

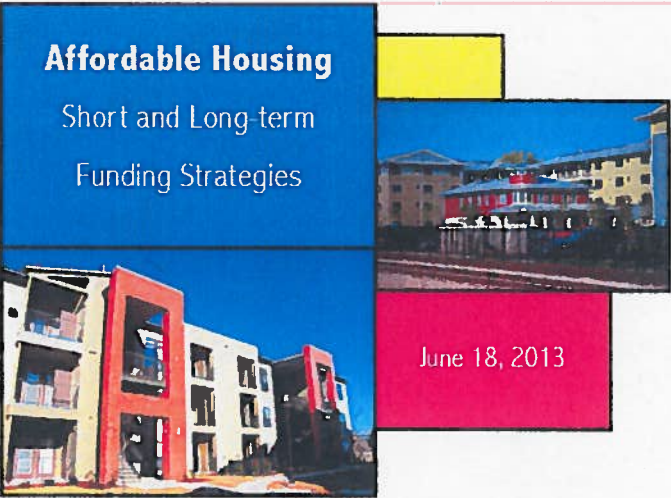


**Affordable Housing**  
Short and Long-term  
Funding Strategies



## Presentation Overview

- Funding need by service area
- Short and long-term funding goals
- Overview of CDBG and HOME grant funding
- Sustainability Fund and General Fund
- Housing Trust Fund background and summary
- Debt
- 5-year funding projection

