

2024-2028 HOUSING AND ECONOMIC DEVELOPMENT BOND

February 2024



EXECUTIVE SUMMARY



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Mayor Brandon Johnson is committed to fostering a prosperous and inclusive Chicago for all by making strategic investments in people, businesses, and neighborhoods. Through the implementation of the plans outlined below, the city will create a vibrant and dynamic economy that not only fosters prosperity and opportunity for all residents but also strengthens the city's position as a leader of innovation, creativity, and sustainable growth. Mayor Johnson is committed to creating a prosperous and inclusive economy, one in which all Chicagoans have access to jobs, housing, arts & culture, and other neighborhood amenities along their business corridors.

In order to move Chicago closer to this vision, the Johnson Administration will invest \$1.25 billion over five years. How these funds will be deployed are guided by three primary pillars that focus their use: **Housing**; **Business, Innovation, and Job Growth**; and **Cultural and Community Assets**.

Housing

Housing is a human right. All Chicagoans should have access to safe, stable housing options, contributing to improved quality of life, economic opportunity, and community well-being for generations to come.

Business, Innovation, and Job Growth

Businesses are the backbone of the economy and can create opportunities for residents to improve their quality of life by fostering innovation, driving economic resilience, and promoting equitable wealth distribution.

Cultural and Community Assets

Community and culture are at the core of the Soul of Chicago and comes to life in the vibrancy of our neighborhood places, spaces, and events. Every resident should have access to a thriving, walkable, and economically resilient commercial corridor that creates a vibrant local economy filled with activity, commerce, and culture, fostering a sense of pride, belonging, and opportunity for all residents.

Programmatic Allocations

\$1.25 Billion Housing and Economic Development Bond

Economic Development: \$625 million over 5 years



COMMUNITY DEVELOPMENT GRANTS (\$400-500M)

- Small (\$250k or less): \$50-75m
- Medium (\$250k-\$5m): \$225-250m
- Large (over \$5m): \$125-175m



SMALL BUSINESS CAPACITY BUILDING (\$82.5-115M)

- Small and emerging business loan fund: \$75-100m
- Pre-development grants: \$7.5-15m



JOBS AND WEALTH BUILDING (\$57.5-90M)

- Jobs and workforce training grants: \$7.5-15m
- Missing middle housing infill strategy: \$50-75m

Affordable Housing: \$625 million over 5 years



AFFORDABLE RENTAL HOUSING (\$360-390M)

- Build and preserve affordable rental homes: \$230-250m
- Social hsg revolving fund: \$115-135m
- Multifamily retrofit: \$10-15m



HOMEOWNERSHIP (\$210-240M)

- Purchase assistance, home repair, & promoting ownership: \$125-145m
- Rebuilding & preservation: \$65-80m
- Single family retrofit: \$20-25m



HOMELESSNESS (\$20-30M)

- SRO preservation: \$20-30m
- Permanent supportive housing included under Affordable Rental Housing

Financing

The activities described in this document will be funded through the issuance of general obligation and Sales Tax Securitization Corporation bonds (“the Bonds”). These proceeds will be primarily tax-exempt, but as much as 35 percent of the issuance will be taxable bonds in order to deploy funds towards revolving loans and other non-capital expenses.

The City will augment these funds through existing City funding sources – including in-lieu fees from the Affordable Requirements Ordinance (ARO), Low-Income Housing Tax Credits (LIHTC), Neighborhood Opportunity Fund (NOF), and Tax Increment Financing (TIF) – as well as additional federal and state grants and private funding in order to maximize the City’s investment in our neighborhoods over the next five years. In total, this represents upwards of \$3 billion of investment in the City of Chicago, including more than \$1.75 billion in economic development investments and \$1.25 billion in housing investments.

The Bond program will not require extending additional property taxes to City residents. Instead, as TIF districts expire and there is a related increase to the overall tax base, there will be a correlated increase to the amount of property taxes received by the City. General Obligation Bonds are issued with a property tax levy and the share of the tax levy from the expired TIF districts will accrue to the corporate fund and will be available for debt service, allowing for the GO bond levy to be abated.

BACKGROUND



BACKGROUND

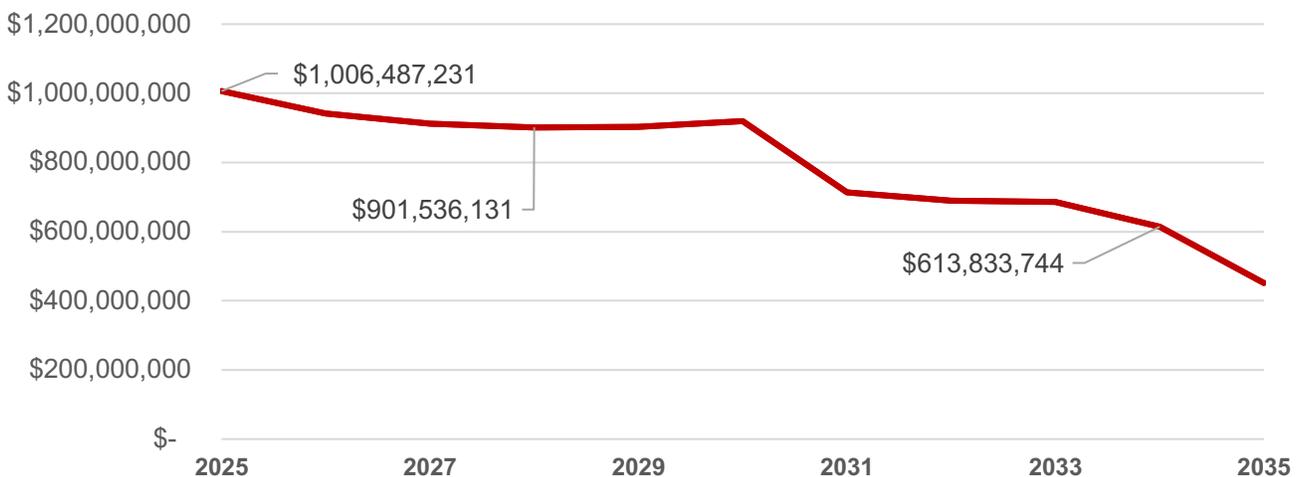
The next several years threaten a significant shrinkage in the City’s investments in affordable housing, homelessness, community and economic development, and wealth-building initiatives. Although this is partially the result of the exhaustion of one-time pandemic resources, the more critical issue is the structural decline of long-term revenue sources. While this includes both cyclical and structural declines in DOH’s Affordable Housing Opportunity Fund (AHOF), and the volatile nature of NOF revenues, the most critical issue is the pending reduction of TIF revenue.

Although the City has taken proactive steps to steadily reduce the size of its TIF program over the past ten years, it has remained the most important and reliable source of funds for affordable housing and economic development. Over the last four years, the average TIF

allocation to both Departments totaled more than \$300 million per year.¹

TIF is, however, at the beginning of a significant wind-down with nearly 45 TIF districts nominally set to expire on or before December 31, 2027. In 2023, the \$311.1 million of incremental property taxes (IPT) generated by those TIF districts represented 48.9 percent of the City’s collections, net of Transit TIF IPT² and declared surplus³. As these expirations occur, however, it is not just the availability of funds that will be greatly reduced – the geographically eligible areas will also become increasingly limited. As a result, TIF is likely to become an even more skewed and inequitable funding source for key investments.

