

2008 Affordable Housing Briefing Book
Illinois Housing Roundtable



February 2008

Dear Legislator:

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Everyone deserves a decent, safe and affordable home. But every year, more and more Illinois residents struggle to put—or keep—a roof over their heads. A million-and-a-half Illinois households pay more for housing than federal guidelines recommend. Some can't afford rising rents and are evicted. Some can't afford ballooning mortgages and face foreclosure. From 2005 to 2007, the number of foreclosure filings in Illinois almost doubled. And with an economy teetering on the edge of recession and the foreclosure crisis continuing to deepen, the demand for affordable housing will only grow.

The shortage of affordable housing hurts families, communities and businesses.

- Parents who can't afford to live close to work face expensive and environmentally harmful commutes and lose precious time to spend with family.
- Low-wage workers and other people with limited incomes have to choose between having a roof over their heads and buying groceries or paying for proper health care.
- Seniors who can't afford to live close to family lose the support they need to live actively and independently.
- Communities have difficulty attracting and retaining essential workers, like nurses, teachers, police officers and service industry workers.
- Businesses whose employees live far from work have higher rates of absenteeism and job turnover, which makes them less competitive.

The Illinois Housing Roundtable works to ensure that all the people of Illinois can afford a place to call home. Since 2001, Roundtable members have worked successfully on numerous state initiatives to increase the quantity and improve the quality of affordable housing, to protect tenants and homeowners from unfair landlords and lenders, and to help ensure that every community has a range of housing options. But much remains to be done.

This briefing book will help you understand why more and more of your constituents are having trouble affording their rents and their mortgages and what you can do to help. First, it provides background information: What is affordable housing? Who needs it? What does it look like? Second, it outlines thirteen state initiatives that would go far to ease the burden on working families, improve the quality of life for seniors and those who need supportive housing, reduce homelessness and help businesses attract and retain workers. Finally, it provides information on how Illinois funds affordable housing, an overview of recently enacted affordable housing legislation and budget increases and recent responses to the foreclosure crisis.

The more than 200 organizations and individuals that comprise the Illinois Housing Roundtable look forward to working with you in the 2008 legislative session. We thank you for your interest in addressing our state's affordable housing crisis and we hope that we will have your support.

Sincerely yours,

Bob Palmer

Policy Director
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Chapter 1: Background

2008 Affordable Housing Legislative and Budgetary Agenda

Create and Preserve Affordable Housing Capital Budget Funding

Include \$100 million in the Capital Budget for the construction and preservation of affordable housing. [page 12](#)

New Supportive Housing Services Funding

Increase funding for supportive housing services by \$4 million, sufficient to cover services in new supportive housing units scheduled to open in 2009. [page 12](#)

Homeless Service Providers Funding

Increase funding for the Emergency Food and Shelter Program by \$2.4 million to enable funded agencies to provide improved services for homeless people. [page 12](#)

Affordable Housing Preservation Tax Incentive

Provide a tax abatement to owners of project-based Section 8 properties who make a long-term commitment to maintain affordability. [page 13](#)

Rental Housing Support Program Appropriations

Ensure full appropriations for the Rental Housing Support Program. [page 13](#)

Distribute Affordable Housing Wisely Affordable Housing Planning and Appeal Act

Through legislation or rulemaking, establish clear standards of review for the State Housing Appeals Board. [page 14](#)

Resolution Affirming Housing Integration

Affirm integration and fair housing in Illinois. [page 15](#)

Good Housing, Good Schools Appropriations

To implement legislation passed in 2007, appropriate \$3 million to reimburse school districts for additional expenses associated with the development of new affordable multi-family housing. [page 15](#)

Make Homeownership More Affordable Predatory Lending Database Program Funding

Provide ongoing funding to enable housing counseling agencies to implement the Predatory Lending Database Program. [page 17](#)

Homeownership Protection Act

Create additional notice requirements and remedies for homeowners, particularly the elderly and disabled, who lose their home to tax purchasers and tax scavengers. [page 17](#)

Protect Renters

Safe Homes Act Amendment

Restrict landlords from disclosing the identities of tenants who make use of the Safe Homes Act. [page 19](#)

Relocation Assistance Act

Require landlords to provide relocation assistance to tenants forced from their homes when there is a court order to vacate a building due to dangerous and unhealthy conditions caused by the landlord. [page 19](#)

End Leasing Restrictions

Owners of condominiums and town homes should have the ability to rent their homes when they need or want to—just as other property owners do. [page 19](#)

What is Affordable Housing?

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Affordable housing means that a family can afford to pay its rent or mortgage, utilities and other housing costs, and have enough left over for food, health care, child care, transportation, clothing, and other basic necessities.

Federal guidelines say that no one should spend more than 30% of their income on housing—including rent or mortgage payments, utilities, property taxes and insurance.

1.5 million households in Illinois pay more than **30%** of their income for housing.¹

722,000 households in Illinois pay more than **50%** of their income for housing.²

And the problem is getting worse. From 2000–2005, the number of Illinois households paying more than half of their income for housing grew by 69%.³

People who spend too much on housing cannot afford other basic necessities. Poor families that pay more than 50% of their income on housing spend 30% less on food, 50% less on clothes, and nearly 70% less on health care than poor families that have affordable housing.⁴

What Does Affordable Housing Look Like?

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Hometown Aurora,
developed by
Bigelow Homes



Single-family home in
East St. Louis, developed by
Emerson Park Development
Corporation



Single-family home
in Chicago's South Chicago
neighborhood, developed
by Claretian Associates

All of these projects received funding from the Illinois Housing Development Authority.



New Holland Apartments, supportive housing in Danville, developed by Crosspoint Human Services

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Parkside Apartments, supportive housing for seniors in Kewanee, developed by the Housing Authority of Henry County

