
Chicago	\$34,980,776	2,842,518	\$12	\$145,700,000

Source: Center for Tax and Budget Accountability, 2006. Ronnie Lowenstein, George Sweeting, Preston Niblack, and Frank Posillico, *IBO's Programmatic Review of the 2007 Preliminary Budget: Department of Housing Preservation and Development (HPD) New York City Independent Budget Office*. March 2006. Providing expenditures of city funds for affordable housing from the FY 2005 budget.

ago, has a city-wide Affordable Housing Plan, under which it plans to invest \$7.5 billion over ten years in order to build 165,000 units of affordable housing. Like Chicago, they will be investing a lot of federal and state money in the effort. Unlike Chicago, they are putting more of their *own* resources to work to address the problem.²⁴

According to the CTBA analysis, in FY '05, NYC spent over 2 1/2 times as much money per capita as Chicago, almost 7 times as much in absolute terms, and allocated \$1 billion more than Chicago in bond revenue for affordable housing.

Recent developments reveal that New York City continues to act more aggressively than the City of Chicago. Mayor Bloomberg recently announced the creation of a \$130 million Affordable Housing Trust Fund, funded by revenues from the Battery Park City Authority.²⁷ A portion of these funds will be used to create a \$200 million New York Acquisition Fund, which will be used, in part, to help preserve existing affordable housing that is in danger of flipping to market-rate housing. The City of Chicago has neither a new funding stream that rivals New York's new Housing Trust Fund (the City of Chicago's Low Income Housing Trust Fund stands at about \$7 million a year, which is expected to double with an infusion of state funding and some dollars from the leasing of the Skyway) or a funding strategy like the Acquisition Fund to save or preserve the approximately 30,000 affordable housing units that could be lost to the market.

A sister organization of United Power, the East Brooklyn Congregations has built 2,900 new townhouses in formerly blighted areas there, with another 1,500 homes now in the pre-development stage.

In addition, the CTBA analysis revealed that the City of Los Angeles also spends more in absolute terms and in per capita terms on affordable housing. More importantly, Los Angeles recently approved a \$1 billion bond initiative for affordable housing, which will be on the ballot this fall for voters' approval. If this initiative passes, the City of Chicago will fall further behind New York City and L.A. in its commitment to affordable housing.

The City of Chicago does spend money on affordable housing. Unfortunately, the overwhelming majority of those dollars are federal and state funds. Many of these state and federal dollars (Low Income Housing Tax Credits, HOME Funds, State Donations Tax Credits, etc.) are already earmarked for affordable housing purposes. We all know that we face a housing crisis and that more must be done. We cannot wait for the manna to fall from heaven or from Washington D.C. The City of Chicago must invest more city resources in the effort.

The State of Illinois: Lagging Behind Its Peers

Unfortunately, the city is not alone. Like the city, the state claims that it invests heavily in affordable housing. According to the FY 2005 Illinois Comprehensive Housing Plan, the state of Illinois spent over \$600 million on affordable housing efforts, assisting 7,174 units and 116,000 people.²⁸ The following section looks at state investments versus need and compares Illinois spending to other state spending on affordable housing.

Is the state meeting the housing need with these dollars? In the year 2000, over 250,000 renter households in the state of Illinois had to spend over half (50%) of their income on housing. Over 750,000 households (homeowners and renters) spent over 35% of their income on housing.²⁹ Since 2000, these numbers have gotten much worse — according to recently released American Community Survey census data, the number of homeowner households spending more than 35% of their income on housing has almost doubled. At the state’s current rate of investment in assisting about 7,000 units a year, it would take us over 100 years to meet just one measure of the state’s housing need as of the year 2000.

Is the state putting its own money where its mouth is? According to an analysis by the Center for Tax and Budget Accountability (CTBA), about 90% of the money spent on affordable housing by the state comes from federal resources. When one eliminates the federal dollars as well as the state dollars that are directed at providing services or emergency shelter (as opposed to permanent homes or apartments), only \$49 million of the \$600 million cited by the state is left. This \$49 million assisted or created about 819 units of housing.