Estimated Decline in TIF Revenues, 2025-2036



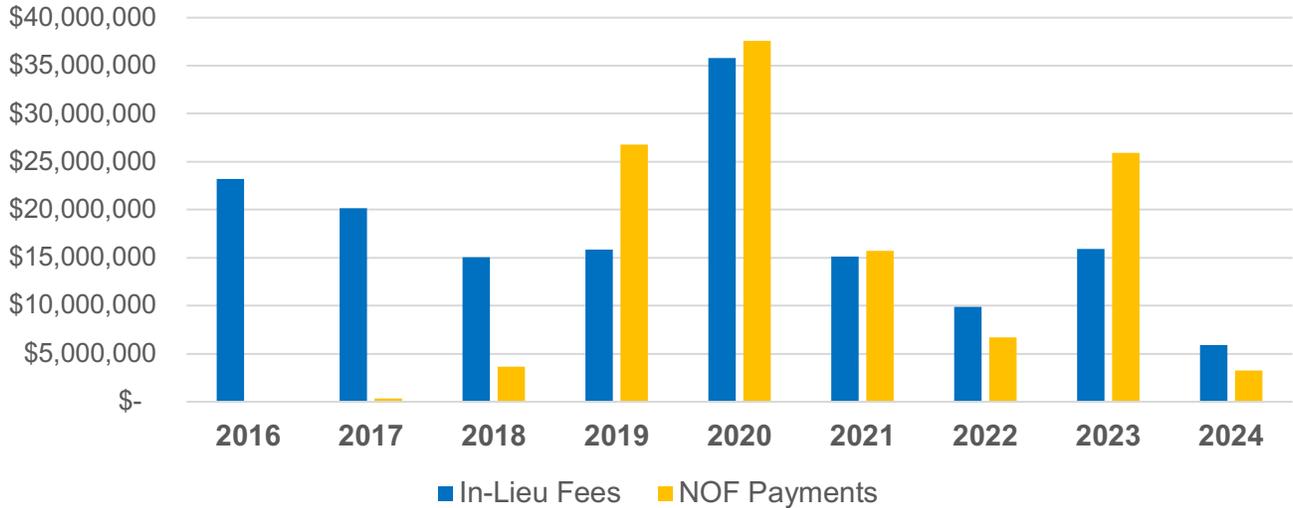
¹ This includes allocations of \$189.4 million and \$111.6 million to DOH and DPD, respectively.

² In 2023, the RPM Transit TIF collected \$184.3 million in incremental property taxes.

³ The City’s 2024 Annual Budget included \$433.8 million in surplus.

Figures are net of Transit TIF revenues.

DOH and DPD Secondary Revenue Sources, 2016-2024



While both Departments have other funding sources – including NOF as well as AHOF – they are not a replacement for TIF because they cannot generate a comparable level of funding. For context, the combined collections for both NOF and AHOF since 2016 is \$276.7 million – nearly \$25 million less than the recent *annual* allocations of TIF to both Departments. Additionally, these sources are anticipated to face their own structural challenges in the near future because of a lack of predictability⁴ and reduced capacity⁵. While these sources will continue to be important, they must be

⁴ NOF’s reliance on construction starts means the City cannot accurately predict when funds will be collected and leaves it vulnerable to larger economic trends – an issue that is especially acute when the City is weathering larger economic forces that slow construction. For example, the 2023 budget included \$25.9 million in Neighborhood Opportunity Bonus payments, but the City has only received \$2.95 million in new revenue for 2024.

considered secondary given the larger funding needs to operate these programs.

The Recent Use of Bonds in Chicago

These issues were temporarily addressed from 2022-2023, as both DOH and DPD received a significant infusion of capital from the Chicago Recovery Plan (CRP) in the form of General Obligation and Sales Tax Securitization Corporation (STSC) Bond funds⁶ (collectively, CRP Funds). In total, this amounted to \$366

⁵ The growth of in-lieu payments was used by the Emanuel Administration to reduce other affordable housing appropriations on nearly a dollar-for-dollar basis. In-lieu fees are now facing permanent reductions because of the new state property tax incentives, which places a serious constraint on the Department’s most flexible funding source for multifamily development, homeownership initiatives, and innovative new programs. In 2023, DOH expects to receive less than \$5 million in in-lieu fees, the lowest amount in nearly a decade.

⁶ The Chicago Recovery Plan authorized a total bond issuance of \$660 million, to be sold over multiple tranches. The first bond sale, representing approximately a third of CRP bonding authority, occurred in February 2023.

million in new funds for DOH and DPD that were used on a wide variety of projects and programs. This allocation of funding had a significant effect on both Departments' ability to fulfill their core responsibilities and increase the reach of their programs. More specifically:

- DOH was able to award over 2,400 units of affordable housing in its 2021 funding round, roughly double that of the previous round in 2019.
- DPD awarded 89 total projects totaling more than \$340 million in City funds from 2020 to 2023. The total from this period exceeded the total output of projects awarded from 2011 to 2019 under the whole of the eight-years prior (51 projects totaling \$333.2 million⁷).
- DOH also piloted multiple innovative new programs (e.g. Single Room Occupancy Preservation Loan Fund) and added funds to existing programs (e.g. Neighborhood Rebuild), which are expected to preserve and create hundreds of additional affordable units.
- DPD expanded how it deploys its funding with the creation of a Pre-Development Grant fund, the Public Outdoor Plaza (POP!) program, the Corridor Ambassadors program, and dedicated grants for climate infrastructure and Equitable Transit-Oriented Development (eTOD) projects.
- Both DOH and DPD collaborated with other City Departments – including the Department of Family & Support Services and the Chicago Department of Public Health – to deploy funds in

new ways that help prioritize critical issues and help meet the needs of all Chicagoans. This included DOH using CRP Funds to acquire and rehabilitate 5-6 disused multifamily and motel-type buildings into cutting-edge and comfortable temporary shelter housing for people experiencing homelessness, which is expected to create 250-300 new non-congregate shelter units as well as DPD awarding \$15.5 million in CRP Funds to four Federally Qualified Health Center (FQHC) projects in high-need communities, including the expansion of Esperanza's campus in Brighton Park.

Although this represented an unprecedented shift to how Chicago has historically funded both affordable housing and commercial developments, it is the normal course of business for nearly all peer cities – including Los Angeles⁸, New York⁹, and Seattle¹⁰.

These CRP Funds have, however, been almost entirely allocated. DPD has \$10 million in available funds remaining and anticipates exhausting those dollars in early 2024. DOH has allocated all of its CRP Funds and will begin the 2023 Qualified Allocation Plan (QAP) review process with only \$13 million of additional bond resources earmarked to support new permanent supportive housing in addition to its traditional resources. Absent a change, the lack of resources – coupled with rising interest rates and construction costs – means that both Departments anticipate that program outcomes will see a steep decline.

⁷ Figures are net of the \$487.8 million and \$551.2 million for the Lincoln Yards and the 78 projects, respectively.

⁸ [In 2016, Los Angeles voters approved Proposition HHH](#) which authorized a \$1.2 billion bond issuance to support the development of 7,000 permanent supportive housing units for people at risk of or experiencing homelessness.

⁹ New York City's [Mixed-Middle-Income housing program utilizes conduit bonds issued through a partner 501\(c\)\(3\) organization.](#)

¹⁰ The City of Seattle is currently proposing a ballot initiative that would approve a seven-year, \$970 million tax levy to support new affordable housing development, homeownership, and other wrap-around services.

Pivoting from TIF to bond funds

In order to continue providing meaningful levels of funding for high-impact projects, a move away from the City's reliance on TIF as its primary funding source is necessary. To do this, an estimated \$1.25 billion is needed not only to address the structural decline of key resources, but to improve the outcomes of the programs overall. TIF is an inherently inequitable program that ensures that districts within the areas of highest property values have access to the greatest amount of funding, while areas of greatest need have the least amount of funding. Additionally, the geographic limitations and legal restrictions around eligible uses of TIF mean that the City is often unable to pursue high-impact projects, for example major housing rehab or construction developments, that would have a significant impact on their communities.

A shift to the Bonds would not only address the long-standing challenges with TIF as a primary funding source but simultaneously allow the City to make robust, sustained, and innovative investments in affordable housing, green social housing, homelessness, community development, business growth, and wealth-building. While \$1.25 billion is a significant amount of funding, the debt service for this issuance would be covered entirely by the return of property value to the City's levy as a

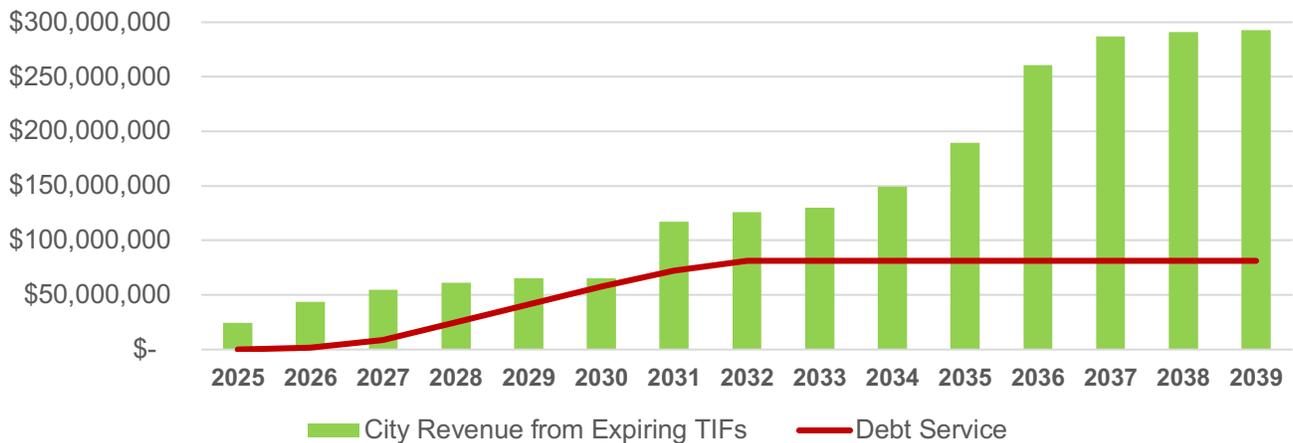
result of expiring TIF districts – meaning that this proposal could be accomplished without either raising property taxes or cannibalizing other investments. Additionally, since projects supported by the bonds are not reliant on TIF any new property taxes resulting from City investments will mean increase the overall size of the City's tax base rather than remaining sequestered within a TIF district. Long term, this improves the overall resiliency of Chicago's budget and can lead to a reduced tax burden on existing residents and businesses.