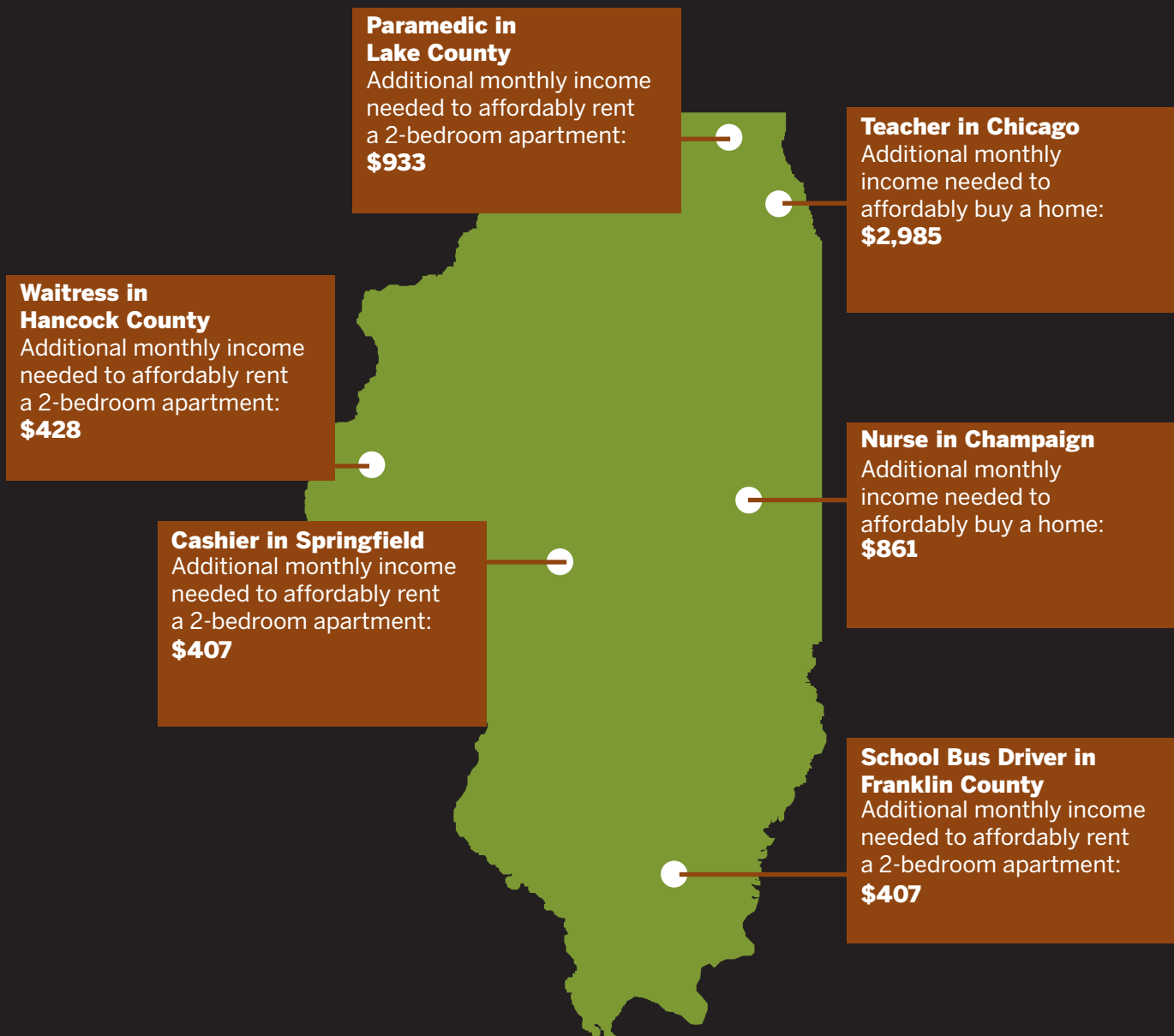


Rental housing in Evanston, developed by Interfaith Housing Development Corporation

Who Needs Affordable Housing?

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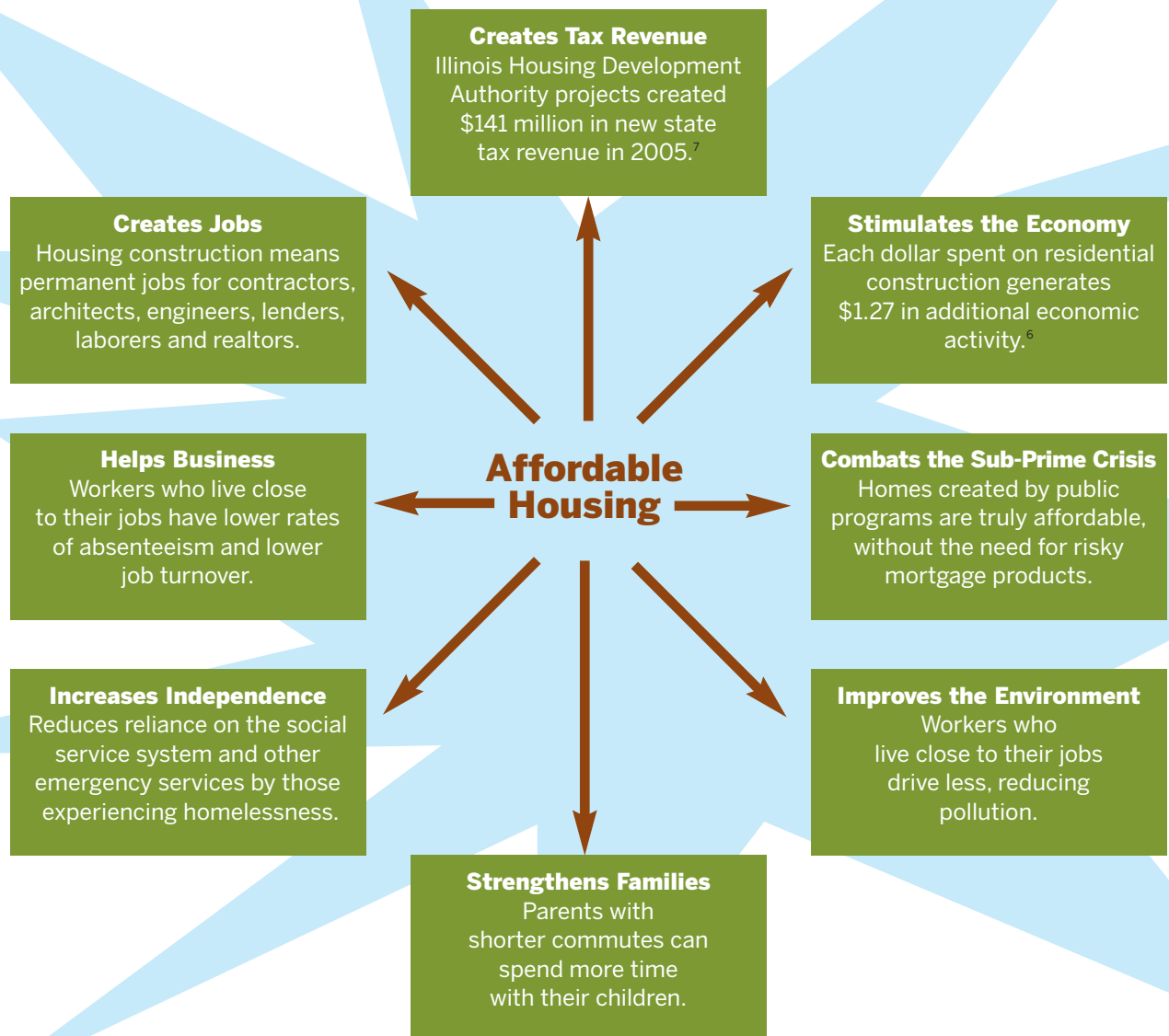
Around the state, people struggle to afford housing.⁵



Why is Building Affordable Housing Good For Illinois?