The state served 116,000 individuals; doesn’t that show progress? The state claims that they are serving 116,000 people with its funds. A closer analysis of

Figure 3: Comparison of State Funding for Affordable Housing Between Illinois and Selected States FY 2005³¹

State	FY 2005 Budgeted State Funds	Population 2005 ³²	Per Capita Spending	FY 2005 Bond Issuance	Units Produced from State Funds ³³
Florida ³⁴	\$495,000,000	17,789,864	\$28	\$318,500,000	8,212
California ³⁵	\$404,000,000	36,132,147	\$11	\$2,300,000,000	6,703
New York ³⁶	\$307,000,000	19,254,630	\$16	\$798,274,000 ³⁷	5,094
Massachusetts ³⁸	\$223,000,000	6,398,743	\$35	\$656,300,000 ³⁹	3,700
Illinois	\$49,363,000	12,763,371	\$3.86	\$509,600,000	819

The units produced in the Figure above do not reflect units produced from bond money because adequate sources were not available. Actual units produced in Illinois from state money comes from the State of Illinois Comprehensive Housing Plan. The number of units Produced from state funds in other states was calculated by dividing the total budgeted funds by the average cost per unit for creating a unit in Illinois (\$60,272).

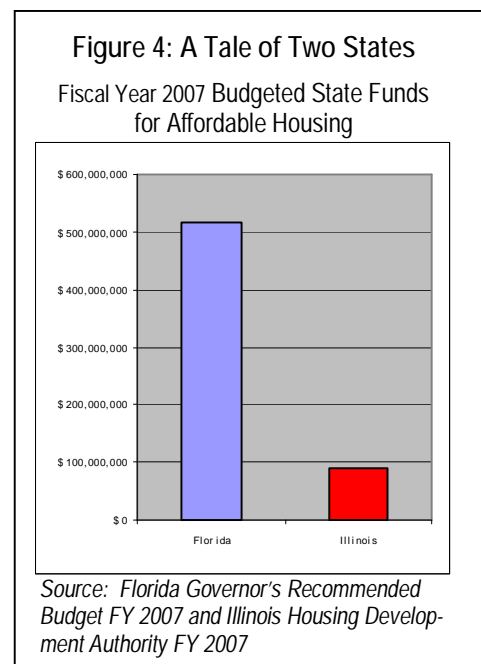
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state’s programs reveals that 99,000 of these 116,000 people served were homeless individuals in shelters. This activity is laudable and necessary, but it points more to a growing crisis—it points to the need for more state investment to create permanent housing so that almost 100,000 people in Illinois don’t end up in shelters in the first place.

How does Illinois compare with other states? Illinois is facing a crisis and is clearly not doing much to address it with its own resources. Maybe that's not unusual. Maybe most states just use federal dollars to address their affordable housing needs? Not so. The CTBA compared data on state spending by five states, all with similarly diverse populations and home to major cities and found that Illinois lagged far behind its peers (see Figure 3 on the previous page).³⁰

In FY 2005, the last year for which complete data was available for all these states, Massachusetts spent almost ten times more per capita than Illinois, Florida spent seven times more, New York spent four times more, and California spent almost three times more. In addition, Illinois failed to use its bonding authority as aggressively as these other states. California committed over four times as much bond revenue to affordable housing as Illinois. Not surprisingly, each state produced far more housing than Illinois as a result of their increased commitment. Florida, whose population is 1.4 times larger than Illinois, provided enough money to produce 10 times more affordable housing.

Since FY 2005, Illinois has increased its budgeted commitment to affordable housing to almost \$88 million in FY 2007—a welcome development. However, this increase still leaves Illinois lagging far behind these states, and more importantly, this increase does not even begin to approach the levels of investment needed to address the state's long list of housing needs from homelessness to housing for the elderly and disabled to housing near jobs for working people. In FY 2007, while the state of Illinois budgeted approximately \$88 million for affordable housing, the state of Florida budgeted over \$500 million dollars—still over four times as much per capita and over five times as much in absolute dollars.