Specifically, the pending expiration of TIF districts means an equally significant amount of incremental Equalized Assessed Value (EAV) is set to return to the City's levy. These dollars are returned to all taxing bodies as a special category – called "New Property" or "New EAV" – which results in a permanent and persistent increase to the tax base that does not require an affirmative increase of the property tax levy. This means that an anticipated \$150 million in new, annual revenue will be added to the City's levy over the next ten years and further increases to more than \$290 million over 15 years. This benefit is not limited to just the City of Chicago though. All of the City's taxing bodies – including the Chicago Public Schools (CPS), the Chicago Park District, and Cook County – will see corresponding increases to their respective tax bases. In the case of CPS, the benefit is nearly \$5 billion in cumulative new funding over the next 15 years.

Cumulative Revenue Increase from Expiring TIFs



City Revenue Increase with Assumed Debt Service



This amount of funding is more than enough to cover the assumed \$81 million in stabilized debt service necessary to support the proposed \$1.25 billion bond issuance. In fact, this proposal is not only revenue neutral relative to the current budget, but it also leaves the majority of funds available for the other uses.

Beyond these immediately quantifiable figures, projects supported by the Bonds will also directly and indirectly lead to the growth of the City's property tax base. Directly through the generation of property taxes from developed

projects that are not otherwise generated today; indirectly through stabilizing housing options of households, the retention of dollars within communities that otherwise experience retail leakage, and the catalytic impact of projects that lead to further growth. With the use of bond funds, this growth will return to the City's overall tax base rather than being retained within a limited geographic area.

FUNDING ALLOCATIONS: DEPARTMENT OF HOUSING



MAYOR
BRANDON JOHNSON
In Appreciation For Your
Leadership & Support
BEIDLER ELEMENTARY SCHOOL
2023

AFFORDABLE RENTAL HOUSING

BUILD AND PRESERVE AFFORDABLE RENTAL HOMES

Expand Existing Program

One of the most direct ways that the City of Chicago can intervene in the rental housing crisis is by financing the construction and rehabilitation of rent- and income-restricted affordable rental developments. In a typical year, DOH supports more than a thousand new or rehabbed affordable rental homes, and there are currently more than 25,000 such homes under monitoring agreements with DOH.

However, substantial need still remains. The Institute for Housing Studies at DePaul University estimates that there is a shortage of some 120,000 affordable rental homes within the City of Chicago alone. The result is that 51 percent of Chicago renter households pay more than 30 percent of their income in rent and are considered “rent-burdened,” and 75 percent of very low-income Chicago renter households pay more than half of their income in rent. Moreover, in many neighborhoods – particularly deeply disinvested communities whose residents are disproportionately Black and Latine – DOH-funded developments are often the only new residential construction, providing new, high-quality, accessible housing as a form of economic development, in addition to affordability.

The financial backbone of DOH’s multifamily rental housing program is its federal LIHTC allocation. Chicago is one of just three municipalities in the country to receive a direct allocation from the federal government; the credits are typically allocated to states. Unfortunately, LIHTC awards typically cover just 30-65 percent of a development’s total development costs, leaving a substantial gap to

be covered by other sources. DOH works to close this gap with a number of different funds, including federal HOME Investment Partnership and Community Development Block Grants, AHOF dollars, and state Donation Tax Credits or support from the Illinois Housing Development Authority. One of the most important sources, however, are Tax Increment Financing dollars. Because of the importance of TIF, DOH is often not able to support projects that may have merit but do not have geographic access to TIF funding.

Bond funds will allow DOH to both increase its total production of affordable rental homes, as well as more flexibly award funds to high-value projects that may not be located in a TIF district with sufficient revenue to cover the development’s gap.

Budget: \$230-250 million

Projected Impact: 600 to 1,000 affordable rental homes

Selection Criteria and Process: LIHTC awards come in two types: nine percent credits and four percent credits. All nine percent credits and some four percent credits are awarded competitively through the biannual QAP, a federally regulated RFP-type process. Every two years, DOH publishes a QAP document requesting proposals for affordable rental construction or rehabilitation and explaining the criteria by which the Department will select the winning proposals. These criteria include equitable distribution of the overall awards; number of affordable units and depth of

affordability; local hiring and contracting; Equitable Transit Oriented Development (eTOD) planning principles; development team experience; and financial soundness, among others. Typically, fewer than one in four proposals is able to be selected due to limited resources.

Once selected, proposals go through an 18-24 month underwriting and design process before beginning construction. Nearly all projects require multiple approvals through City Council, including for zoning rights and financial assistance packages.

Four percent credits not awarded through the QAP may be awarded through rolling applications. Non-LIHTC financial assistance—such as gap financing on projects awarded LIHTC funding by the state—may also be awarded outside of the QAP process.

AFFORDABLE RENTAL HOUSING

GREEN SOCIAL HOUSING REVOLVING FUND

New Initiative

Green social housing represents an innovative but proven form of affordable, mixed-income housing development that does not rely on LIHTC or traditional forms of affordable housing finance. Pioneered in the U.S. by localities like Montgomery County, Maryland in the Washington, D.C. suburbs and Atlanta, Georgia — but modeled on longstanding initiatives in other countries — green social housing provides low-cost construction loans to developers on the condition that the developers sell the building back to the local government when it has been completed. The local government then contracts a property manager to operate the building in coordination with a tenant governance body, using rents from the building to cover expenses and long-term savings generated by the low-cost construction loan to support a substantial number of affordable homes. The original construction loan, once repaid within three to five years, can then be reinvested in another development.

Not only does this model offer a way to “grow the pie” – increasing the number of affordable homes that the City can create without relying on increased state or federal subsidies — but because financial assistance is provided in the form of a loan, one-time allocations of resources can be used repeatedly over time to fund many projects, something that is not true of traditional forms of affordable housing finance. These developments are also structured to be financially self-sufficient with rents covering on-going operational costs while public ownership ensures the long-term affordability. This dynamic means that unlike traditional LIHTC deals, social housing projects

do not require additional long-term subsidies to preserve both affordability and long-term maintenance. In fact, over time, social housing developments have been shown to generate equity for the City that can then be reinvested in future developments.

The Bonds would seed the revolving fund providing low-cost loans for green social housing. A program ordinance would be required to establish the administrative infrastructure and guidelines for the initiative.

Budget: \$115-135 million

Projected Impact: 600+ rental homes every five years

Selection Criteria and Process: This will largely be determined by a program ordinance, which would need to be passed by City Council in order to move forward. Most if not all developments would require zoning approval from Council.

AFFORDABLE RENTAL HOUSING MULTIFAMILY RETROFIT AND ENERGY MODERNIZATION

Expand Existing Program

As greenhouse gas (GHG) emissions rise, changes in climate will continue to accelerate and pose greater risks to our health, economy, and general livelihoods. Like other public health threats, the climate crisis has a greater impact on certain populations, including low-income Chicagoans and those who live in communities with limited access to goods, social services, and other resources. Chicago will not solve the climate crisis on its own but has committed via its [Climate Action Plan](#) to playing a leadership role in addressing climate change in two ways: reducing GHG emissions equitably and building individual and community resiliency for vulnerable populations.