The time for Illinois to invest in housing is now. We spend less per capita on affordable housing than many other states. We need to provide \$100 million in the state capital budget for the creation and preservation of affordable housing.

Why?



Chapter 2: Policies for Progress

Illinois Needs to Create and Preserve Affordable Housing

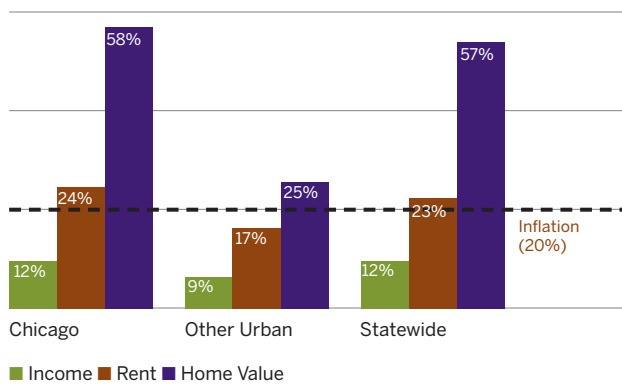
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Affordable housing is in short supply all over Illinois

Not only in our central cities, but also in our suburbs and small towns. Not just for renters, but also for homeowners; for working people and the unemployed; for recent college graduates as well as senior citizens; and for the able-bodied as well as those living with disabilities.

Housing costs have risen much more quickly than incomes

Percentage Change in Income, Rent and Home Values, 1999–2006

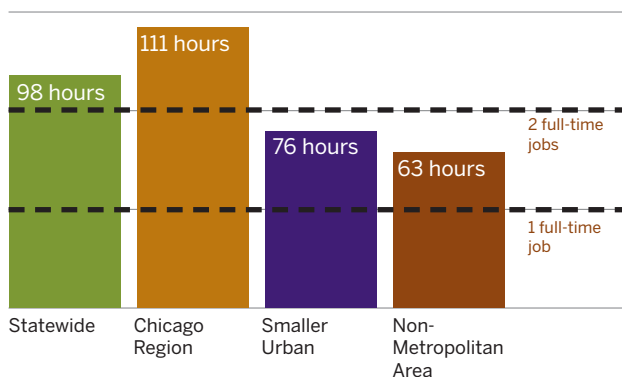


From 1999-2006, Illinois **home values increased nearly 60% and rents increased nearly 25%**.⁸

At the same time, the state's median **income increased by just 12%**, not even enough to keep up with inflation.⁹

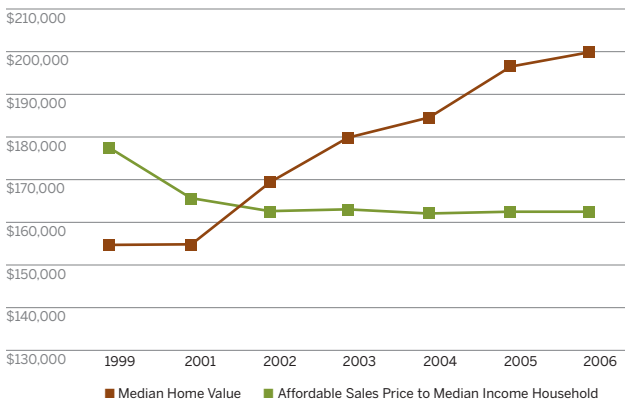
Low-wage workers struggle to pay the rent

Hours Per Week at Minimum Wage to Afford a 2-Bedroom Apartment, 2006



Around the state, **minimum-wage workers working full time** cannot afford to rent the average apartment. They would need to work **63 hours per week** in rural areas and **111 hours per week** in metropolitan Chicago to afford housing.¹⁰

Middle-income families can't afford homeownership



\$36,800

Difference between the cost of a median priced home and what a middle-income family can afford.¹¹

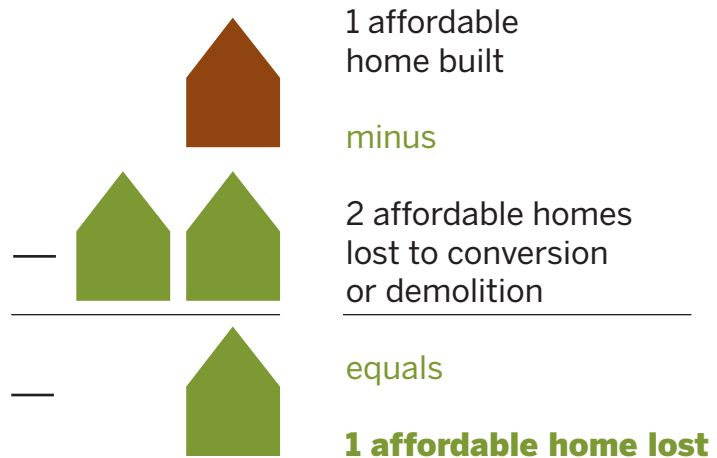
And the gap is growing.

**While the demand for affordable housing is growing, the supply is shrinking.¹²
For every new affordable unit built, two are lost.¹³**

Since 2000, more than 10,000 units of subsidized affordable housing in Illinois have been lost to market-rate and condominium conversions.¹⁴

Another 33,000 subsidized units are at risk of being lost in the next few years.¹⁵

The loss of unsubsidized affordable housing has been much greater.¹⁶



Illinois Needs to Create and Preserve Affordable Housing

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Policies for Progress

Increase funding for housing development, operating support and services

There are three basic types of funding needed to meet the state's affordable housing needs: development, operating support and services. Some affordable housing developments require funding from more than one of these sources.

Funding for Development

Our fundamental housing problem is that many people cannot afford to pay rents or sales prices that are high enough to cover the market cost to develop housing. As a result, public development financing, such as the federal Low Income Housing Tax Credit Program or the Illinois Affordable Housing Trust Fund, is necessary to build and rehabilitate housing that is affordable for lower-income households not served by the unsubsidized private housing market.

Funding for Operating Support

Operating support allows landlords to charge affordable rents and still collect sufficient income to properly maintain their properties. The federal Project-Based Section 8 program and the recently created Illinois Rental Housing Support Program are both forms of operating support.

Funding for Services

Some housing developments, most notably "supportive housing," provide residents with both shelter and critically needed social services. This housing can serve individuals and families who are homeless, at risk of homelessness, or have disabilities, and who require access to supportive services in order to remain secure in their housing. Other housing programs, such as overnight shelters, transitional housing and homelessness prevention, also require funding for services.

Proposed Initiatives for 2008

Include Affordable Housing in Capital Budget

Support the inclusion of \$100 million annually in the Capital Budget for the construction and preservation of affordable housing. Contact: BPI, Chicago Coalition for the Homeless, Housing Action Illinois and Illinois Housing Council.