THE CITY AND THE STATE: FAILING TO LEAD

Both the City and the State have allowed affordable housing strategy and planning to be manipulated by local politicians and have allowed other priorities to take precedence. In Chicago, while the Mayor treats Millennium Park and Meigs Field as city-wide priorities, he has allowed local aldermen to obstruct or entangle any large-scale attempts to construct critical masses of affordable housing in the neighborhoods.

For example, United Power’s Ezra Community Homes Initiative (which had raised millions of dollars from Chicago’s religious institutions in order to build affordable homes on vacant parcels) has just voted to return the remaining \$2.5 million in no-interest construction financing to its religious donors. Why? Because the City has been unwilling to override the obstructionism of a number of local aldermen and provide 300 more vacant sites for Ezra to continue building. Approximately 100 Ezra homes have been built in the past five years, providing well-built homes for working-class households at price points from \$100,000 to \$140,000. These homes were affordable to families making as little as \$25,000 per year. 1,000 of these homes could easily have been built and sold if the City had been cooperative and supportive.

While the Mayor treats Wal-Mart and Target as “corporate citizens” that we must not lose to the suburbs, he has allowed market-rate development to drive up property and home values and to drive working class families and seniors to the suburbs. The Mayor has single-handedly stood in the way of a policy tool that would help to address this problem—a city-wide ordinance that would require

Figure 5: Housing for Horses or
Housing for People?

State Priority	State Funds/Tax Revenue Foregone	State Dollars Per Capita
Horse Racing	\$47,473,045	\$3.72
Affordable Rental Housing	\$25,000,000	\$1.96

Source: Center for Tax and Budget Accountability (CTBA), CTBA Analysis of the Tax Breaks and Subsidies Granted to the Illinois Racing Board, 2004

all larger developments to either: include 15% affordable housing for working-class people or, in lieu of that, to contribute funds to the city’s Low Income Housing Trust Fund. Instead of a city-wide standard that would establish predictability in the marketplace and create affordable homes and apartments city-wide, the Mayor continues to allow local aldermen to decide whether or not they want to negotiate with developers for affordable housing on specific developments. Like the city’s policy on land, this approach lends itself to the use of zoning approvals as patronage and sources of campaign cash. Unfortunately, it does so at the expense of working-class families and seniors, who are the social and fiscal lifeblood of the city.

At the state level, the Governor and General Assembly have allowed other priorities to take precedence over housing. The state’s much-lauded Rental

Housing Support Program, passed in 2005, stands as a recent victory for affordable housing in Illinois and will provide approximately \$25 million for rent subsidies to aid the elderly and working poor around the state this year. However, according to the 2004 Racing Board Annual Report, in 2004, the Horse Racing Industry received approximately \$47.5 million in tax breaks and subsidies from the state of Illinois—that's almost twice what the state expended to help the working poor and elderly seniors obtain affordable rental housing this year.

We don't know how many horses benefited directly from these state funds, but their per capita share of state assistance is almost double the share for working families and elderly residents in need of affordable rental housing.

Furthermore, the Governor last year proposed a \$2 billion plus bond initiative to build roads, schools, and mass transit, all important and necessary investments. However, his Republican counterpart in California—Governor Schwarzenegger, led an effort to push a \$2 billion plus state bond for affordable housing through the state legislature in California this past year. Governor Blagojevich proposed no bonds for affordable housing here in Illinois.