The City of Chicago is committed to achieve a 62 percent overall reduction in GHG emissions by 2040¹¹, while powering 100 percent of its buildings with renewables by 2035¹². Because Chicago's built environment is responsible for 70 percent of the City's total GHG emissions, reducing emissions caused by and taking place in buildings is crucial to achieving these goals. Decarbonized new construction is important and becoming comparable in price to traditional forms of building. However, because most of tomorrow's buildings already exist today, decarbonizing existing buildings is critical—and more complex and expensive.

To address this need, DOH will extend and expand a pilot program to decarbonize existing multifamily affordable housing developments. DOH provides additional project capital in the form of grants or loans to expand the scope of the rehabilitation to improve the building envelope and install modern, high-efficiency,

and low-carbon electric systems such as heat pump HVAC and water heaters. Leveraging existing rehab projects reduces the program's overall costs by making improvements at a point in time when many critical building systems are already scheduled to be replaced.

The Bonds would fund grants and low-cost loans to multifamily housing developers, as well as an evaluation of the pilot program to measure the GHG reductions realized and identify opportunities for future improvement.

Budget: \$10-15 million

Projected impact: 250 units of multifamily affordable housing decarbonized

Selection criteria and process: DOH will continue to work through existing selection and procurement processes, such as the QAP and Troubled Buildings Initiative (TBI), to identify buildings for rehabilitation. Once buildings are in DOH's pipeline, City staff will work with the selected developer to consider the potential of expanding the rehabilitation to include decarbonization, based on the scope of the rehabilitation project and status of existing building systems. Funds will be awarded to qualifying buildings on a "first come, first served" basis. A separate program ordinance is not needed, but if sought could expand or modify these selection processes.

HOMEOWNERSHIP

DOWN PAYMENT ASSISTANCE, HOME REPAIR, AND HOMEOWNER SUPPORT

New Initiative and Expand Existing Programs

Homeownership is a goal for many families in order to provide stability and build wealth for retirement, college, or passing on to future generations. DOH has a variety of homeownership programs to support Chicagoans in buying their own homes and to help existing homeowners with low or moderate incomes stay in their homes and keep them in good repair.

The Home Repair Program (HRP) provides grants to income-eligible homeowners for improvements to their roof or porch. The program is open to residents who own and occupy a 1-to-2-unit residential property. To qualify, households must be at or below 50 percent of Area Median Income as determined by HUD. The amount of financial assistance is based on household need and available funding. A site inspection will determine the scope of work required and the repair cost.

The Building Neighborhoods and Affordable Homes Program (BNAH) provides forgivable grants to qualifying buyers to assist in their purchase of primary, owner-occupied residences that are newly constructed single-family residential buildings, containing no more than four dwelling units, built pursuant to a City of Chicago land sale redevelopment agreement. The program provides up to \$100,000 in purchase price assistance to qualifying buyers for uses including:

- To fill an appraisal gap (difference between sales price and appraised value); and
- Closing Costs
- Down Payment
- Senior loan principal reduction
- Appraisals, inspections, pre-paid interest/points, one-year pre-paid insurance

In addition, DOH is working through the Reclaiming Chicago Communities initiative to partner with community-based developers to build new single-family homes on vacant City-owned land, beginning with 250 lots in North Lawndale. Bond funds will allow for an expansion of all these programs.

Budget: \$125-145 million

Projected Impact: 1,800 households and/or homes supported

Selection Criteria and Process: Home Repair Program awardees are selected based on priority areas and interested homeowners must register during an intake period. BNAH down payment assistance is available to buyers of homes built through City Lots for Working Families (CL4WF), a land sale initiative of DOH in which developers can receive City land in exchange for building at least eight homes, 75 percent of which must be sold affordably.

HOMEOWNERSHIP

HOME RETROFIT AND ENERGY MODERNIZATION

Expand Existing Program

As greenhouse gas (GHG) emissions rise, changes in climate will continue to accelerate and pose greater risks to our health, economy, and general livelihoods. Like other public health threats, the climate crisis has a greater impact on certain populations, including low-income Chicagoans and those who live in communities with limited access to goods, social services, and other resources. Chicago will not solve the climate crisis on its own but has committed via its [Climate Action Plan](#) to playing a leadership role in addressing climate change in two ways: reducing GHG emissions equitably and building individual and community resiliency for vulnerable populations.

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To address this need DOH will extend and expand a one-time program to decarbonize existing single family homes owned and occupied by low- and moderate-income Chicagoans. Program provider(s) selected by DOH via a competitive RFP selection process administer the program, which includes qualifying homes for retrofits, determining an effective scope of work, modeling GHG

impacts, and implementing the retrofits directly or via subcontractors. Retrofits may include the following interventions:

- Weatherization
- Insulation
- Smart thermostats
- Heat pump HVAC systems
- Heat pump domestic hot water heaters
- Heat pump; high efficiency clothes dryer
- Induction stoves/cooktops
- Electrical system upgrades

A program ordinance would be required to extend this program. The ordinance would define program terms, such as eligible participants, referral pathways, and the inclusion of cost-sharing or financing mechanisms.

Budget: \$20-25 million

Projected impact: 200 homes retrofitted

Selection criteria and process: DOH selects program providers via competitive RFP on a multiyear cycle. Program providers in turn use internal (non-City) procurement to build their program implementation team, which may include subcontractors to conduct site visits, complete retrofit work, and/or provide post-retrofit warranty servicing and project monitoring. Clients are selected and qualified for the program based on income and prioritization thresholds set by DOH. Not all homes of qualified clients are served: each home is individually assessed based on features such as size, construction materials, and age and type of existing building systems.

HOMEOWNERSHIP

REHABILITATION AND PRESERVATION OF OWNERSHIP HOUSING

New Initiative and Expand Existing Programs

One of DOH's most important functions is to invest in housing where the private market has failed to provide capital for the upkeep of safe, comfortable homes. Historically and currently, this lack of private investment has most affected Chicago's majority-Black and majority-Latine neighborhoods, creating significant racial equity concerns and affecting the quality of life of many Chicago residents. Code issues and abandonment affect not only the residents of the buildings themselves, but neighbors and the entire community. Studies have linked vacancy with public safety and other quality of life concerns, and many Chicagoans directly speak to their experiences with vacant or unsafe buildings on their blocks or in their neighborhoods.

Bond funds would allow DOH to invest in several programs that address this issue, including Neighborhood Rebuild, the TBI, and the Condo/Co-op Preservation Fund (the Fund).

The Chicago Neighborhood Rebuild pilot program aims to rehabilitate vacant homes and place at-risk youth in jobs, focusing on 50 vacant single-family homes and two-flats in Garfield Park, Humboldt Park, and Englewood. The program's goal is to invest \$6 million to acquire and rehab 50 vacant homes in Garfield Park, Humboldt Park, and Englewood through a partnership that will also provide transitional jobs and training opportunities for at-risk youth and ex-offenders. The initiative includes partnerships with the Cook County Land Bank Authority, Chicago Community Loan Fund, Community Investment Corporation, Safer Foundation, and CARA Program. Rehabbed

homes are marketed and sold at affordable prices, with the City working with lenders and housing counseling agencies to match the homes with prospective buyers.

TBI is a program to help reclaim troubled and abandoned buildings that create dangerous and hazardous conditions for residents, neighbors, and first responders. TBI works with existing owners and lien holders, primarily through the housing court process with the use of receivers and by the acquisition of distressed notes and liens, to prevent these buildings from deteriorating into a state of disrepair which may lead to displacement, the loss of affordable housing, and unnecessary demolition. TBI uses a coordinated approach from multiple municipal agencies, departments, community partners, and delegate agencies to help restore at-risk buildings to viable status and prevent them from becoming abandoned. The program is overseen by the Department of Housing and implemented through delegate agency contracts through a citywide Request for Proposals process.

The Condo/Co-op Preservation Fund, piloted in South Shore, provides owner-occupant grants to individual owners and a low-interest, long-term loan/grant product to homeowner associations (HOAs) for needed repairs and deferred maintenance to ensure that longtime homeowners, many of them older and on fixed incomes, can remain affordably housed. The Fund coordinates with TBI to not only physically improve buildings but improve the financial condition of the bodies governing these buildings for greater long-term stability. By

strengthening these associations, condominiums will continue to provide homeownership opportunities to those who want the benefits of owning a home without the responsibility of exterior maintenance associated with single-family ownership.

