



## Sweet Home Chicago Ordinance Will Strengthen Communities and Benefit Residents

### 5 reasons to support the Sweet Home Chicago Ordinance

#### 1) TIF funds could be used to purchase and rehab properties in communities hit hard by the foreclosure crisis

Foreclosures are hitting Chicago communities hard.

- The end of 2009 saw more foreclosure filings than any other time since the crisis began in 2006<sup>1</sup>.
- Communities of color have been hit the worst.
  - Despite owning proportionately less real estate, half of the properties foreclosed on in the beginning of 2009 were in African-American communities<sup>2</sup>.
  - These communities will take significantly longer to recover from this crisis<sup>3</sup>.
- Foreclosures are on the rise in all Chicago neighborhoods. The following represent examples of increases during the second half of 2009:
  - 103% in Lincoln Park
  - 49.6% in the Loop
  - 47.1% in Lakeview<sup>4</sup>
  - Foreclosures on condominiums increased significantly, accounting for nearly one quarter of all foreclosures in 2009.<sup>5</sup>

**Foreclosures affect us all in that foreclosed properties may not be properly maintained, property values decrease within the community and the crime rate increases. Less rental property is now available and it has become more expensive during this crisis. In 2009, 28% of foreclosures were to multi-family properties<sup>6</sup>.**

#### 2) Building housing creates jobs

- The National Association of Homebuilders estimates that 1,030 full-time jobs are created for every 1,000 units of multi-family housing built.<sup>7</sup>
- Building housing has economic benefits that ripple throughout the community. Home building creates blue-collar and white-collar jobs, including laborers, carpenters, roofers, realtors, architects and surveyors.

#### 3) Building housing is economic stimulus

- 53% of renters (689,000) in Chicago are rent burdened and pay more than one-third of their income for housing.<sup>8</sup>
- Living in affordable housing means that households will spend less on rent and have more money to spend on goods and services in their neighborhoods, which stimulates the local economy.



The housing industry serves as a critical economic engine locally, statewide, and nationally. Dollars spent on housing construction trigger more economic activity than almost any other industry.

- Each dollar spent on residential construction generates \$1.27 in additional economic activity.<sup>9</sup>
- The rehab or development of 100 apartments of affordable housing, on average, generates \$783,000 in new local taxes and over \$3 million in new federal, state, and local taxes.<sup>10</sup>

#### 4) Passing the ordinance will restore public faith in TIF

- More than \$92 million in city funds designated for “blighted” areas have instead been spent on posh downtown offices for companies that averaged profits of \$5 billion during the past five years.<sup>11</sup>
- The public has become increasingly cynical about the city’s use of their TIF dollars to benefit profitable corporations.
- Creating a transparent, accountable process to dedicate TIF funds for housing that benefits residents of the city who pay into TIFs will help restore public trust in how the city spends TIF money.

#### 5) Passing the ordinance will help realize the goals of Chicago’s 10-Yr Plan to End Homelessness

- The success of Chicago’s 10-yr Plan to End Homelessness relies on the creation of a significant number of new permanent supportive housing units for households earning less than \$22,600.
- Since the inception of the plan in 2003, the city claims to have created over 2000 new units of permanent affordable housing, however, at least 800 are not new or not permanently affordable.<sup>12</sup>
- Over 74,000 people experience homelessness in Chicago in the course of a year.<sup>13</sup>
- There has been a 19% increase in homeless children in the public schools over last year.<sup>14</sup>
- The Sweet Home Chicago ordinance would designate 40% of the units created each year for people earning less than \$22,600 (30% of AMI).

<sup>1</sup> Smith, G. and Duda, S. 2010. *Government Interventions Have a Limited Impact on Chicago Area Foreclosure Activity in 2009*.

<sup>2</sup> Smith, G. and Duda, S. 2009. Roadblock to Recovery: Examining the disparate impact of vacant lender-owned properties in Chicago.

<sup>3</sup> ibid

<sup>4</sup> ibid

<sup>5</sup> ibid

<sup>6</sup> ibid

<sup>7</sup> National Association of Homebuilders. 2005 *The Local Impact of Homebuilding in a Typical Metropolitan Area*

<sup>8</sup> Barnds, A. and Auer, M.- Metropolitan Tenants Organization 2009. *The State of Renters in the City of Chicago*

<sup>9</sup> The Liscio Report, 2006. <http://tlrii.typepad.com/theliscioreport/page/2/>

<sup>10</sup> National Association of Homebuilders. 2007 Study

<sup>11</sup> Chicago Coalition for the Homeless, 2009. Who’s getting your tax dollars? A Financial Profile of Corporations Receiving TIF funding

<sup>12</sup> City of Chicago, State of the Plan 2007 and Chicago Coalition for the Homeless analysis of data from City of Chicago Department of Housing

<sup>13</sup> Chicago Coalition for the Homeless estimate 2009-2009

<sup>14</sup> Chicago Public Schools, Students in Temporary Living Situations, February 2010