

Linking Housing to Prosperity: Successes and Opportunities

MPC 2009 Fall Roundtable

Terry Peterson
Vice President of Government Affairs
Rush University Medical Center

October 23, 2009



IT'S HOW MEDICINE

SHOULD BE

CHA Background

- CHA was incorporated in 1937
- Created for working families in need of housing as a result of the great depression
- CHA homes were seen as an improvement over the slum dwellings they replaced
- Between 1937 and 1968, the majority of the family developments were built
 - Including Robert Taylor – the largest in the nation with 4,415 units
- More than 17,000 units were in gallery style high rises
- CHA became the 3rd largest PHA in the nation

- Causes mostly rooted in failed Federal Policy
 - Federal policies caused the flight of working families
 - i.e. 1969 Brooke Amendment limited the rents paid by PHA families to 25% of the family's gross adjusted income, requiring PHAs to pay
 - PHAs were prohibited from using federal funds for operating or capital reserves
 - Funding for capital repairs/maintenance not available to large PHAs until 1980s. All PHAs received formula based capital funds by the late 1990s. Insufficient for many distressed properties
 - Architectural design inappropriate for Chicago's climate and residential population
- New sociological challenges including expansion of the drug trade

CHA – A City Inside A City

- Developments cut off from the rest of the city
- Buildings occupied by primarily very low income families
- CHA created departments that duplicated city services (social, streets & san, forestry, policing)
- Developments continued to decay, residents stigmatized & isolated

Building Mixed Income Communities

- Revitalizes communities, not just public housing
- Creates new opportunities for families in public housing
- Creates units of higher quality
- Fund leveraging maximizes the number of units produced
- Higher standards of property maintenance
- Improved financial condition of the PHA
- Builds a political constituency for affordable housing