RECOMMENDATIONS: CREATING A 15-YEAR BOOM OF AFFORDABLE HOMES AND APARTMENTS IN THE CITY AND REGION

Mayor Daley likes to think of himself as "The Housing Mayor." A press release issued this past June by the Office of Governor Rod R. Blagojevich stated, "Under the leadership of Governor Blagojevich, Illinois is now one of the most progressive states in the nation in regards to affordable housing."⁴⁰ But the numbers and statistics presented thus far paint a much different picture. United Power thinks that the city and state could do much more to invest in affordable housing. Any local government that wishes to address the need for housing must put its own resources towards that priority. In the city, this means money, land, and requirements on private development. At the state level, this means money.



The Ruth Shriman House located near the corner of Irving Park and Sheridan Road, provides 88 of affordable housing units for seniors.

1) A Major Monetary Commitment to Affordable Housing from the City and the State

If the State of Florida can allocate over \$500 million in state funds for affordable housing, and if the State of California can issue a \$2 billion bond for housing, then Illinois can spend more than the paltry \$88 million per year in state funds currently earmarked for affordable housing. The need in our state is large and rising—over 250,000 renter households as of the year 2000 spending over ½ of their income on rent and hundreds of thousands more paying more than 35% of their income on housing. The situation will be exacerbated if we fail to preserve the 70,000 affordable rental units statewide at risk of turning market-rate. With \$500 million, we could be creating or preserving thousands of homes a year, instead of 819.

United Power believes that we need \$500 million per year in State Funds from the State of Illinois for the creation and preservation of affordable housing.

If the Mayor truly wants the title of Housing Mayor, then he must earn it and do better than spend peanuts—about \$34 million per year in city funding—on affordable housing.

United Power believes that we need \$250 million per year in city funds from the City of Chicago for the creation and preservation of affordable housing.

2) Publicly Owned-Land for Affordable Housing Creation

Land now is used by city and local public officials as bargaining chips with local groups. The city pretends to defer to the wishes of local aldermen, who dole out a few lots here and several parcels of land there, to supporters and allies. Land is another form of patronage in Chicago.

If the city is ever to rebuild its devastated areas, critical masses of land must be assembled and dedicated to



A view of the EZRA Homes—100 affordable single family homes located in Lawndale neighborhood on Chicago's west side.

the construction of affordable housing. New York City's aggressive efforts to do so have led to the complete reconstruction of almost every one of its neighborhoods. New York now has fewer than 1,000 vacant parcels and has constructed more than 200,000 homes and apartments—the majority of them affordable—over the past 20 years.⁴¹ A sister organization to United Power, East Brooklyn Congregations, has built 2,900 homes and is about to break ground on 1,500 more.⁴² Meanwhile, in Chicago, United Power's Ezra housing effort has been stalled at only 100 homes in Lawndale. Where is Chicago's vision for revitalization on a grander scale?

Chicago can do the same as New York and other major cities, but only if it sees the reconstruction of areas with affordable houses and apartments as *a core city priority rather than a tool of patronage*.

United Power believes that we need 200 city lots per year for the next 15 years for the EZRA Homes Initiative.

3) City-Wide Commitment to Balanced Development

While the market builders have had a field day, they have built almost nothing that is affordable to two out of every three Chicagoans.⁴³ United Power believes that at least 15% of every development should be affordable, or developers should contribute land or money in lieu of producing these affordable units.

If such a policy had been in place from 1998 to 2003 for all developments of 10 or more units (new construction or condos), we would have created nearly 8,000 new affordable homes for working class people in Chicago and/or received millions of dollars in fee payments from developers.⁴⁴ These fee in lieu payments would have gone to the City of Chicago's highly successful Low Income Housing Trust Fund, which allows landlords to rent apartments to low-income seniors and the working poor.



The restoration of the Old Goldblatt's Building near the corner of Broadway and Lawrence includes a Border's Book Store and other retail space as well as affordable homes.

United Power believes that we need a citywide ordinance or ordinances that will produce 15% affordable housing (or funds in lieu of these homes) in all private developments.

UNITED POWER'S VISION

To redirect and reshape the continued transformation of the city that favors high-cost housing and punishes working and working poor individuals and families.