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THE UNIVERSITY OF CHICAGO

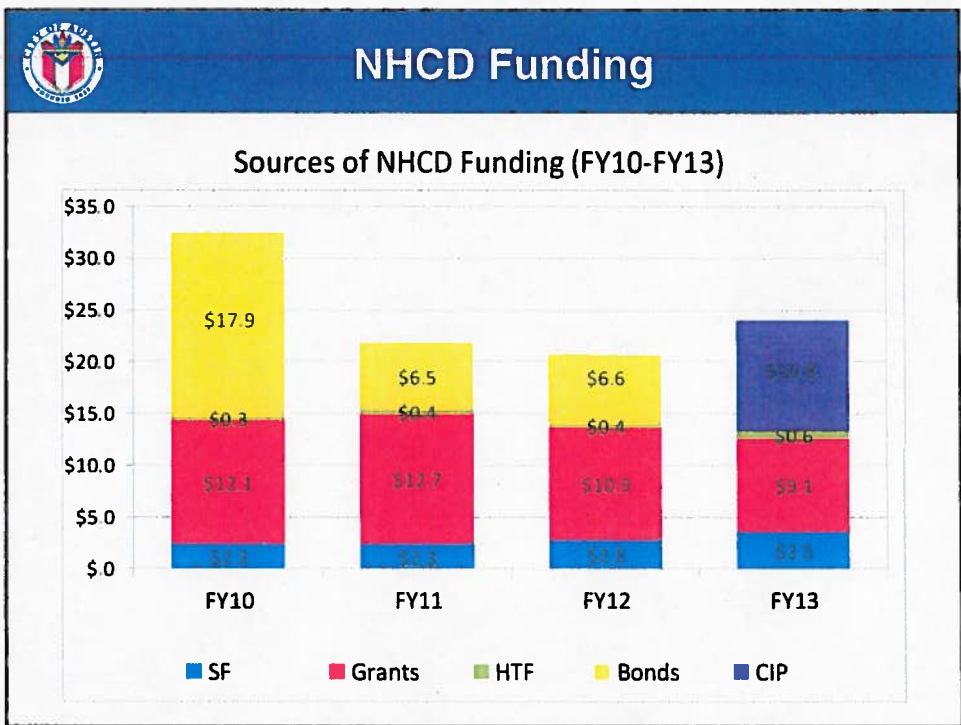
PHYSICS DEPARTMENT

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Description of Services	Operating	CIP	Source
Tenant Based Renter Assistance, Tenant Rights Assistance	\$0.9		SF/GF, Grants
Housing Smarts, Down Payment Assistance	\$0.7		SF/GF, Grants
Architectural Barrier Removal, Emergency Home Repair, Home Rehabilitation Loan Program, GO Repair!	\$3.5	\$1.0	Grants, CIP
S.M.A.R.T. Housing, Community Housing Development	\$0.2		SF/GF
Rental Housing Developer Assistance, Acquisition & Development, Permanent Supportive Housing	\$1.3	\$9.0	Grants, HTF, CIP
Community Development	\$0.8		SF/GF, Grants
Child, Youth and Senior Services	\$1.0		SF/GF, Grants
Debt Service	\$0.6		Grants
Grant Administration and Support Services	\$4.6		SF/GF, Grants
<b>Total Projected Funding Need</b>	<b>\$13.6</b>	<b>\$10.0</b>	

In millions






## Funding Goals

- Provide stable source of operating funds for “recurring” programs of \$13.6 million
- Provide dedicated, sustainable CIP funding of \$10 million annually
- Reduce reliance on cyclical bond elections, thereby reducing interest and debt issuance costs
- Transition from Sustainability Fund to General Fund over 5-year period
- Provide Grant Support for CDBG / HOME as needed

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## Federal Funding

- 6.5% increase in CDBG and HOME grants for FY14 recently reported by HUD


Funding Source	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Amd	FY14 Proj	FY15 Proj	FY16 Proj	FY17 Proj	FY18 Proj
CDBG	\$7.5	\$8.2	\$6.9	\$6.7	\$7.2	\$7.2	\$7.2	\$7.2	\$7.2
HOME	\$4.6	\$4.5	\$4.0	\$2.4	\$2.5	\$2.5	\$2.5	\$2.5	\$2.5
<b>Total</b>	<b>\$12.1</b>	<b>\$12.7</b>	<b>\$10.9</b>	<b>\$9.1</b>	<b>\$9.7</b>	<b>\$9.7</b>	<b>\$9.7</b>	<b>\$9.7</b>	<b>\$9.7</b>
<i>Projected GF Grant Support</i>					\$0.0	\$0.1	\$0.2	\$0.3	\$0.4

In millions

- Uses:
  - Grant Administration
  - Emergency Home Repair
  - Small Business Assistance
  - Homeowner Rehabilitation Loan Program
  - Architectural Barrier Removal

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## Sustainability & General Fund


- Proposed 4-year transition from Sustainability Fund to General Fund

Funding Source	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Amd	FY14 Proj	FY15 Proj	FY16 Proj	FY17 Proj	FY18 Proj
Sustainability Fund	\$2.3	\$2.3	\$3.0	\$3.5	\$3.6	\$2.2	\$1.0	\$0.0	\$0.0
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$1.8	\$3.2	\$4.4	\$4.7
<b>Total</b>	<b>\$2.3</b>	<b>\$2.3</b>	<b>\$3.0</b>	<b>\$3.5</b>	<b>\$3.8</b>	<b>\$4.0</b>	<b>\$4.2</b>	<b>\$4.4</b>	<b>\$4.7</b>

In millions

- Uses:
  - Administration/Support Services
  - Community Development
  - Tenant Based Rental Assistance
  - Housing Smarts
  - S.M.A.R.T. Housing
  - Grant Support for CDBG / HOME

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## Housing Trust Fund History

- The Housing Trust Fund (HTF) was established April 20, 2000
- Council Resolution directed the City Manager to identify funds and resources to invest in an expanded Affordable Housing Initiative
- Funding mechanism is subject to Council approval during annual Budget process
- HTF is funded through 40% of incremental tax revenues derived from developments built on City-owned lands within the defined Desired Development Zone