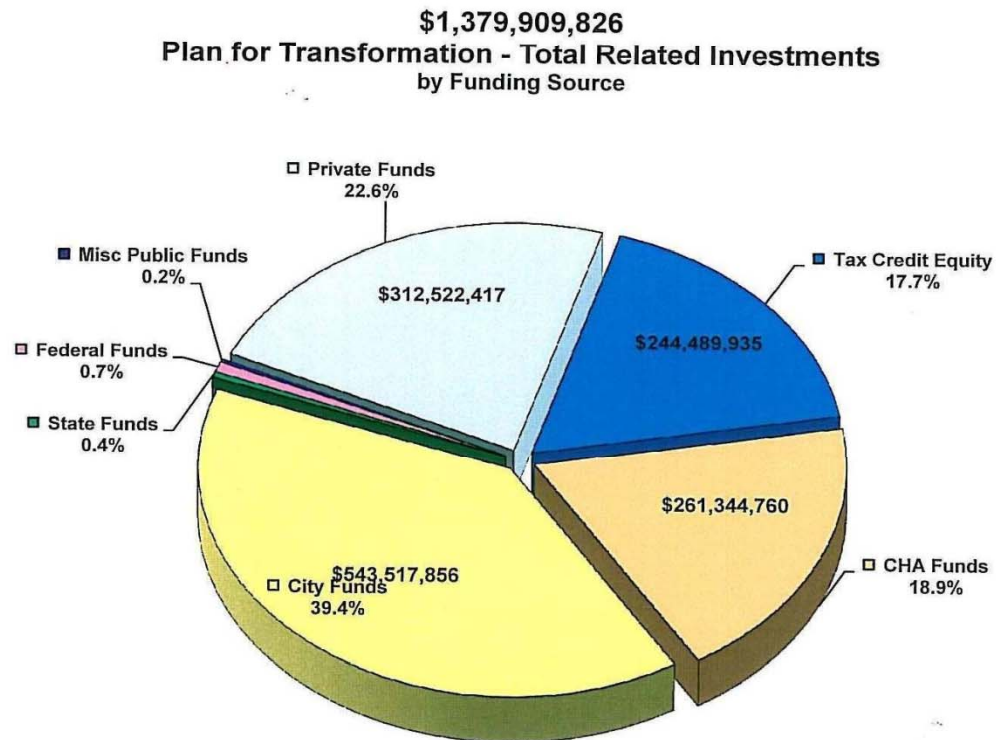


- Goal: To support the development of vibrant mixed-income communities through improved transit and retail access and the implementation of a safe and inviting pedestrian environment
 - Community areas:
 - Near North – former Cabrini Green development, now Parside of Old Town
 - Near West – former Henry Horner, now WestHaven Park
 - Mid-South – former Madden-Wells, now Oakwood Shores, Jazz on the Boulevard, and Lake Park Crescent
- Outreach and Engagement
- Intergovernmental Advisory Committee – private and public sector stakeholders led the planning effort and are still guiding the implementation
- Three Local Task Forces – local leaders informed each set of neighborhood recommendations
- Expert Panel – Chicago-based and national thought leaders helped inform final recommendations
- Adopted by Chicago Plan Commission in July, 2009

CHA – Plan for Transformation

Chicago Housing Authority Plan for Transformation			
TOTAL RELATED INVESTMENTS			
PUBLIC FUNDS			
CHA FUNDS			
Rental Developments	\$257,046,870		
Homeownership Developments	\$4,297,890		
Total CHA		\$261,344,760	
CITY FUNDS			
Rental Developments	\$91,336,471		
Homeownership Developments	\$29,921,012		
DOH - Supportive Housing Initiative	\$91,283,521		
Police Department	\$156,693,000		
Schools	\$112,827,852		
Infrastructure	\$44,000,000		
Park District	\$17,456,000		
Total City		\$543,517,856	
STATE FUNDS - Rental		\$5,250,000	
FEDERAL FUNDS - Rental		\$9,748,000	
MISC PUBLIC FUNDS - Rental		\$3,036,858	
		TOTAL PUBLIC FUNDS	\$822,897,474 - 60%
PRIVATE FUNDS			
RENTAL			
Tax Credit Equity			
9% Tax Credit Equity Investments	\$161,559,337		
4% Tax Credit Equity Investments	\$79,088,558		
Donation Tax Credit Investment	\$3,842,040		
Total Tax Credit Equity		\$244,489,935	
Commercial Bank Loans	\$64,603,935		
Deferred Developer Fee	\$4,200,620		
Other	\$1,935,355		
Total Rental		\$70,739,910	\$315,229,845
HOMEOWNERSHIP			
Commercial Bank Loans	\$170,797,881		
Sale Proceeds	\$54,288,591		
Developer Equity	\$7,344,431		
Other Private Funds	\$5,483,373		
Investor's Equity	\$2,478,774		
Donation Tax Credit Equity	\$1,200,000		
Deferred Developer Fee	\$189,457		
Total Homeownership		\$241,782,507	
		TOTAL PRIVATE FUNDS	\$557,012,352 - 40%
TOTAL RELATED INVESTMENTS			\$1,379,909,826 - 100%