To initiate an affordable housing boom that will rebuild and reshape the City of Chicago by creating neighborhoods that are worthy of the City of Big Shoulders.

To push both the state and the city to increase funding for an affordable housing boom as aggressive and as sustained as the market housing binge.

To press both the governor and mayor to make affordable housing and a city and region of working families a reality.

Our city's social, economic, and cultural health lies in neighborhoods blessed with a mix of incomes and a healthy supply of homes and apartments that are affordable to seniors, young families, and working-class people of every background.

As people of faith and imagination, we believe in change, redemption and renewal. We can reshape and redirect the market-rate binge of the past two decades to better serve our city's heart and soul. Chicago may never become a "Garden of Eden." But with a vision of hope and sufficient resources from our city and state, it can be the "City in a Garden" for all its residents.

UNITED POWER FOR ACTION AND JUSTICE

Is non-partisan and self-supporting, comprised of more than 300 active, dues-paying members—congregations, community organizations, employee unions, community health centers, and hospitals—committed to working for a just society by standing for the whole.



END NOTES

¹Recent census data and a recent study from the Brookings Institution provide two global examples of the reality that we in United Power see all too often—that our working people, our seniors, and our young families must flee the city in order to survive economically and to provide a better future for their families. See: Jason C. Booza, Jackie Cutsinger, and George Galster. *Where Did They Go? The Decline of Middle-Income Neighborhoods in Metropolitan Chicago* The Brookings Institution. June 2006.; The Associated Press, *Report: Americans Fleeing Nation's Big Cities*, MSNBC.COM. April 20, 2006.

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⁶Recently-released 2005 Census data as reported in: John McCormick and Antonio Olivo, "Housing costs busting family budgets," *Chicago Tribune*. October 3, 2006, p.1,13.

⁷Recently-released 2005 Census data as reported in: John McCormick and Antonio Olivo, "Housing costs busting family budgets," *Chicago Tribune*. October 3, 2006, p.1,13.

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¹⁴Chicago Public Schools Homeless Education Program

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¹⁸Woodstock Institute, *Community Lending Fact Book*, 2004.

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- ²⁰*Housing and Urban Development Multi-Family and Section 8 Database*. Available at <http://www.HUD.gov/offices/hsg/mfh/expmfhdiscl.cfm>. *IHARP Database*. Available at: <http://www.uic.edu/cuppa/voorheesctr/iharp-data.html>.
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- ²⁶Ronnie Lowenstein, George Sweeting, Preston Niblack, and Frank Posillico, *IBO's Programmatic Review of the 2007 Preliminary Budget: Department of Housing Preservation and Development (HPD)* New York City Independent Budget Office. March 2006. Providing expenditures of city funds for affordable housing from the FY 2005 budget.
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- ³⁰Center for Tax and Budget Accountability, *Analysis of City and State Budget*. 2006.
- ³¹FY 2005 is the latest national comparison data available.
- ³²U.S. Census.
- ³³Data on actual units for Illinois comes from the IHDA *Comprehensive Housing Plan*. The number of units produced for the other states was unavailable. Therefore, to calculate the number of units produced in the other states, the average cost for producing a unit in Illinois (\$60, 272) was used. These numbers only include state budgeted funding and not bond issuance due to lack of available data in all states.
- ³⁴Florida Governor's Recommended Budget FY 2007. Bond data from the Affordable Housing Study Commission, 2005.
- ³⁵California State Budget and California Housing Finance Agency, 2004-2005 Annual Report.
- ³⁶New York State Budget.
- ³⁷New York State Housing Finance Authority Annual Report, FY 2004 – 2004 is the latest NY data available.
- ³⁸Citizens' Housing and Planning Association (CHAPA) CHAPA Position Paper on *State Housing Policy for the Gubernatorial Candidates*, July, 2006.
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⁴⁴This analysis can be found in the following report: Business and Professional People for the Public Interest, *Inclusionary Housing: A Policy that Works for the City that Works*. December 2003.