New Supportive Housing Services Funding

Increase funding for supportive housing services by \$4 million for fiscal year 2009, sufficient to cover services in new supportive housing units scheduled to open that year. Contact: Supportive Housing Providers Association.

Funding for Homeless Service Providers

Increase funding for the Emergency Food and Shelter Grant Program by \$2.4 million for fiscal year 2009 to restore cuts in prior years and to enable service providers to better provide mandated case management and other services. Contact: Housing Action Illinois.

Lower operating costs and provide operating subsidies for affordable housing

Tens of thousands of existing affordable homes in Illinois are at risk of being lost due to deterioration, demolition, or conversion to market-rate properties. Many of these properties are at risk because the affordable rents aren't high enough to cover escalating operating costs. Rising property taxes and energy costs pose an especially large threat to affordability.

Proposed Initiatives for 2008

Affordable Housing Preservation Tax Incentive

Based on the existing Housing Opportunity Tax Abatement program, provide a ten-year tax abatement to owners of apartment buildings subsidized by the federal Project-Based Section 8 program in exchange for a long-term commitment to remain in the Section 8 program.

Contact: Interfaith Open Communities and Sargent Shriver National Center on Poverty Law.

Rental Housing Support Program Appropriations

The Rental Housing Support Program provides subsidies to landlords to enable them to offer affordable rental apartments to extremely low-income households. Though the program has a dedicated funding source, these revenues haven't always been fully appropriated. In the next fiscal year, all fund balances from the dedicated revenue source should be appropriated for the program. Contact: Chicago Coalition for the Homeless and Housing Action Illinois.

Adopt Statewide Supportive Housing Policy and Goals

One initiative to create more affordable housing that will require no 2008 action by the General Assembly is being led by the Illinois Housing Task Force's Supportive Housing Working Group. The Task Force is responsible for developing Illinois' Annual Comprehensive Housing Plan. The Working Group is developing a definition, operating principles, quality standards and development goals for supportive housing.

Permanent supportive housing helps people live stable, successful lives by providing a combination of permanent affordable housing and appropriate supportive services either on-site or nearby.

This housing serves individuals and families who are homeless, at risk of homelessness, or have disabilities and who require access to supportive services in order to maintain housing.

Based on the estimated need, the Working Group is recommending that at least 7,700 new permanent supportive housing units be developed by the State of Illinois over the next five years.

The Supportive Housing Working Group will make its final report to the Illinois Housing Task Force in March 2008.

Contact: The Corporation for Supportive Housing and the Supportive Housing Providers Association.

Illinois Needs to Distribute Affordable Housing Wisely

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Where we live affects whether our kids have access to good schools and whether we have access to good jobs, good health care, safe streets and needed retail and services. It makes sense to build affordable housing near jobs, good schools and transit. Likewise, it makes sense to encourage employers to invest in the areas that have recently benefited from affordable housing investment. To achieve this, quality municipal-level planning is key. To protect its investments in affordable housing and to maximize the community benefits those investments create, the Legislature should encourage better distribution of such housing through improved planning and other means.

In the Chicago area, there are more jobs in affluent suburbs than in the central city.¹⁷ That makes it difficult for many people to get to jobs they need—including essential entry-level and lower-skilled service sector jobs. And it makes it harder for businesses to attract and retain workers. The state needs to encourage localities to bring jobs and housing closer together.

Policies for Progress

Require that communities with little or no affordable housing develop and implement plans to create and preserve such housing

Proposed Initiative for 2008

Affordable Housing Planning and Appeal Act Clarification

The current law creates a State Housing Appeals Board with the power to review local decisions that restrict affordable housing development. But the law does not provide enough information to guide the review process, which will make it very difficult for the Housing Appeals Board to arrive at fair decisions based on clear criteria. Through amendment or rulemaking, clear standards for the State Board must be established. **Contact:** BPI.

Ensure fair housing laws are enforced to reduce housing segregation

Proposed Initiative for 2008

Resolution Affirming Housing Integration

A resolution to affirm integration and fair housing in Illinois should be enacted, accompanied by hearings on how the state can further integration and equal opportunity.

Contact: Chicago Area Fair Housing Alliance.

Encourage comprehensive planning strategies to promote affordable housing

In recent years, Illinois has expanded support for comprehensive planning. The Local Planning Technical Assistance Act was amended to authorize awarding technical assistance grants to communities to integrate housing and other issues into local comprehensive plans; the Green Neighborhood Grant Act provides grants to projects that integrate smart growth, urbanism and green building principles into neighborhood design; and the Regional Planning Act created the Chicago Metropolitan Agency for Planning. However, more needs to be done in this area, especially funding the implementation of the first two acts listed above.

Proposed Initiative for 2008

Good Housing, Good Schools Appropriations

To implement legislation passed in 2007, appropriate \$3 million from the General Revenue Fund to the State Board of Education to reimburse school districts for additional expenses associated with the development of new affordable multi-family housing.

Contact: Metropolitan Planning Council.

Illinois Needs to Make Homeownership More Affordable

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Homeownership is a key path to building wealth—unless it costs too much. Far too often, unaffordable homeownership leads to financial crisis and foreclosure.

- From 2000 to 2006, the number of Illinois homeowners paying more than 50% of their income for housing increased 129%.¹⁸
- From 2005 to 2007, the number of foreclosure filings in Illinois nearly doubled—to a total of almost 90,800.¹⁹

Home foreclosures and sub-prime lending have received extensive media coverage recently, with good reason. For many Illinois residents, homeownership has become an ever more elusive goal. In the past seven years, real incomes (adjusted for inflation) have decreased, while home prices have sharply increased. Affordably priced homes are difficult to find, especially in the cities and regions where substantial numbers of new jobs are being created. In order to buy even modest homes, many working- and middle-class families have needed new types of mortgage products that enabled them to borrow much more than they could have with a traditional fixed-rate mortgage. Even long-term homeowners, particularly seniors on fixed incomes, have difficulty staying in their homes in the face of rising property taxes and energy bills.

If there had been a larger supply of affordable homes, people would not have needed the risky mortgages that they now struggle to repay.

Policies for Progress

Reduce the sales prices and ongoing costs of homeownership for low-income households

The cost of constructing a new home is more than many families can afford. Increases in property taxes and energy costs or unexpected repairs can stretch a family's budget and make basic necessities, or even paying the mortgage, unaffordable. Providing subsidies to affordable housing developers and to low-income homebuyers can make homeownership affordable and sustainable.

Educate and protect first-time homebuyers and existing homeowners

Quality education on the risks, rewards and responsibilities of homeownership, as well as on financial planning and credit worthiness, helps first-time homebuyers to realize homeownership's potential for long-term asset building. New and existing laws can protect buyers and owners from being taken advantage of by predatory lenders and others.

