

Understanding Affordable housing

Housing is the largest expense for most American families, and that is particularly true for inhabitants of major cities like Chicago. Most Chicagoans live in housing owned and operated by the private sector, with rents set at the market rate. In many cases, that rent is affordable, which means that households must commit no more than 30 percent of their incomes to housing.

Yet an increasing number of Chicagoans are rent-burdened, forced to devote more to housing and less to food, clothing, transportation and health. The share of city renters who are rent-burdened has risen from a 38 percent in 2000 to more than 50 percent.

Several public programs, detailed here, help to bridge the gap by offering guaranteed affordability based on household incomes.

Affordable Requirements Ordinance (ARO)

- Chicago's ARO applies to housing projects with 10 or more units that receive certain zoning changes; include land purchased from city; receive city aid; or are zoned as Planned Development or Downtown.
- Projects subjected to the ARO must either:
 - Set aside 10 to 20 percent of units as affordable housing (60 percent of AMI for renters or 100 percent of AMI for owners); or
 - Donate \$100,000 per required unit to the Chicago Low-Income Housing Trust Fund, which funds affordable housing.

Area Median Income (AMI) in Chicago


Number in Household	50% of AMI	60% of AMI	80% of AMI	100% of AMI
1	\$25,350	\$30,420	\$40,550	\$50,700
2	\$29,000	\$34,800	\$46,350	\$58,000
3	\$32,600	\$39,120	\$52,150	\$65,200
4	\$36,200	\$43,440	\$57,900	\$72,400
5	\$39,100	\$46,920	\$62,550	\$78,200


Sources: U.S. Dept. of Housing and Urban Development, 2012; 2014

Affordable housing assistance programs

Low-Income Housing Tax Credit (LIHTC)


LIHTC is an indirect federal subsidy that finances new or rehabilitated units through tax credits. Illinois has a similar program (IAHTC). LIHTC is primarily used by non-profit developers, which apply for financing from the state or City of Chicago in a competitive process.


 30,334 low-income units funded by LIHTC in Chicago


 20% of units must be for families at or below 50% of AMI or 40% of units for families at or below 60% of AMI

Section 8 tenant-based vouchers / Housing Choice Vouchers

These vouchers provide funds to families with housing needs and are distributed by local housing authorities to be used in private buildings.


 131,367 with tenant-based vouchers in Chicago


 50,472 tenant-based vouchers distributed in Chicago


 Families at or below 50% of AMI

Public Housing/Section 8 project-based vouchers

Public Housing or Project-Based Vouchers are allocated to buildings, some of which are owned by the Chicago Housing Authority, others of which are private.


 32,580 in public housing in Chicago
20,721 in project-based Section 8 buildings in Chicago

 21,239 units in public housing in Chicago
14,070 units in project-based Section 8 buildings in Chicago

 Families at or below 80% of AMI

HOME

HOME is a federal program that funds the construction, purchase or rehabilitation of affordable housing for renters or buyers.

 90% of units must be for families at or below 60% of AMI

Local subsidies

Local programs, such as Tax Increment Financing (TIF) and Community Development Block Grants (CDBG) may also be used to fund affordable housing.

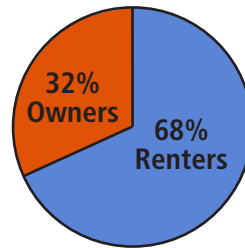
Affordable housing in Uptown

With about 56,000 inhabitants and 30,000 households, Uptown is one of the City of Chicago's most populous community areas. It is also one of the city's most diverse. With a median household income of \$40,706, the neighborhood is less wealthy than the city as a whole (\$47,000), but it has a similar percentage of households with high incomes.

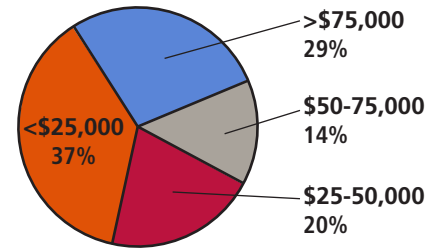
Even with significant publicly aided housing throughout the neighborhood, Uptown suffers from high housing cost burdens, both for renters (who make up two-thirds of households) and owners. About a quarter of renters pay more than \$1,000 a month, and more than half of owners pay more than \$2,000 a month in mortgage payments. More than 60 percent of households with incomes lower than \$75,000 contribute 30 percent or more of their incomes to housing costs.

Households in Uptown

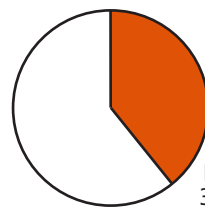
Tenure



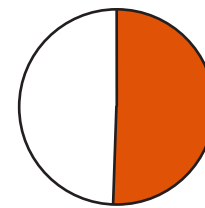
Household income



Cost burdens



Owners
38% Pay more than 30% of income for mortgage



Renters
51% Pay more than 30% of income for rent

Source: Chicago Rehab Network (2010)



Publicly aided affordable housing in Uptown

Note: Certain units are subsidized with more than one source of public aid.

- Section 8 project-based units
3,225 units in Uptown (23% of city total)
- Low Income Housing Tax Credit units
1,849 units in Uptown (6% of city total)
- Other City of Chicago funded units
913 units in Uptown

In addition, there are 2,400 units subsidized by the Illinois Housing Development Authority in the area, some of which receive other subsidies.

- Fewer than 50 Units
- 50 - 100 units
- 101 - 200 units
- 201 to 500 units

Sources: City of Chicago, U.S. Dept. of Housing and Urban Development