Budget: \$65-80 million

Projected Impact: 830 households and/or homes supported

Selection Criteria and Process: Rebuild properties are selected through a partnership with the Cook County Land Bank. TBI identifies buildings in need of receivership through a working table of agencies and the building court system. The Condo/Co-op Preservation Fund authorizing ordinance identified a pilot building in South Shore based on an evaluation of its physical and financial needs; future project selections may be based on additional program authorizations.

HOMELESSNESS

SRO PRESERVATION

Expanded Program

One of Chicago's strengths is its diverse housing stock. Single Room Occupancy (SRO) buildings provide affordable housing opportunities essential to the quality of life for many Chicago residents. The City of Chicago, in partnership with other government and community-based organizations, supports preservation efforts of SRO properties through investment and various financing mechanisms that creates and preserves affordability for low- and moderate-income households. In December 2014, the City of Chicago passed the Single-Room Occupancy Preservation Ordinance (SROPO) (City of Chicago Municipal Code Title 5, Chapter 5-15) which requires notification to those who currently live in an SRO property which is being listed for sale and which provides an opportunity to affordable housing development organizations to consider a preservation investment.

Through the SRO Loan Fund, the City of Chicago has partnered with the Community Investment Corporation (CIC) to create an investment and refinance pool to assist existing and potential owners of SRO buildings. This tool helps to support the financial viability of SRO buildings by reducing debt and operating costs for owners and maintaining low-cost, affordable housing options for the City's most at-risk residents.

Since 2014, Chicago has preserved 23 SRO buildings through the SROPO representing 1,914 units. Since the creation of the SRO Preservation Program DOH has encumbered over \$11.5 million representing 460 units. There is currently a program gap of \$2.3 million.

Bond funds would cover the shortage and allow DOH to bring additional properties into the pipeline. This would allow for the preservation of naturally occurring affordable housing, which serves as the first step out of homelessness and the last resort to avoid homelessness.

Budget: \$20-30 million

Projected Impact: 830 households and/or homes supported

Selection Criteria and Process: SRO owner/applicants will apply directly to CIC for program assistance. CIC will guide owners through the full underwriting process, with the goal of stabilizing the building. The City of Chicago and the Community Investment Corporation will establish a 'loan reduction reserve' that will serve as a loan paydown upon debt refinancing. As the City of Chicago will serve as a participating investor in the SRO Preservation Loan Fund, CIC will provide ongoing, annual reporting of the funds used for each loan pay-down.

FUNDING ALLOCATIONS:

DEPARTMENT OF PLANNING
AND DEVELOPMENT



COMMUNITY DEVELOPMENT

COMMUNITY DEVELOPMENT GRANTS

Modified Program

Chicago's majority-Black and majority-Latine neighborhoods have experienced significant historical and present-day disinvestment, particularly in commercial businesses that sustain neighborhood vibrancy and service residents' basic needs. Over time, it has become clear that one of the most critical contributors to this disparity is the immensely challenging access to capital in neighborhoods of color. An Urban Institute report found that Chicago's majority-white neighborhoods receive 4.6 times as much market investment per household as majority-Black neighborhoods, and 2.6 times as much investment as majority-Latine neighborhoods.¹¹

Additionally, the originations of small business loans in Chicago's non-white neighborhoods account for just 25.2 percent of all lending in the City, and falls short of the number of active businesses in those areas (28.3 percent of all active businesses in the City).¹² The cumulative impact of this negative lending environment on communities of color is significant with neighborhoods like Austin and Auburn Gresham having some of the City's largest lending gaps, as evidenced by the disparity between their share of the city's active businesses relative to their share of small business loans. As a result, Austin should have 33.3 percent more lending activity while Auburn

Gresham would be expected to have 62.5 percent more business loans.¹³

To address these challenges, in 2021, the City utilized bond funds through the Chicago Recovery Plan (CRP) to create the Community Development Grant (CDG) program, which supports real estate development projects that result in rehabilitation or new construction of commercial, industrial, or mixed-use properties. CDG leverages the success of the NOF program to make investments in business and housing opportunities that build household and community wealth, activate vacant storefronts to stabilize critical commercial corridors, and redevelop sites of critical importance that will catalyze further development. While the program is available across the entire City, it prioritizes projects in disinvested neighborhoods and areas with limited private investment, which are over-proportionally Black and Latine communities on the South and West Sides.

The existing CDG program provides two funding tracks that will continue to address the needs of unique users – grants of up to \$250,000 for smaller businesses, and grants of up to \$5 million for larger development projects. In addition to these established CDG programs, the City intends to use funds to support the

¹¹ Theodos, Brett, Eric Hangen, Brady Meixell, and Prasanna Rajasekaran. 2019. *Neighborhood Disparities in Investment Flows in Chicago*. Washington, DC: Urban Institute.

¹² Walsh, John and Karolina Ramos. 2022. *Measuring the Flow of Private Capital in Chicago's Communities: Lending Gaps and implications for Community Reinvestment Legislation*. Washington, DC: Urban Institute.

¹³ Ibid. Austin has 5.4 percent of business licenses across the City as a whole but just 3.6 percent of small business loans, while Auburn Gresham has 3.2 percent of all licenses and just 1.2 percent of all loans.

development of large-scale projects – defined as receiving more than \$5 million in City funding – that are uniquely transformative and catalytic for their neighborhoods. In all cases, eligible costs under these programs include, but are not limited to, the following costs:

- Property acquisition
- Site preparation, demolition, and environmental remediation
- Rehab or new construction of building elements, including substructures, core and shell, and interiors
- Rehab or installation of building mechanicals and services, including electrical, plumbing, HVAC, fire protection, and elevators
- Architectural, engineering, and design
- Other soft costs related to eligible costs, including legal fees, surveys, cost estimates, and environmental studies

Under the Bond, the CDG program would continue to receive funding to address Chicago’s on-going disparity of wealth, create new investment, and ensure that every community has a vibrant commercial corridor that addresses the daily needs of residents.

Budget: \$400 to \$500 million

Projected Impact: Funds are expected to support the development or redevelopment of more than 400 projects and result in \$1.4 billion in total investment in Chicago.

Selection Criteria and Process: DPD intends to allocate funds in a manner generally consistent with the current process for the CDG program. Applications are accepted all year but are evaluated for funding on a semi-annually basis. This evaluation is done using a scorecard and a rubric that generally prioritizes project location, project readiness,

implementation, catalytic impact, and community benefits. Specific considerations in the evaluation include, but are not limited to:

- The project location, with a priority for projects on the City’s South, Southwest, and West sides.
- The proposed project uses, including how each use will meet defined community needs or align with established community goals.
- The potential impacts/benefits the project will bring to the neighborhood.
- The project advances key programmatic or policy goals, such as eTOD or building community wealth.
- Evidence of either site control or a defined pathway to obtaining site control.
- Evidence of funding for the portion of the project not financed by the grant.
- A detailed project budget that accurately reflects the scope of work.
- Design documents and contractor estimates that accurately reflect the scope of work.

SMALL BUSINESS CAPACITY BUILDING REVOLVING LOAN FUND

New Program

Despite nationwide economic headwinds, Chicago's economy remains strong: current forecasts predict positive GDP growth (1.4 percent) and job growth (0.1 percent) from 2024-2027.¹⁴ The city's strengths – a large and diverse economy, deep links to global trade infrastructure, widely available public transit, numerous corporate headquarters, world-class universities, and relatively low cost of living¹⁵ – create the foundation for a bright economic future.

This economic success, however, is not reflected in all Chicago neighborhoods. Household wealth on South and West-Side neighborhoods (\$4,439 and \$4,452 in net worth, respectively) are significantly below the national median (\$97,680 in net worth). In Chicago, these figures amount to less than 0.5 percent the median in Chicago's wealthiest neighborhoods.¹⁶ Addressing these disparities, however, likely means supporting Chicago's network of existing and emerging small-and-medium businesses (SMBs). This is because SMBs – which are defined as having anywhere from 5 to 250 employees – make up the majority of Chicago's employers. This is especially true for communities on the South and West where SMBs provide 76 percent of all jobs.¹⁷

Increasing the growth of these businesses could have enormous impact because even a

modest increase in SMB jobs creates employment opportunities for entire neighborhoods, increases household and community wealth, stabilizes the area's housing market, and supports other locally based businesses. While this does represent a significant opportunity, there are also real obstacles, including inequitable access to capital and a lack of access to specialized business and professional services to help increase growth.¹⁸

In order to address these issues and expand economic opportunity – particularly in disadvantaged communities – DPD intends to create a Revolving Loan Fund (RLF) that will provide capital necessary to stabilize, expand, retain, and relocate businesses that will promote inclusive economic growth and represent the next generation of Chicago's economy. RLF is anticipated to provide low-interest loans that would be repaid to the City over an estimated term of five years, although other alternatives such as a loan loss reserve may be considered. In all cases, the overall goal of RLF would not specifically be to achieve market-rate returns. Instead, the loan principal will be repaid to the RLF so that funds could be redeployed for additional projects. To do this, RLF is anticipated to have two program tracks that would respond to different needs of various businesses: one for businesses utilizing less than \$250,000 (Small Business Loans) and

¹⁴ State of the Economy, City of Chicago, 2023.