Proposed Initiatives for 2008

Predatory Lending Database Program Funding

Last year, the General Assembly passed legislation that improved the Predatory Lending Database Program and provided a one-time \$3.5 million budget appropriation for housing counseling agencies to implement the program. Ongoing funding is needed to implement the loan document file review mandated to begin July 1, 2008. [Contact: Housing Action Illinois.](#)

Homeownership Protection Act

Create additional notice requirements and remedies for homeowners, particularly the elderly or disabled, at risk of losing their homes to tax purchasers or tax scavengers who buy homes for the cost of unpaid property taxes. [Contact: Housing Action Illinois and Sargent Shriver National Center on Poverty Law.](#)

Illinois Needs to Better Protect Renters

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Illinois is one of the few states without comprehensive laws providing renters with substantial consumer protections. New state laws could protect consumers and give landlords better tools to manage their properties and evict problem tenants.

3.5 million
Illinois
residents rent
their homes.²⁰

58%
of Illinois rental
units are in
municipalities
without local
tenant protection
ordinances.²¹

Tenants with the fewest options face the worst conditions

Many low-income renters have been the victims of **landlord retaliation, substandard living conditions and illegal evictions.**²² Extremely low-income tenants, who can rarely find replacement housing they can afford, report the greatest number of problems with their landlords and the quality of their housing.

Current Illinois statutes fail to clearly define either the tenant's or landlord's responsibilities and are silent on methods for a tenant to remedy unsafe building conditions. Legislation creating uniform protections against unlawful and retaliatory evictions, substandard housing conditions, involuntary displacement and suspect fees are among the ways to improve the situation. Additional resources for the education of tenants and landlords about their rights and responsibilities and increasing resources for alternative dispute resolution and legal representation would also be beneficial.

Policies for Progress

Increase protections for vulnerable tenants

Proposed Initiatives for 2008

Amendment to Safe Homes Act

The Safe Homes Act gives renters who are victims of domestic violence or sexual assault the right, under certain circumstances, to end their lease or get their locks changed. The amendment would restrict landlords from disclosing the identity of tenants who make use of the Act. Contact: Housing Action Illinois and Sargent Shriver National Center on Poverty Law.

Relocation Assistance Act

Require landlords to provide relocation assistance to tenants forced from their homes when there is a court order to vacate a building due to dangerous and unhealthy conditions caused by the landlord. Contact: Housing Action Illinois and Sargent Shriver National Center on Poverty Law.

End Leasing Restrictions

Owners of condominiums and town homes should have the ability to rent their homes when they need or want to—just as other property owners do. This can create a valuable source of rental housing. Contact: Housing Action Illinois and Sargent Shriver National Center on Poverty Law.

Appendix

How Illinois Funds Affordable Housing

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During 2008, Illinois will spend \$979.8 million on affordable housing programs, 71% of which will come from federal funds. State funds will account for \$252.7 million, or 26% of the total. A small amount of private bond activity accounts for the remainder, 3% of the total.²³

But only a small portion of the state funds—\$73.6 million, or 29% of the \$252.7 million total—will be spent to create or preserve affordable housing. These federal and state resources will assist 7,932 affordable housing units (the average investment of state funds will be \$9,279 per unit). This will meet the needs of approximately **one-half of one percent** of the 1.5 million Illinois households paying more for housing than federal guidelines recommend.

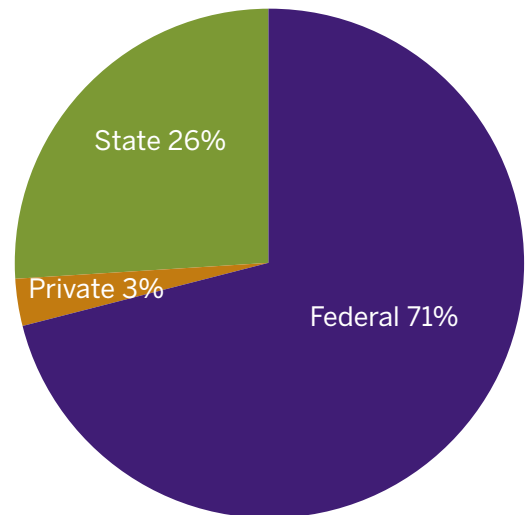
The remaining \$179.1 million in state affordable housing investment will fund housing-related supportive services, such as utility assistance and rental subsidies.

Federal resources come in the form of block grants to the state, marketable federal tax credits which developers can sell to generate equity, and bond issuances. Illinois itself provides funding in the form of budget outlays and credits against state taxes.

(The figures below do not include private financing leveraged by the public sources identified.)

Sources of Illinois Affordable Housing Funding

Source	Type	Total
Federal	Grants	\$156,465,223
	Tax Credit Equity	\$235,571,000
	Bond Issuances	\$305,000,000
Federal Total		\$697,036,223
State	State Budget	\$227,677,176
	Tax Credit Equity	\$25,054,000
State Total		\$252,731,176
Private	Bond Issuances	\$30,000,000
Private Total		\$30,000,000
Grand Total		\$979,767,399



Funding for Rental (Multi-Family) Programs

Low Income Housing Tax Credits

are the largest federal resource for the construction of new affordable rental housing. Typically, a ten year stream of federal tax credits is sold to investors for upfront development equity. In fiscal year 2008, affordable housing developers will sell \$23.2 million in tax credits and generate an estimated \$235.6 million in equity for affordable housing development in Illinois.

HOME is a federal block grant program, which may be used for a wide range of activities, including developing and rehabilitating affordable rental or for-sale housing and providing direct rental assistance to low-income people. In addition to the state's allocation, many larger cities and counties also receive their own HOME allocation.

The **Energy Efficient Affordable Housing Construction Program**, a federal program administered by the Department of Commerce and Economic Opportunity, enables Illinois affordable housing developers to employ energy efficient building practices in the rehabilitation or new construction of affordable housing units.

Tax-Exempt Bonds and private **Taxable Debt** programs are federal tools to finance new construction and rehabilitation projects.

The **Illinois Affordable Housing Trust Fund** was created in 1989 to provide affordable, decent, safe and sanitary housing for low- and very low-income households. By statute, it is to receive half the proceeds from the state's Real Estate Transfer Tax.

The **Illinois State Donation Tax Credit** is a transferable tax credit that for-profit organizations may receive in exchange for a donation to a not-for-profit organization in support of affordable housing projects in Illinois.

Funding for Homebuyer and Homeowner (Single-Family) Programs

Federal **HOME** block grant funds are used for affordable for-sale housing.

Illinois Affordable Housing Trust Fund and the **State Donation Tax Credit**, both described above, also fund single-family homebuyer and home modification programs.

The **I-Loan Homebuyer Mortgage Program** assists low- and moderate-income Illinois households to purchase their first home with below-market rate loans and, in some cases, cash grants. The **I-Loan Tax Credit Certificate Program** provides federal tax savings to first-time homebuyers.

