

CITY OF CHICAGO – Department of Housing

2025 Budget Hearing – November 8, 2024

Lissette Castaneda, Commissioner

Good afternoon, Chairman Ervin, Vice Chair Lee, and members of City Council. I thank you for the opportunity to present the Department of Housing's proposed budget for 2025.

Here with me on the dais is Tamra Collins, the Department's Managing Deputy Commissioner of Multi-Family Finance. In the box are:

- Alessandra Budnik – Deputy Commissioner, Finance
- Irma Morales – Deputy Commissioner, Homeownership
- Esther Sorrell – Deputy Commissioner, Housing Development
- Will Edwards – Deputy Commissioner, Neighborhood Preservation
- Matt Stern – Assistant Commissioner, Implementation and Evaluation
- Aja Bonner – Assistant Commissioner, Asset Management
- Jennie Fronczak – Assistant Commissioner, Chicago Housing Trust
- Lisa Lewis – Assistant Commissioner, Construction & Compliance
- Diana Beltran – City Planner V, ARO
- Mike Weber – Assistant Commissioner, IGA & Budget

The vision of the Department of Housing is to equitably distribute resources across all 77 community areas of Chicago so that everyone can live in safe, quality housing. I dream of a city where everyone can make the best housing choices for themselves and their families without risking access to work, school, transportation, grocery stores, and more.

We are grateful that under Mayor Brandon Johnson's leadership, housing support for homelessness has been more prioritized. With Mayor Johnson's administration, the Department of Housing is implementing this vision across three pillars: repopulation and wealth building, housing desegregation, and homelessness prevention and tenant protections.

Our work encompasses these three pillars through a combination of policy, programs, and direct services. While there is considerable work to be done, we have reached several milestones this past year that I would like to share before looking ahead to 2025.

Our first pillar – repopulation and wealth building – leans in on the fact that affordable housing *is* a form of wealth building. The more that households can manage their housing expenses, the more that they are able to save and invest in other parts of life, like education, business ownership, and more. This workstream is about investing in both families and neighborhoods that have suffered from decades of race-driven disinvestment and refers to our work centered on creating pathways towards homeownership.

Our homeownership programs empower Chicagoans to build generational wealth for their families today *and* tomorrow, and to age in place with dignity and security. This includes our Home Repair Programs for low-income homeowners, building new affordable homes on vacant land, providing purchase price assistance grants to low-income buyers, supporting co-ops and shared-equity models of homeownership, and decarbonizing existing homes.

In 2024, we approved 12 multi-family Low-Income Housing Tax Credit (LIHTC) developments. These developments alone placed 1,279 units in the pipeline. Our team has also closed out construction on 17 ARO properties, or properties at a weighted average of 60 percent of the AMI, for a total 360 ARO rental units.

Additionally, 12 owner-occupied (for-sale) units, managed by the Chicago Housing Trust, were completed this past year as a result of the Affordable Requirements Ordinance. And so far, we have recorded 16 inclusionary housing covenants, that will result in over 130 ARO units in the next one-to-two years.

We also launched Rebuild 2.0, a new and improved program to rehab vacant land and buildings in historically disinvested communities, with \$20 million from the State. We've already acquired and provided subsidy for rehabilitation across the city. There's more to come on that when I discuss our plans for 2025.

Our second pillar is housing desegregation. Chicago is the most segregated big city in the country. Our city's residential segregation and fair housing challenges are driven by the root causes of systemic racism and poverty. I am committed to advancing a fair housing agenda that ensures Black and Brown residents have access to affordable housing across all parts of our city, particularly in high-amenity areas where they were historically excluded and discriminated against.