¹⁵ Ibid

¹⁶ In Chicago, Neighborhoods Have Stark Differences in Economic Opportunity, Urban Institute, 2022.

¹⁷ Ibid

¹⁸ Addressing Chicago's Small Business Ecosystem, Next Street, 2022.

another for businesses utilizing up to \$5 million (Emerging Sector Loans).

Small Business Loans are expected to address the debt capital gap for SMBs in Chicago's disadvantaged neighborhoods, particularly the South and West Sides. The fund could be targeted at SMBs that have clearly-defined working capital needs as well as the potential to create significant new employment opportunities in disadvantaged communities.

Emerging Sector Loans will target high-impact businesses that represent high-growth opportunities for Chicago's economy. This could include industries like life sciences, logistics, cannabis, and food innovation. Growth in these sectors – a combination of Chicago's historic industry bases and areas of rapid nationwide economic growth – could create well-paying, local jobs and support the next generation of Chicago entrepreneurs and employees while also increasing the tax base.

While project and risk profiles will vary across the two programs, the RLF would provide the City with a program that addresses a critical need that is not currently available and in a manner that results in a more effective use of taxpayer funds as compared to grants.

Budget: \$75 to \$100 million

Projected Impact: Funds are expected to initially support up to 40 businesses throughout the City of Chicago. This allocation, however, represents seed funding for the RLF and after loans are repaid the program will be able to redeploy funds to future projects.

Selection Criteria and Process: The application process for the RLF program has not yet been designed, but the City anticipates engaging with local leaders in this field – including Allies for Community Business and the Chicago Community Loan Fund – in order to establish a framework that addresses the areas of greatest need in the most effective manner possible. It is, however, expected that any RLF program would have focus on economic impact and financial sustainability. This includes:

- Financing availability could be prioritized in specific neighborhoods in Chicago or focused on growth sectors,¹⁹ existing economic clusters in Chicago,²⁰ or meaningfully advance opportunities for creating household and community wealth and supporting the elimination of vacant storefronts.
- Fund recipients could be required to hire a percentage of new staff from disadvantaged neighborhoods or be paired with job training requirements.
- Fund recipients could also be connected with partners that provide business training, technical assistance, or dedicated coaching.
- A condition of a loan could include encouraging or requiring matching financing from traditional lenders, business partners, or philanthropy.
- Fund recipients could be required to complete evaluations and on-going progress reports with local partners and SMB experts.

¹⁹ This could include biotech, clean energy, cannabis, or film.

²⁰ This could include legacy manufacturing, agriculture, or food production.

SMALL BUSINESS CAPACITY BUILDING

PRE-DEVELOPMENT GRANTS

New Program

One of the most typical issues encountered by DPD when evaluating projects is that many applicants have outstanding concepts that would create real community benefits in critical locations, but they simply aren't at the state to become a feasible project. The most common causes tend to be pre-development in nature, which most commonly includes a lack of clear project scoping, design and engineering documents, defined cost estimates, financial proforma or business plan, and incompatible zoning or site selection, among others (collectively, "pre-development costs"). Failure to provide these documents are, however, critical path issues.

For many, addressing these issues isn't possible because of access to capital challenges and barriers to engaging the appropriate technical assistance professionals to assist them with the relevant services necessary to submit competitive applications. This is especially acute for Black and Latine developers and entrepreneurs who disproportionately struggle to access capital. Most business owners use personal savings and loans from family and friends to cover start-up costs for their business, which becomes a challenge in communities with less generational wealth. In the U.S., White families have nearly ten times the net worth of Black households and eight times the net worth of Latine households.²¹ In Chicago, one-third of Black households and 27 percent of Latine households have zero net worth.²² Black and

Latine entrepreneurs also face discrimination when applying for traditional small business loans and see far lower lending rates as a result.²³ The result of this dynamic is a negative feedback loop: applicants need to address pre-development issues to secure City funds, but they are unlikely to be awarded funds until pre-development issues are resolved.

In order to address this disparity, DPD intends to use the Bonds to provide financial support for pre-development services. Eligible costs under this program would include:

- Site preparation (e.g. title survey, legal, zoning analysis, environmental assessment, etc.)
- Preliminary architecture, design, and engineering (site plan, elevations, renderings, renovation plans)
- Construction cost estimation
- Market or feasibility analysis
- Business plan and proforma development
- Community engagement and project impact assessment
- Project management

Pre-development grants would not only help applicants move through City processes, but additionally it would help applicants secure other grant, debt, and equity financing. In

²¹ <https://www.cct.org/about/about-the-racial-wealth-gap/>

²²

https://prosperitynow.org/files/PDFs/profiles/Racial_Wealth_Divide_in_Chicago_RWDI.pdf

²³ <https://www.brookings.edu/research/an-analysis-of-financial-institutions-in-black-majority-communities-black-borrowers-and-depositors-face-considerable-challenges-in-accessing-banking-services/>

addition to providing projects with immediate assistance, this program would also build a pipeline of shovel-ready projects for the Department for future funding rounds. Although there is some inherent risk with such a program, the [Chicago Community Trust's Pre-Development Grant](#) program has been operating since 2020 and has demonstrated that it can be a successful model for such a program.

Budget: \$7.5 to \$15 million

Projected Impact: Funds are expected to support the pre-development efforts of 75 to 100 projects.

Selection Criteria and Process: Applications will generally be reviewed and identified as part of the established Community Development Grant process. This approach will provide DPD with the information necessary to understand the development concept and potential impact while also quickly and clearly identifying which pre-development issues are deficient and reasonably necessary for the project to move forward. Additionally, it means applicants will only be required to submit a single application per round, rather than submitting multiple applications for different City programs.

As with the Community Development Grant program, the selection criteria will favor projects located in the areas of greatest need, meaningfully meet the needs of the community, and advance broader programmatic goals. These considerations are likely to specifically include, but are not limited to:

- Prioritizing projects on the City's South, Southwest, and West sides.
- Project uses, including how each use will meet defined community needs, align with established community goals, and bring tangible benefits to the neighborhood.
- Ability for the project to advance key programmatic or policy goals, such as eTOD, building community-based wealth, or the elimination of vacant storefronts.

JOBS & WEALTH BUILDING

JOB AND WORKFORCE TRAINING GRANTS

Modified Program

Small businesses are an important part of the local economy, not only through the goods and services being offered but also by the jobs created. In 2022, small businesses in Illinois accounted for 2.5 million employees or 44.7 percent of all jobs.²⁴ Training is crucial for employers to help them stay competitive in an ever-evolving market. By investing in their employees, businesses can improve productivity, stay current with industry trends and technology, increase revenues and invest in their workforce to create increased job satisfaction and retention. The financial burden of upskilling workers can be a significant barrier that limits businesses undertaking trainings – an issue that is especially acute for minority- and women-owned businesses that are disproportionately impacted by access to capital issues.²⁵

Ensuring continual workforce development training is, however, a critical issue for the future of Chicago's economy. Investing in job training means directly investing in Chicagoans in order to establish a pipeline of skilled and qualified employees that will make up a competent and adaptable workforce that meets the needs of our local businesses. Doing so also addresses the key concern of businesses regarding the limited availability of a skilled workforce.²⁶ Job and Workforce Training Grants would allow the City to ensure these critical activities occur while reducing the financial

barriers associated with businesses actually undertaking these activities.