Home weatherization, energy conservation and home repair programs for homeowners are administered by the Illinois Department of Healthcare and Family Services (IDHFS).

Community Development Assistance Program (CDAP) makes grants to hundreds of Illinois small cities and rural communities to address deteriorating housing.

The **Assets for Independence Program**, administered by the Illinois Department of Human Services (IDHS), helps Illinois residents with special needs purchase their first home.

Other programs include the federally-funded **Residential Lead-Based Paint Hazard Control Program** and the state-funded **Adaptive Housing Program for Veterans**.

Funding for Residential Services Programs

Illinois and the federal government fund supportive services for residents of affordable housing developments and others who need housing assistance. These programs include emergency shelter grants, federally funded Housing Choice Vouchers (formerly “Section 8”), youth advocacy programs, homeless prevention, supportive housing, domestic violence support, services for ex-offenders and persons with HIV or AIDS, homeless veterans’ assistance and IHDA-administered rental housing support. Four are funded in whole or in part by the Illinois Affordable Housing Trust Fund, while the others are supported by a combination of state and federal financing.

Summary of All State-Funded Housing Programs

Program	Purpose	Dollars
Rental (Multi-Family)		
Affordable Housing Trust Fund	Creates or preserves housing units	\$ 33,750,000
State Donation Tax Credit**	Creates or preserves housing units	22,298,000
Homebuyer and Homeowner (Single-Family)		
Affordable Housing Trust Fund	Creates or preserves housing units	8,750,000
Home Modification Program*	Assists people with disabilities to stay in their home	2,000,000
State Donation Tax Credit**	Creates or preserves housing units	2,756,000
Community Development Assistance Program (CDAP)*	Preserves single-family housing stock in small cities and rural communities	1,500,000
Assets for Independence***	Helps special needs households to access homeownership	150,000
Energy Conservation and Home Repair (from IDHFS Weatherization allotment)	Preserves single-family housing stock in small cities and rural communities	1,177,000
Energy Conservation and Home Repair *	Preserves single-family housing stock in small cities and rural communities	1,000,000
Adaptive Housing Program for Veterans*	Provides barrier-free living environments for veterans	223,000
Residential Services		
Norman Housing Advocacy***	For families working with DCFS	403,500
Norman Cash Assistance Program***	For families working with DCFS	1,693,500
Emergency Food and Shelter Program	Operates overnight shelters and transitional housing	8,886,558
Homeless Prevention Program*	One-time grants primarily for rent and utility assistance	11,000,000
Supportive Housing Program	Pays for social services in supportive housing	17,700,000
Domestic Violence Program	Operates shelters for domestic violence victims	24,360,118
Assistance to the Homeless Tax Check-Off Fund	Funds agencies serving people experiencing homelessness	300,000
Community Reintegration Program*	Assists seniors to move from institutions to community-based housing	2,000,000
Homeless Youth Services Program	Operates shelters for unaccompanied minors	4,598,500
Developmentally Disabled Home-Based Support Services Program*	Home-based services for people with developmental disabilities	1,300,000
Low Income Home Energy Assistance Program (LIHEAP)***	Utility assistance	73,885,000
Enhanced Transition and Assistive Technology*	Assists seniors to move from institutions to community-based housing	2,000,000
Rental Housing Support Program	Rental subsidies for extremely low-income households	31,000,000
Grand Total		\$ 252,731,176

* Funded in whole or in part through the Affordable Housing Trust Fund

** Funds from tax credit equity

*** Estimated budget figure

Notable Recent Affordable Housing Legislation

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2007

Extension of the 7% Property Tax Cap

To reduce property taxes for owners whose home values have rapidly escalated, this law increases the alternative general homestead exemption in counties that have approved such exemptions for this purpose. After three years, the exemption increase will be replaced with a tiered homestead exemption for long-time occupants. The bill also reduces property taxes for seniors, people with disabilities, veterans and surviving spouses of fallen police or rescue workers. Public Act 094-0976. **Contact:** Tax Reform Action Coalition.

Residential Mortgage License Act and the Predatory Lending Database Program Amendments

Increases the enforceability of the Residential Mortgage License Act and requires state-licensed lenders to make loans in the best interest of the borrower. Improves the Predatory Lending Database. Public Act 094-1029. **Contact:** Housing Action Illinois.

Good Housing, Good Schools Act

Authorizes payment of state funds to local school districts in municipalities that approve new affordable multi-family housing developments. The Act, however, still needs funding from the Illinois State Board of Education to be implemented. Public Act 095-0330. **Contact:** Metropolitan Planning Council.

Condominium Conversion Notice Liability Act Amendments

If a landlord does not give a tenant proper notification that a rental unit is to be converted into a condominium, these amendments make it possible to hold the landlord liable for the tenant's moving costs, three months' rent and court costs. Public Act 095-0221.

Contact: Metropolitan Tenants Organization, Rogers Park Community Action Network and Sargent Shriver National Center on Poverty Law.

Mobile Home Lease Requirements Act Amendments

These amendments strengthen many of the owner's responsibilities to a tenant in a mobile home via new requirements for a mobile home lease. Public Act 095-0383.

Contact: Mobile Home Owners Association of Illinois.

Homeless Prevention Program Funding

Beginning in fiscal year 2007, the Homeless Prevention Program was funded at \$11 million from the Illinois Affordable Housing Trust Fund, an increase from \$5 million in General Revenue and TANF funds in the previous year. This highly effective program prevents households experiencing a temporary financial crisis from becoming homeless by providing emergency rent, utility or mortgage assistance. **Contact:** Chicago Coalition for the Homeless and Housing Action Illinois.

Supportive Housing Services Funding

Supportive housing services were funded at \$14.25 million in fiscal year 2008, including \$3.9 million in new funding. The new funding will provide services for 30 supportive housing projects across the state, serving over 900 people who are homeless and/or have mental illness. **Contact:** [Supportive Housing Providers Association](#).

Emergency Food and Shelter Program Funding

The Emergency Food and Shelter Program received a 6% budget increase, increasing funding to \$9.4 million. **Contact:** [Housing Action Illinois](#).

2006

Comprehensive Housing Planning Act

This Act requires the State to produce an annual statewide housing plan with specific components, including plans to coordinate state spending to better address affordable housing goals. It also creates a Housing Task Force to develop and approve the plan. Public Act 094-0965. **Contact:** [Chicago Metropolitan 2020 and Metropolitan Planning Council](#).

Safe Homes Act

This Act, passed in 2006 and amended in 2007, provides renters who are victims of domestic or sexual violence, and renters who have a household member who is a victim, the right to end their written or oral lease early and leave the home without penalty. Under certain circumstances, it also allows the victim to get the locks changed to keep the abuser out of the home. Public Act 094-1038 and Public Act 095-0378.