In working towards housing desegregation, the Department of Housing has enacted a number of policies and investments to allow for more affordable housing options to be available in high-amenity neighborhoods. A few notable highlights:

- We partnered with the Department of Planning and Development to announce investments on Lasalle Street to convert four underutilized office buildings into mixed-use residential buildings, creating 1000 new units, of which 300 will be affordable. Now the barista or the custodian or the teacher that works downtown can afford to live where they work and not be weighed down by a long commute or transportation costs.
- And in partnership with the Illinois Housing Development Authority and the Chicago Housing Authority, we re-opened Lawson House that modernized and preserved 400 affordable units for low-income residents in the Gold Coast.

Our third pillar is homelessness prevention and tenant protections. This workflow aims to prevent homelessness, support people in maintaining their housing and, for those experiencing homelessness, having a safe and dignified place where you can lay your head at night is of urgent necessity.

Under this administration, we believe firmly that homelessness is a housing problem, not a social service problem. Earlier this week, Stout published an evaluation of Chicago's combined Right to Eviction Counsel and Early Resolution Program Pilot. Their surveys of participants of the program found that 83.7 percent are at risk of being unsheltered, doubled-up, or in an emergency shelter if they were successfully evicted. Intervention *before* individuals and families become part of the homelessness system produces a far better outcome. All Chicagoans deserve a roof over their head.

This is why we have committed to preserve 278 Single Room Occupancy units, and are working to increase the City's non-congregate shelter stock.

We also improved our processes to ensure that the Rental Subsidy Programs better supported Chicagoans with the greatest needs.

Other key moves around equity and process improvement made in the past year include:

- The \$1.25 billion Housing and Economic Development Bond, which generated \$625 million for DOH to use over five years. DOH will be able to create and preserve more than 5,000 homes with this money, some of which has already been allocated to two projects, placing 144 affordable housing units under construction.
- We also helped launch the Cut the Tape initiative to expedite housing development. So far, we have hired a new Assistant Commissioner to lead our process improvement efforts, launched

working groups to streamline the ATSM and ARO processes, published pre-approved designs for developers participating in the City Lots 4 Working Families program, and more.

- We have proposed two, new positions for urban planners in our 2025 budget to streamline and allow for more proactive planning and development. This is particularly important to pay attention to. For the first time ever, Chicago's housing department will have planners employed and actively engaged on projects. This is in direct response to the feedback we heard from the development community.
- And we enhanced the capacity and experience of BIPOC general contractors and developers.

The dedicated staff of the Department of Housing is passionate about this work. We continuously build the critical policies and programs to achieve our mission and values to deliver better outcomes through Mayor Brandon Johnson's leadership and partnership with Mayor's Office, specifically in collaboration with Sindy Soto, the City's first Chief Homelessness Officer.

There is much more to be done. To create and preserve an equitable distribution of affordable housing across Chicago, we need creative solutions. Now is the time to look to new, sustainable tools to create more affordable housing units and inch closer to the goals across our three pillars of work.

Starting in 2025, we have several exciting developments in the works. First, we will open our next Qualified Allocation Plan (QAP). Released every two years, the QAP sets the rules for accessing federal LIHTC. We look forward to releasing our QAP by next summer and selecting the LIHTC projects by the end of next year.

Second, we are preparing to launch CHI-Mortgage, a purchase assistance grant that will provide a valuable resource to help working and low-to-moderate income families in their pursuit of homeownership.

Next year, we are also ensuring that Right to Counsel, a COVID-era pilot to help vulnerable tenants maneuver the court system and avoid unjust evictions, can continue as a program of the Department of Housing. In addition, we are committed to continuing to preserve Single-Room Occupancies in 2025 – a type of residence that, despite being a vital source of housing for those who have experienced homelessness get into stable housing, has been in rapid decline.

We will also be allocating more money from the historic Housing and Economic Development Bond to launch and support innovative programs, like the Green Social Housing Program, a mixed-income, sustainable, permanently affordable, publicly owned housing program.

Before I take questions, I'd like to take a moment to thank the entire staff at the Department of Housing – the work you do in making housing a human right and fostering household and community wealth in our city is incredible. Your commitment to creating equitable housing opportunities is truly inspiring and has a far-reaching impact on countless lives.

Thank you.