Currently, DPD's primary workforce development program is the TIFWorks program, a reimbursement grant that uses TIF funds to subsidize training programs for companies located in eligible TIF districts. The program's reliance on TIF, however, means that it is limited in the funding amount, geographic regions, and the type of training allowed. A broader-focused program would be able to assist the complete Chicago business ecosystem, from job seekers to employers, regardless of geographic location, which would in turn help increase efficiencies and directly impact the local economic growth. Additionally, these programs would be done in partnership with local community workforce development partners in order to develop strategic investments in industry-specific programs that will meet the needs of Chicago's most in-demand industries. Eligible costs under this cost category are expected to include:

- Upskilling for incumbent workers
- On-the-job training for new hires
- Workforce development training for job seekers
- Certifications
- Apprenticeships programs

²⁴ <https://advocacy.sba.gov/wp-content/uploads/2022/08/Small-Business-Economic-Profile-IL.pdf>

²⁵ <https://nextstreet.com/wp-content/uploads/2022/06/2019-Chicago-SMB-Report-FINAL.pdf>

²⁶ <https://media.chicagolandchamber.org/wp-content/uploads/2022/07/15112551/Chicago-Small-Business-Outlook-Survey-Results.pdf>

- Business assessments
- Business coaching and mentoring
- Wrap around services

Budget: \$7.5 to \$15 million

Projected Impact: As estimated 50 projects supported which would result in 750-1,000 workers trained. This number may vary depending on the training or apprenticeship.

Selection Criteria and Process: Interested parties will submit an application through Submittable that will identify their workforce development need, their current challenge fulfilling that need, project timeline, and the anticipated impact/return on investment this grant would have. Applications will be reviewed by DPD's Workforce Development unit, a streamlined approach would be taken to ensure that the application timeline is concise while still being able to capture relevant information that would be used to score applicants.

The selection criteria would favor projects in the South, Southwest and West sides of the city, businesses with MBE/WBE certifications, and projects targeted at youth and vulnerable populations.

JOBS & WEALTH BUILDING

MISSING MIDDLE HOUSING INFILL STRATEGY

New Program

Between 2000 and 2020, Chicago lost over a quarter million Black residents, with some neighborhoods losing as much as 50 percent of its population²⁷. In addition to exacerbating existing inequalities in predominantly Black and Brown communities, this population loss resulted in a concentration of vacant lots. As a result, the City of Chicago and Cook County Land Bank together own roughly 10,000 vacant residential parcels which are primarily located in Chicago's West and South side neighborhoods.

Despite this abundance of available land, infill development has been slow to materialize in many of these communities. This is largely because the financing for housing in these areas costs developers more to build a home than they can sell it for affordably or at current market prices. To bring investment to these challenging residential markets and create opportunities for attainable homeownership, public investment is necessary to “fill the gap.” Additionally, funds must be provided in a way that is scalable, streamlined, and addresses the lower cost margins associated with smaller-scale development. To address both the overall issue and the inherent limitations, DPD is proposing a two-pronged strategy to support “Missing Middle Infill Housing” that will provide financial support for infill residential development on vacant, publicly owned lots.

The first track – the “Pre-Approved Prototype Program” – will create a catalog of home designs that can be purchased from select

architects for a reasonable licensing fee. Developers can select and build a pre-approved design on a cluster of publicly owned lots. Depending on the community area and home sale price, participants may be eligible for additional incentives – including \$1 lot sales and direct financial support to maintain a maximum sales price of 140 percent of the area median income (AMI). Eligible costs for the Pre-Approved Prototype Program are expected to include:

- Site assessment and preparation (e.g., environmental assessment, site clean-up, excavation, utility connections, foundation installation etc.)
- Preliminary architecture, design, and engineering of pre-approved prototype designs (site plan, elevations, renderings, construction documents, cost estimation)
- Community engagement and project impact assessment
- Up to \$150,000 in direct financial support to selected awardees, per unit (varies by building type and community area; most projects will receive \$50,000 - \$100,000 per unit)

The second track is the “Pad-Ready Program.” Under this program, DPD will identify clusters of publicly owned lots that will be environmentally assessed and remediated using public funds. A contractor will be retained by the City to prepare

²⁷ “Who Can Live in Chicago?” The Nathalie P. Voorhees Center for Neighborhood and Community Improvement. Chicago, IL, June 6, 2018

<https://voorheescenter.voorheescenter.wordpress.com/>

The second track is the “Pad-Ready Program.” Under this program, DPD will identify clusters of publicly owned lots that will be environmentally assessed and remediated using public funds. A contractor will be retained by the City to prepare the sites, install utility hookups, and build a standard foundation and on-grade slab for future development. Program participants can then purchase these development-ready sites through the ChiBlockBuilder platform. Once complete, developers can sell these sites without affordability restrictions. Eligible costs for the Pad-Ready Program are expected to include:

- Site assessment (e.g. environmental assessment, etc.).
- Site preparation, including site clean-up, excavation, utility connections, and other related activities.
- Construction of a slab-on-grade foundation for future development.
- Under both programs, developers will be expected to construct buildings on multiple lots in focused geographies that maximize the impact of public investment.

Budget: \$50-75 million

Projected Impact: Funds are expected to support the construction of 250-400 total residential projects which will result in the creation of 750 new residential units.

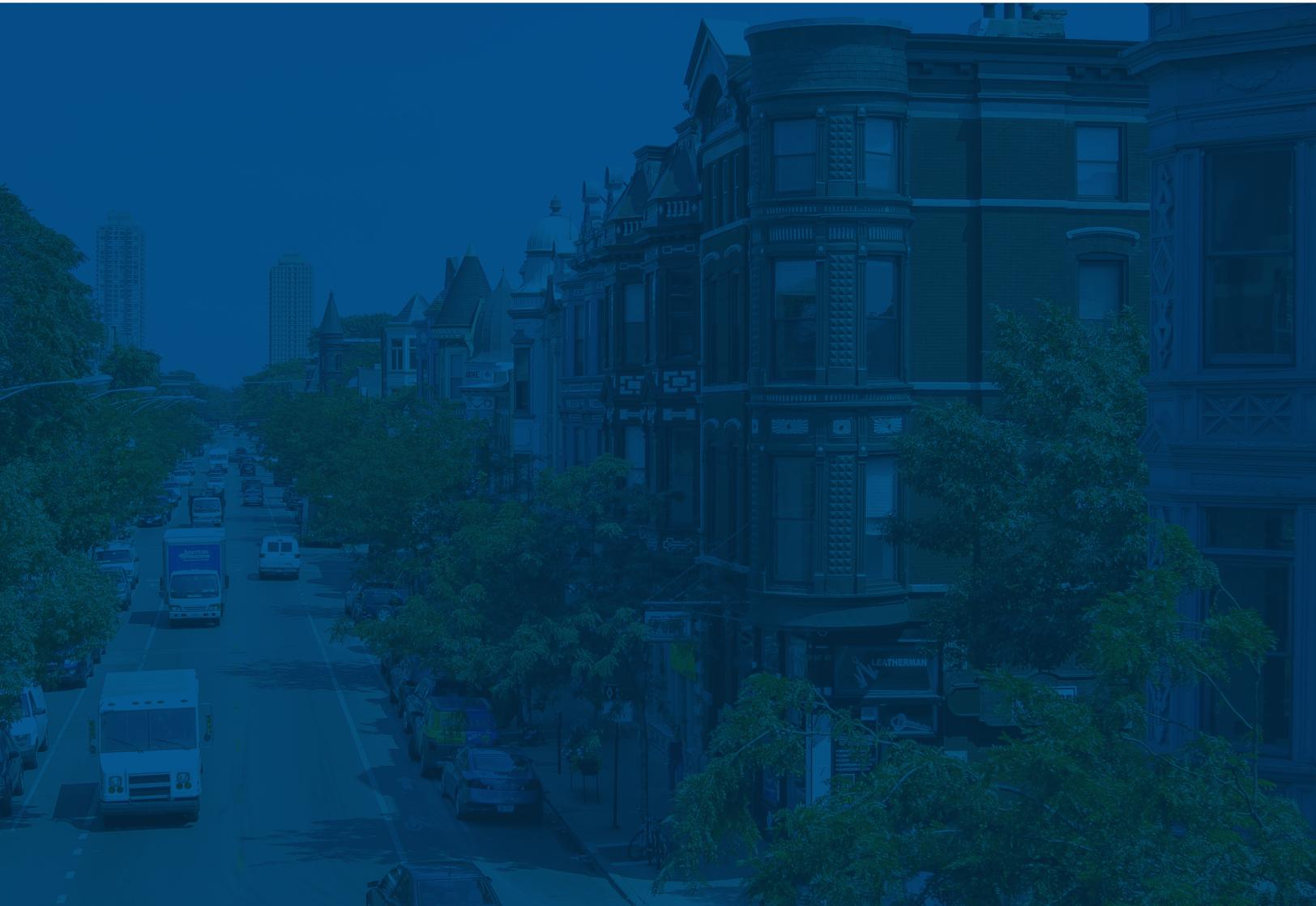
Selection Criteria and Process: Applications for Missing Middle Infill funds will be reviewed and selected through two separate processes. Recipients of Pre-Approved Prototype funds will be identified through periodic Request for Qualifications (RFQs). Evaluation criteria will include (but is not limited to) financial capacity, project track record, previous development portfolio and quality, focus on community

impact, and proposed pro forma. DPD will work with qualified developers to identify the number and location of parcels, select a home design, and determine the amount of subsidy required based on local market conditions, number of parcels, and construction cost.