CHA – Plan for Transformation





Rush University Medical Center Employee Mortgage Assistance Program

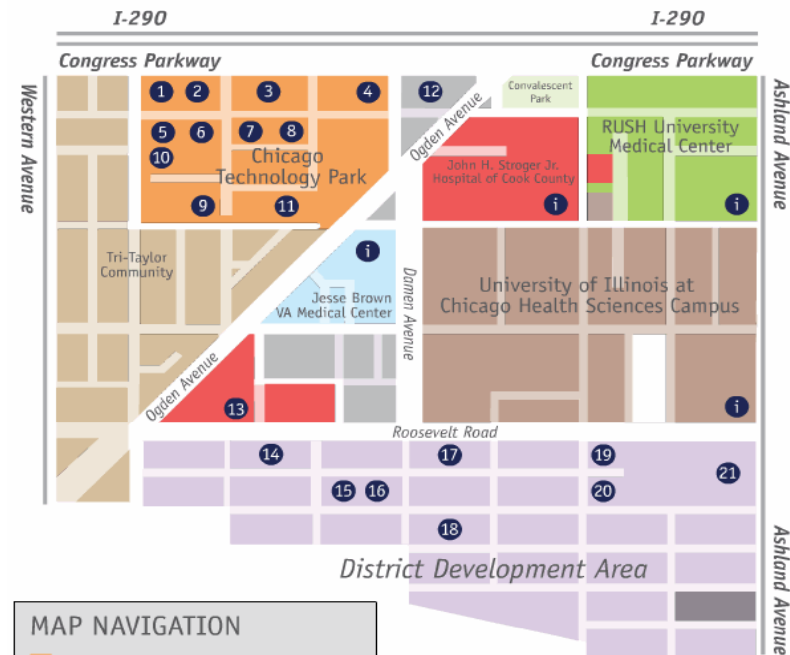
Illinois Medical District

The Illinois Medical District (IMD):

- consists of 560 acres
- houses 2,200 hospital beds
- has 20,000 employees
- receives 75,000 visitors daily
- is the nation's largest urban medical district
- holds the nation's largest college of medicine (UIC's College of Medicine)
- is the State of Illinois' largest biotechnology/medical complex
- is an economic engine for statewide biotechnology

The IMD is an economic engine generating:

- \$220 million in research annually
- \$3.3 billion in economic activity
- 50,000 direct and indirect jobs
- \$80 million in annual state taxes
- \$34 million in annual local taxes
- \$2 billion in direct and indirect employment compensation



MAP NAVIGATION

- Chicago Technology Park
- Cook County Facilities
- RUSH University Medical Center
- University of Illinois
- Jesse Brown VA Medical Center
- District Development Area

- | | |
|---|--|
| 1. Tech 2000 | 12. CDA Apartments |
| 2. American Red Cross of Greater Chicago | 13. Cook County Juvenile Detention Center |
| 3. 2100-2150 W. Harrison Building | 14. FBI Chicago Headquarter Offices |
| 4. Ruth M. Rothstein CORE Center | 15. Anixter Village |
| 5. Enterprise Center II | 16. Chicago Children's Advocacy Center |
| 6. Enterprise Center I & Enterprise Suites | 17. Illinois State Police Forensic Science Center |
| 7. Robert J. Stein Institute of Forensic Medicine | 18. Easter Seals School and Center for Autism Research |
| 8. IMDC Headquarter Offices | 19. West Side Research Office Building |
| 9. CTP Research Center | 20. Rush Barton Senior Living Center |
| 10. Litholink Corporation | 21. Ashland Commercial Shopping Center |
| 11. Chicago 311 Communication Center | |

- **Rush employs over 8,000 people**
 - Largest private employer on Chicago's West Side
 - 57% are City of Chicago residents
 - 43% live in the suburbs
 - 49% are minority

- **RUMC's annual operating budget is \$1.2 billion**
 - Annual payroll \$ 516 million
 - Payroll taxes \$ 130 million
 - Annual non-payroll spending \$ 395 million



- **Main Components**

- 809 licensed hospital beds includes Rush Children’s Hospital
- 87 licensed beds in the Johnston R. Bowman Health Center for the elderly
- Rush University includes Rush Medical College, College of Nursing, Graduate College, and College of Health Sciences

- **Staff and Students**

- | | |
|--------------------------------------|-------|
| – Employees | 8,057 |
| – Medical Staff | 982 |
| – Professional Nursing Staff | 1,039 |
| – Residents & Fellows | 636 |
| – Medical / Nursing / Other Students | 1,800 |



Mortgage Assistance Program

Rush's Mortgage Assistance Program for Eligible Employees:

- Implemented in January 2006
- Forgivable Loan (interest free) to qualified applicants
- Completion of the homeownership program provided by Neighborhood Housing Services of Chicago
- Maximum of 10 loans per year
- \$5000 per employee as of January 2008
- Loans based on “first come, first serve” basis
- Employee must continue Rush employment for 5 years

Since 2006, Rush has granted \$27,500 in loans to its employees through the Mortgage Assistance Program.

Organizational Overview

- Began operating on October 1, 1947
- Nation's 2nd largest public transportation system
- Delivers 1.7 million weekday rides, on average
- Serves the City of Chicago, 40 suburbs
- Annual operation budget is approximately \$1.3 billion
- Employs approximately 11,000 people