Contact: [Housing Action Illinois](#) and [Sargent Shriver National Center on Poverty Law](#).

Mortgage Fraud Rescue Act

The Act restricts the business of “mortgage rescuers,” a type of predatory lending in which homeowners are charged fees but receive no services and may lose the deed to their home and be evicted. Public Act 094-0822. **Contact:** [Housing Action Illinois](#).

Business Location Efficiency Act

The Act creates tax incentives for businesses that locate new facilities near affordable workforce housing, public transit, or areas that have large unemployed populations. Public Act 094-0966. **Contact:** [Chicago Metropolitan 2020](#).

2005

Rental Housing Support Program Act

This program provides subsidies to participating landlords to enable them to affordably rent homes and apartments to extremely low-income individuals and families. Public Act 094-0118. **Contact:** [Chicago Coalition for the Homeless and Housing Action Illinois](#).

Affordable Housing Tax Credit Extension

This legislation extends through 2011 the “Donation Tax Credit,” which was first authorized in 2001 and was scheduled to sunset in 2006. The “Donation Tax Credit” enables an Illinois taxpayer to receive state tax credits for certain donations to an affordable housing development project. The 2001 legislation also includes \$2 million for an Employer Assisted Housing Program, which provides tax incentives and limited matching funds to employers who offer their employees downpayment assistance. Public Act 094-0046. **Contact:** [Chicago Rehab Network and Metropolitan Planning Council](#).

Affordable Housing Planning and Appeal Act Amendments

These amendments enable neighboring communities to work together to create affordable housing that can be counted toward units needed in one or both of their affordable housing plans. Additionally, all Illinois communities are given the power to create Community Land Trusts and Affordable Housing Trust Funds, use local zoning powers to create affordable housing and accept donations of money or land to address affordable housing needs. Public Act 093-0678. **Contact:** BPI.

Resident Tenant Right to Repair Act

This Act requires landlords who fail to make certain repairs to reimburse tenants for minor repairs required by building codes or health and safety regulations. Public Act 093-0891. **Contact:** Metropolitan Tenants Organization and Sargent Shriver National Center on Poverty Law.

2004

Federally Assisted Housing Preservation Act

This Act requires the owner of an assisted housing development to give 12 months notice of an intent to sell. It also provides for representation of a tenant association by a not-for-profit corporation or private purchaser. Public Act 093-0727. **Contact:** Chicago Rehab Network.

2003

Affordable Housing Planning and Appeal Act

The Act requires all Illinois municipalities with less than 10 percent affordable housing to create and implement plans to increase the supply of affordable housing in their community. Additionally, it creates a State Housing Appeals Board that, beginning in 2009, may review decisions by local governments to reject certain affordable housing development proposals in communities with less than 10 percent affordable housing. Public Act 093-0595. **Contact:** BPI.

Housing Opportunity Tax Incentive Act

The Act provides a property tax abatement for landlords in “opportunity areas” who rent to families with federal Housing Choice Vouchers. Public Act 093-9316. **Contact:** Interfaith Open Communities.

Current Responses to the Foreclosure Crisis

Illinois has recently initiated several programs to address the spiraling number of foreclosures.

Activities to Assist Those Currently Facing Foreclosure

Homeowners Assistance Initiative

Governor Blagojevich's Homeowners Assistance Initiative program, funded with \$200 million from four private mortgage lenders, offers 30-year fixed-rate federally insured mortgages for people refinancing their mortgage. To qualify, borrowers must undergo mortgage counseling.

Homeowner Outreach Days

Fairs where homeowners can seek ongoing assistance from HUD-certified housing counseling agencies and loan servicers.

Statewide Foreclosure Network

A network of non-profit agencies across the state that provides one-on-one foreclosure prevention counseling for homeowners.

National Foreclosure Mitigation Counseling Program

The Illinois Housing Development Authority is applying for funds from a new federal program to increase the availability of foreclosure counseling services.

Mortgage Information and Fraud Hotline

Homeowners who believe they may have been the victims of deceitful or fraudulent lending practices can get in touch with state mortgage fraud investigators by calling 800.532.8785.

Preventative Measures

Anti-Predatory Lending Legislation—Senate Bill 1167

This legislation, developed by Attorney General Madigan, goes into effect on July 1, 2008. It will protect borrowers from risky loan products and the predatory practices of many sub-prime lenders.

Predatory Lending Database Program

Starting July 1, 2008, in Cook County, first-time homebuyers and refinancing borrowers who have applied for certain potentially risky, predatory loan products will be required to attend a file review session at a HUD-certified counseling agency.

Developing the Capacity of Housing Counseling Agencies

Housing Action Illinois provides technical assistance and training to build the general capacity of housing counseling agencies that help homebuyers make informed decisions.

Glossary

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Affordable Housing

Federal guidelines state that no one should spend more than 30% of their income on housing—including rent or mortgage payments, utilities, property taxes and insurance.

Area Median Income (AMI)

Most publicly-funded housing subsidy programs target people at a certain income level, usually measured as a percentage of the Area Median Income (AMI). The AMI is determined by the U.S. Department of Housing and Urban Development for a given metropolitan area, is published annually and is adjusted for household size.

Extremely Low-Income

Households earning less than 30% of the Area Median Income, adjusted for family size.

Low-Income

Households earning less than 80% of the Area Median Income, adjusted for family size.

Operating Costs

The ongoing costs of owning a rental building, such as mortgage and utility payments, janitorial staff, real estate taxes, property management staff, landscaping, security, etc.

Predatory Lending

High-cost loans coupled with unscrupulous practices that pressure borrowers into loans that they don't need or can't afford.

Private Bond Activity

Tax-exempt bonds issued by or on behalf of local or state government for the purpose of providing special financing benefits for qualified projects that have some public benefit. In Illinois, IHDA uses these bonds to provide mortgage financing for eligible first-time homebuyers.

Supportive Housing

Permanent housing that helps people live stable, successful lives through a combination of affordable housing and appropriate supportive services on-site or nearby. This housing serves individuals and families who are homeless, at risk of homelessness, and/or have disabilities, and who require access to supportive services in order to maintain housing.

Tax Increment Financing (TIF)

An economic development tool that allocates new property tax revenues to fund development-related activities in blighted areas.

Tax Purchaser and Tax Scavenger

Individuals or corporations who obtain ownership of a property by purchasing all or a portion of the delinquent property taxes at a government property tax sale.

Very Low-Income

Households earning less than 50% of the Area Median Income, adjusted for family size.