Parcels for the Pad-Ready program will be listed on ChiBlockBuilder, once site work is completed, and on a rolling basis. Interested parties will be able to submit applications to purchase available parcels. Application materials may include proposed building plans and elevations, pro forma, anticipated sales price, and prior development experience. In the event that none of the applications are satisfactory, DPD will reserve the right to hold the parcel for a subsequent listing.

For both programs, priority will be given to emerging, minority-owned developers that have prior experience working in the focus communities.

APPENDICES



APPENDIX I

EXAMPLES OF BOND ALLOCATIONS IN OTHER CITIES

City		Austin	Charlotte	Columbus
Year & Municipal Bond Type		2018 GO Bond – Prop A	2022 GO Bond	2022 GO Bond
Amount Issued for Affordable Housing		\$250M	\$50M	\$200M
Uses	Land Acquisition	\$100M		
	Homeownership	\$28M	\$50M	
	Rental Development	\$94M	\$80M	
	Rental Rehab/ Preservation		\$40M	
	Homelessness		\$30M	
	Home Repairs	\$28M		
Bond Duration & Repayment		<ul style="list-style-type: none"> Bond debt financed over a 20-year period No property tax increase 	Bond proceeds used through 2024	Re-paid through income tax collections
Projected Outcomes <ul style="list-style-type: none"> Housing Type Units Produced AMI 		<ul style="list-style-type: none"> Acquisition of 60 acres of vacant land Conversion of three hotels to PSH CLT portfolio expansion 		

Denver, Colorado	Durham, NC
2021 GO Bond	2019 GO Bond
\$38.6M	\$95M
	Yes
	Yes
<ul style="list-style-type: none"> • \$7.4M Shelter Purchase • \$30M Shelter Facility Conversion 	Yes
<ul style="list-style-type: none"> • Bond debt issued within 10-years after authorization is received • Dedicated property tax levies 	<ul style="list-style-type: none"> • Bond issued over five years • Tax increase of \$1.6 cents per \$100 of assessed value
<ul style="list-style-type: none"> • Acquisition of a 600+ bed shelter • Acquisition, conversion, construction of 300 rooms 	<ul style="list-style-type: none"> • Creation of 1,600 dedicated affordable housing at 80% AMI< • Preservation of 800 affordable rental units • Creation of 400 affordable homeownership opportunities • Transition of 1,700 households in emergency shelter into supportive housing • Stabilization of 3,000 low-income renters

City		Kansas City, Kansas	Los Angeles, California	Miami, Florida	New York City, New York
Year & Municipal Bond Type		2022 GO Bond	2016 GO Bond	2017 GO Bond	2022 GO Bond
Amount Issued for Affordable Housing		\$50M	\$1.2B	\$100M	\$400M taxable fixed-rate bond
Uses	Land Acquisition				
	Homeownership				
	Rental Development		Yes	\$240M	Yes
	Rental Rehab/ Preservation		Yes		Yes
	Homelessness			\$960M supportive housing/facilities	
	Home Repairs				
Bond Duration & Repayment		No property tax increase	Property tax increase 10-year issuance	Issued in three-stages 3% property tax will be leveraged to repay debt	No property tax increase
Projected Outcomes <ul style="list-style-type: none"> • Housing Type • Units Produced • AMI 		All projects must serve households at 30% AMI <	Creation of up to 10,000 income-restricted supportive housing units and up to 20% of units for households at 80% AMI<		Creation of 3,000 units 70% of units at 60% AMI<

Philadelphia, Pennsylvania	Portland	San Antonio	San Francisco
2016 GO Bond	2016 GO Bond	2022 GO Bond	2015 GO Bond
\$100M <ul style="list-style-type: none"> \$89M taxable \$11.5M tax-exempt 	\$258.4M	\$150M	\$310M
\$60M		\$45M rehab/preservation \$5M production	\$80M
	Yes	\$40M	\$150M
			\$50M rehab of public housing
	Yes	\$25M PSH	
\$40M		\$45M	
<ul style="list-style-type: none"> 0.1% increase in real estate transfer tax to service debt 	<ul style="list-style-type: none"> Property tax increase of 42 cents per \$1,000 of assessed value All funds committed by 2024 	<ul style="list-style-type: none"> Issuance over 5 years No property tax increases 	Repayment via property tax rate surcharge
Revenue would address a backlog of 5,476 homeowners who qualify for programs	Creation of 1,300 units at 60% AMI		

APPENDIX II

EXAMPLES OF REVOLVING LOAN FUNDS PROGRAMS IN OTHER CITIES

Fund	Administering Entity	Description
Pittsburgh Business Fund	Pittsburgh Urban Development Authority	Financing of \$30-500k for SMBs for working capital, real estate, equipment, and leasehold improvements. Terms are 5 years for working capital, 7 years for equipment, 10 years for leasehold improvements, and up to 20 years for real estate.
Minority Business Growth Loan Fund	Pittsburgh Urban Development Authority	Financing of up to \$100k for existing and growing minority-owned businesses in the City of Pittsburgh. Interest rates are below market, terms are for 10 years, and collateral/security is flexible. Funds can be used for hiring and payroll, inventory, sales/marketing, e-commerce, rent, utilities, insurance, and other business costs.
Phoenix Fund	Invest Atlanta (CoA Development Authority)	Provides SMBs with affordable loans of \$10-100k, with 3-7 year terms (15 for real estate). Interest rates are 50% of prime rate plus 2%. Requires that 1 job is created or retained for every \$35k in financing.
Opportunity Loan Fund	Invest Atlanta (CoA Development Authority)	Supports job creation by providing gap funding (up to \$100k) to small and medium-sized businesses creating new quality jobs, with 3-7 year terms (15 for real estate). Interest rates are 50% of prime rate plus 2%. Requires a 20% equity injection and creation of at least 5 jobs with healthcare coverage.
Atlanta Catalyst Fund	Invest Atlanta (CoA Development Authority)	Seeks to spur job creation and economic development by providing small business lending (\$50-100k) in distressed neighborhoods in the City of Atlanta. Terms are 3-7 years, with interest rate determined based on cash flow. A 20% equity injection is required.
Business Improvement Loan Fund	Invest Atlanta (CoA Development Authority)	Encourages the revitalization of targeted business districts and supports development in other eligible areas. Provides up to \$100k in financing with 3-7 year terms and interest rate determined based on cash flow. A 20% equity injection is required.
Community Loan Fund	Invest Atlanta (CoA Development Authority)	Funding (\$10-50k, with up to \$30k able to be used for working capital) for existing companies improving commercial property, purchasing equipment, furniture and fixtures, and paying off high-interest business debt. Terms are 3-7 years, with interest rate fixed at 3%. Recipients must be a recent graduate or attending a technical assistance program.
Economic Development Loan Fund	Salt Lake City Department of Economic Development	Funding of \$25k-350k (microloans of up to \$25k, startup loans of up to \$100k, existing business loans of up to \$350k), available for energy efficiency retrofits; construction/tenant improvement; real estate acquisition; signage and displays; fixtures, furniture, equipment, and inventory; and working capital and marketing. Terms are 6 months to 7 years, with interest rates ranging from US Prime to US Prime + 8% (average of 7.5%).
Small Business Capital Access Program	Seattle Office of Economic Development	Small businesses that experienced disruption due to COVID-19 and meeting two of three criteria - <\$3M annual revenue in 2019 and 2020, no more than 50 full-time employees, and no more than 2 locations - can borrow up to \$150,000 with 4% interest to use on business expenses such as payroll, rent and utilities