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## HTF Options

- **Option 1: Current Method**
  - 40% Property Tax Increment for City-owned properties
  - 3% growth in existing AV assumed
  - Includes impact of Green Water Treatment Plant and Energy Control Center
- **Option 2: Expanded Property Base**
  - Option 1 plus non-City owned properties
- **Option 3: Set Percentage of O&M Tax Revenue**
  - Phased in over 6 years
  - 0.25% starting in FY14; leveling off to 2% in FY18
  - Cap annual transfer at \$10 million

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## HTF Revenue by Option

### 6 Year Comparison of Funding Options

Funding Option	FY13 Amd	FY14 Proj	FY15 Proj	FY16 Proj	FY17 Proj	FY18 Proj
Current Method	\$0.6	\$0.8	\$0.8	\$1.0	\$1.3	\$1.6
Expanded Property Base		\$1.4	\$1.4	\$1.7	\$2.0	\$2.3
Fixed % of O&M Tax Revenue		\$0.9	\$1.9	\$1.0	\$6.6	\$9.5
% of O&M Tax Revenue		0.25%	0.50%	1.00%	1.5%	2.0%

In millions

- **Uses:**
  - Administration/Support Services
  - Acquisition and Development
  - Rental Housing Developer Assistance

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## HTF Option 4: GF Transfer

- Prior year transfers over and above 40% calculation
  - \$7.2 million made between FY 2002-2005
  - \$10.8 million in FY13 funded through mid-year budget amendment
- EXAMPLE:

Funding Source	FY14 Proj	FY15 Proj	FY16 Proj	FY17 Proj	FY18 Proj
Current HTF Method	\$0.8	\$0.8	\$1.0	\$1.3	\$1.6
Additional GF Transfer to HTF	\$0.1	\$1.1	\$3.0	\$5.3	\$7.9
<b>Total</b>	<b>\$0.9</b>	<b>\$1.9</b>	<b>\$4.0</b>	<b>\$6.6</b>	<b>\$9.5</b>

In millions

- Uses:
  - Architectural Barrier Removal
  - Rental Housing Developer Assistance
  - GO Repair
  - Permanent Supportive Housing

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## Debt

- Goal: Combine with HTF or CIP to generate \$10 million annually
- \$27.1 million needed over next 5 years