Advocacy Directory

Business and Professional People for the Public Interest (BPI)

25 E. Washington Street, Suite 1515
Chicago, Illinois 60602
312.641.5570
www.bpichicago.org
Contact: Adam Gross

Chicago Area Fair Housing Alliance

220 S. State Street, Suite 1700
Chicago, Illinois 60604
312.409.3884
www.state.il.us/dhr/housenet/private/cafha/index.html
Contact: Kathleen Clark

Chicago Coalition for the Homeless

1325 S. Wabash Avenue, Suite 205
Chicago, Illinois 60605
312.435.4548
www.chicagohomeless.org
Contact: Julie Dworkin

Chicago Metropolitan 2020

30 W. Monroe Street, 18th Floor
Chicago, Illinois 60603
312.332.2020
www.chicagometropolis2020.org
Contact: Nancy Firfer

Chicago Rehab Network

53 W. Jackson Boulevard, Suite 739
Chicago, Illinois 60604
312.663.3936
www.chicagorehab.org
Contact: Kevin Jackson

Corporation for Supportive Housing—Illinois

203 N. Wabash Avenue, Suite 410
Chicago, Illinois 60601
312.332.6690
www.csh.org
Contact: Sue Augustus

Housing Action Illinois

11 E. Adams Street, Suite 1601
Chicago, Illinois 60603
312.939.6074
www.housingactionil.org
Contact: Bob Palmer

Illinois Housing Council

322 S. Green Street, Suite 400
Chicago, Illinois 60607
312.491.4444
www.ilhousing.org
Contact: Amy Wagner

Interfaith Open Communities

200 N. Michigan Avenue, Suite 502
Chicago, Illinois 60601
773.895.2030
www.iocillinois.org
Contact: Ken Oliver

Metropolitan Planning Council

25 E. Washington Street, Suite 1600
Chicago, Illinois 60602
312.922.5616
www.metroplanning.org
Contact: Robin Snyderman

Metropolitan Tenants Organization

1180 N. Milwaukee Avenue
Chicago, Illinois 60622
773.292.4980
www.tenants-rights.org
Contact: John Bartlett

Mobile Home Owners Association of Illinois

mhoai@mhoai.org
www.mhoai.org
Contact: Terry Nelson

Rogers Park Community Action Network

1545 W. Morse Avenue
Chicago, Illinois 60626
773.973.7888
www.rpcan.org
Contact: Fran Tobin

Sargent Shriver National Center on Poverty Law

50 E. Washington Street, Suite 500
Chicago, Illinois 60602
773.263.3830
www.povertylaw.org
Contact: Kate Walz

Supportive Housing Providers Association

212 E. Ohio Street, 5th Floor
Chicago, Illinois 60611
773.935.4663 Ext. 123
www.supportivehousingproviders.org
Contact: Janet Hasz

Tax Reform Action Coalition

867 W. Buckingham Place
Chicago, Illinois 60657
312.458.9202
www.geocities.com/trac-il
Contact: Barb Head

Notes

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- 1 U.S. Bureau of the Census, *American Community Survey, 2006*.
- 2 U.S. Bureau of the Census, *American Community Survey, 2006*.
- 3 U.S. Bureau of the Census, U.S. Census, 2000, SF 3 and *American Community Survey, 2006*.
- 4 Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing 2007," Figure 32. Data on people with earnings in the bottom quartile.
- 5 Housing wages from National Housing Conference, "Paycheck to Paycheck—2006 Third Quarter Earnings," www.nhc.org/chp/p2p/ and National Low Income Housing Coalition, "Out of Reach 2006" online calculator, www.nlihc.org/oor/oor2006/. Median wages from National Housing Conference, "Paycheck to Paycheck," and Illinois Department of Employment Security, "Quarterly Census of Employment and Wages 2006."
- 6 Analysis from The Liscio Report on the Economy, cited in Alex Abelson, "Up and Down Wall Street," *Barron's*, August 14, 2006.
- 7 Illinois Housing Development Authority, 2005 Annual Report.
- 8 U.S. Bureau of the Census, *U.S. Census, 2000, SF 3*, U.S. Bureau of the Census, *American Community Survey, 2000*, and U.S. Bureau of the Census, *American Community Survey, 2007*.
- 9 U.S. Bureau of the Census, *U.S. Census, 2000, SF 3*, U.S. Bureau of the Census, *American Community Survey, 2000*, and U.S. Bureau of the Census, *American Community Survey, 2007*.
- 10 National Low Income Housing Coalition, "Out of Reach 2006" online calculator, www.nlihc.org/oor/oor2006/.
- 11 A mortgage calculator created by Fannie Mae determines, based on specified income and assumptions about various other related factors, how much households can pay for housing costs. (www.fanniemae.com/homebuyers/calculators/index.jhtml). For each of the years specified on the chart, Illinois median household income and Illinois median home price were taken from *U.S. Bureau of the Census: U.S. Census, (2000)*, or *American Community Survey (2001–06)*. Median household income and median home price data were adjusted for inflation, using constant 2006 dollars. We assumed a 30 year fixed mortgage, 6.1% interest rate, 10% down payment and no outstanding debt. For example, 2006 Illinois median household income was \$52,006. Using that figure and the assumptions noted above, the Fannie Mae calculator determined that the median family could afford to buy a \$163,441 home. In 2006, the median home value in Illinois was \$200,200. The difference is \$36,759.
- 12 Joint Center for Housing Studies of Harvard University. "America's Rental Housing: Homes for a Diverse Nation," 2006.
- 13 Joint Center for Housing Studies of Harvard University. "America's Rental Housing: Homes for a Diverse Nation," 2006.
- 14 Illinois Housing Development Authority, "On the Road to Success: Illinois' Comprehensive Housing Plan," 2006, p.22.
- 15 Illinois Housing Development Authority, "On the Road to Success: Illinois' Comprehensive Housing Plan," 2006, p.22.
- 16 See, for example, The Real Estate Center at DePaul University, "The State of Rental Housing in Cook County: Current Conditions and Forecast," 2007.
- 17 Harry J. Holzer and Michael A. Stoll, "Where Workers Go, Do Jobs Follow?" Brookings Institution, December 2007, p.12.
- 18 U.S. Bureau of the Census, *U.S. Census, 2000 SF 3*, and U.S. Bureau of the Census, *American Community Survey, 2006*.
- 19 Lorene Yue, "Illinois Foreclosure Activity Jumps," *Crain's Chicago Business*, January 29, 2008.
- 20 U.S. Bureau of the Census, *American Community Survey, 2000*.
- 21 U.S. Bureau of the Census, *American Community Survey, 2000*. The four municipalities with local tenant protection ordinances are Chicago, Mt. Prospect, Urbana, and Evanston.
- 22 Housing Action Illinois, Lawyers' Committee for Better Housing and Sargent Shriver National Center on Poverty Law, "Insecure in Your Own Home: What It Means To Rent in Illinois," 2006, pp. 8-10.
- 23 Illinois Housing Development Authority, "Prime Solutions for Affordable Housing: Illinois' 2008 Comprehensive Housing Plan," pp. 24, 28, 31.



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