

**Transition Team**  
**Housing Committee Policy Options**  
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**Problem Statement:**

- Because of escalating housing costs relative to household incomes, working and non-working poor families in higher cost areas (like Northeastern Illinois) cannot afford to pay for public/private debt service through rents or mortgages in well managed buildings
- Significant resources are being wasted in broadly tolerated layered financing schemes for the sake of debt service leveraging and housing people that can already exercise choice in the market place

**Recommended Solutions:**

- Duplicate or supplement Chicago Low Income Housing Trust Fund model on statewide level to increase rent-subsidy resources, an alternative rent subsidy that is more acceptable to private owners
- Reallocate HOME/CDBG multi-family resources in moderate to highly active market areas to provide *post-development* debt write-downs pro rata for rent restricted units, thereby “creating” affordable family housing (at or below 30% AMI) without wasteful public-private developments; funding would purposefully incent and make feasible local inclusionary housing efforts where private owners benefit by zoning approvals or favorable permitting/processing/property tax advantages
- Commit HOME/CDBG resources to layered multi-family projects ONLY in inactive or declining real estate markets, ONLY when no performing debt service is required, ONLY when bureaucratic reporting/monitoring is unified with a lead agency, and ONLY to benefit residents at 30- 50% AMI
- Utilize HUD-certified Housing Counselors in non-profit organizations in support roles to attest to sponsor/manager credibility, monitor compliance in tandem with public agencies

**Budget Implications and Financing Recommendations:**

- Trust Fund requires dedicated income streams. Suggest (1) implementing long-sought property transfer tax supplement and (2) amending TIF legislation to allow restricted increments to support trust funds that rededicate rent subsidies back to generating TIFs in mixed-income or mixed-use projects
- Reallocation and commitment of HOME/CDBG multi-family resources would be revenue neutral, with some savings possible to support housing counselors; increase in affordable unit “production” could be two or three-fold in moderate to active markets

**Best Practices:**

- *Current practices -- including commitments of \$100-200,000 in public funds per unit for non-poor -- are worst practices. Because federal system provides framework for layered financing, few effective and cost efficient local models known. However, affordable housing funding without private lenders is more common outside Illinois. Need to investigate federal/state legal questions and waiver requirements.*

**Relevant Illinois State Agencies:**

- IHDA/Affordable Housing Trust Fund, local housing authorities (including DOH), public and private loan and subsidy providers

**Individual/Organizational Support:**

- Support prospects unknown; understanding of problems and sense of futility widely shared

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