

Comments from Housing Preservation Strategy Panel Meeting and CMAP Staff Responses

March 19, 2009

Attendees

Adam Gross	BPI – Committee Chair
Beth Dever	MMC – Committee Vice Chair
Phil Ashton	UIC, Urban Planning and Policy
Paul Colgan	Attainable Housing Alliance
Adam Dontz	Gladstone Homes
Nancy Firfer	Chicago Metropolis 2020
Judy Levey	ULI, Preservation Compact of Cook County
Nicole Nutter	Regional Transportation Authority
Andrea Traudt	Bickerdike Redevelopment Corporation
Linda Young	Center for Neighborhood Technology
Stacie Young	DePaul Real Estate Center, Preservation Compact

Questions and Responses

- Why is there not more “preservation need,” as defined by the index, in South Suburban Cook County? Perhaps there is not as much cost burden, but the area is still in need of preservation.
 - The index of preservation need was created by summing two equalized variables at the subzone level: percent of units in structures built before 1950 and percent of units with two or more financial or physical conditions. The financial condition is cost burden (households paying at least 30% of income on housing). The physical conditions in the second variable are extreme (see first question), and are therefore considered to be indicative of overall housing condition. CMAP staff will continue to seek data that better describes overall housing stock condition.
- What are “incomplete kitchen facilities” and “incomplete plumbing facilities”?
 - These are variables from the decennial census, summary file three. Complete kitchen facilities include: (1) a sink with piped water, (2) a range or cookstove, and (3) a refrigerator. Housing units are classified as lacking complete kitchen facilities when any of the three facilities is not present. Complete plumbing facilities include: (1) hot and cold piped water, (2) a flush toilet, and (3) a bathtub or shower. Housing units are classified as lacking complete plumbing facilities when any of the three facilities is not present.
- The sample program excludes all private market activity, which is widely regarded as the dominant mode of both affordable housing development and preservation.
 - Revisions to the sample program will take this point into account. Revised report text will include a better description of the market share that subsidized preservation

activities occupy, relative to the private sector. Likewise, an upcoming strategy panel discussion will focus entirely on mitigating regulatory barriers to affordable housing preservation and development. There will also be a strategy panel discussing inclusionary zoning as a strategy for affordable housing preservation and development. Finally, in developing housing cost projections for the reference scenario, CMAP staff will continue to work with experts and the committee to make reasonable assumptions pertaining to the market share of private affordable housing developers vs. subsidized developers.

- Can residential permit data help determine the gap between subsidized and private activity?
 - Residential permit data released by the decennial census does not differentiate between rehabilitation and new construction, nor does it differentiate between private and subsidized construction. Furthermore, census permit information is only available at the municipal and county level.
- CMAP should look into studies on the multiplier effects of public investments at the community level (specifically Galster's research on the impact of CDBG investment in Denver census tracts).
 - CMAP staff will look carefully at George Galster's work at Wayne State University on assessing the property value impacts of dispersed housing subsidy programs and other multiplier effects. It is our goal to include this work in future revisions to the sample program.
- Why not compare the characteristics of neighborhoods with a majority of housing built before 1950 to those without?
 - One of the references cited in the original [strategy report](#) is a report by [Donovan Rypkema](#) that documents the differences between older and historic neighborhoods (those built primarily before 1950) and those built after.
- There was some discussion about the relative amount of preservation activity since the decline of the housing market beginning in 2006. Some committee members asserted that private preservation activity has declined, while needs have increased. While others noted that there has been a recent uptick in subsidized preservation activity because new construction is very difficult to finance.
 - Due to the limitations of public information available at the regional level, it will be difficult to illuminate this discussion. However, as previously noted, CMAP will continue to seek better information.
- It was suggested that CMAP should include transportation, property tax and energy costs in housing cost burden calculations.
 - CMAP will work with our partners to assess the potential to include these in housing cost burden estimates. CNT is currently working with CMAP to apply their H+T index

(housing plus transportation) to CMAP's scenarios, and is also involved in developing the approach of the *GO TO 2040* plan to energy.

- IHDA has more strict affordability standards that would cause more units to be added at lower cost buckets. Therefore, it would be more accurate to model several different scenarios based on different assumptions to come up with ranges of preserved units in 2040 based on different affordability levels.
 - The IHDA cost accounting tables presented in the report show the number of units produced at different levels of affordability. CMAP will use this as a baseline for revised sample program modeling.
 - The sample program report does not account for cost savings compared to new construction. Addressing the cost savings aspect is challenging because of the ricocheting effects of housing construction activity through the regional economy. CMAP is open to methodological suggestions for conducting such an analysis.
- The sample program should account for the environmental benefits of housing preservation in terms of opportunity costs compared to new construction.
 - CMAP will endeavor to estimate the environmental benefits of the sample program in terms of the reduction in demolition and construction waste.
- The assumption of reduced EAVs is flawed, because without preservation, some units' values would increase, while others would decrease
 - This is excellent feedback and will be reflected in subsequent revisions to the report and sample program.
- While the private market creates the majority of affordable housing, that housing may or may not remain affordable through 2040. Only properties with affordability restrictions (subsidized units) are guaranteed to remain affordable for any length of time.
 - This is also good feedback. As noted in the first response, housing strategies in the *GO TO 2040* plan will incorporate a mix of public and private solutions to issues of affordability.

Other Comments

- It was suggested that CMAP should include some discussion of the context in which staff developed the broader framework/definition of housing preservation.
- Others noted that Cook County has good mitigation programs to offset the impact of property taxes on affordability.
- Some committee members warned that municipal programs and regulations increase the cost of housing production, and this should be addressed.