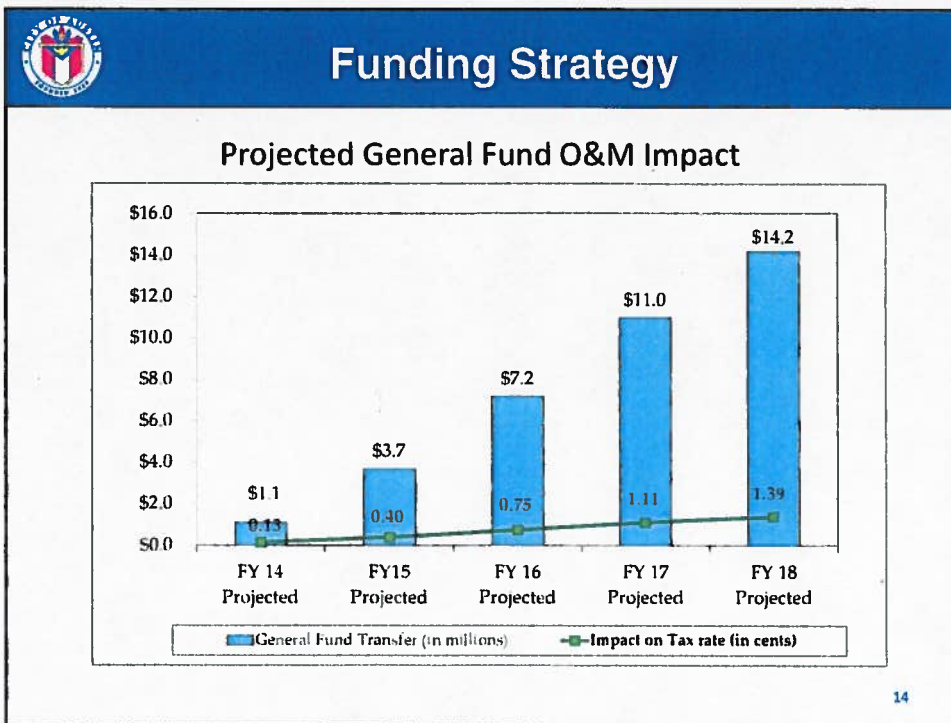
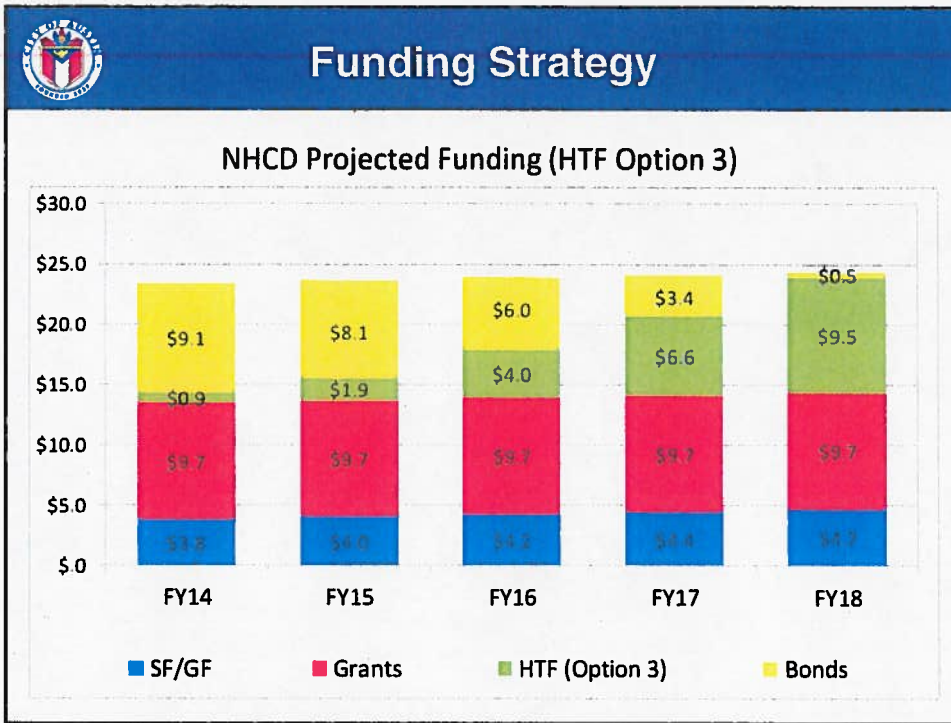
Funding Source	FY14 Proj	FY15 Proj	FY16 Proj	FY17 Proj	FY18 Proj	Totals
Projected HTF Contribution	\$0.9	\$1.9	\$4.0	\$6.6	\$9.5	<b>\$22.9</b>
Bond Proceeds	\$9.1	\$8.1	\$6.0	\$3.4	\$0.5	<b>\$27.1</b>
<b>Total Available for CIP</b>	<b>\$10.0</b>	<b>\$10.0</b>	<b>\$10.0</b>	<b>\$10.0</b>	<b>\$10.0</b>	<b>\$50.0</b>

In millions

- Uses:
  - Acquisition and Development
  - Rental Housing Developer Assistance
  - Permanent Supportive Housing

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## Staff Recommendations

- Reduce long-term reliance on cyclical bond programs, thereby lowering costs
- Increase General Fund transfer to the HTF to \$10 million annually by FY 19
- Between FY14 – FY 18, supplement HTF funding with \$27.1 million in bond funds to achieve \$10 million of CIP funding annually
- Transition Sustainability Fund programs to the General Fund over a 4 year period

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## Conclusion

# Questions

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