Housing Action Illinois
May 5, 2015

Presented By
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Chicago Infrastructure Trust
312-809-8080
Mission

To assist the people of the City of Chicago, the City government, its sister agencies and private industry in providing alternative, innovative financing and project delivery options for transformative infrastructure projects.

Energy  Transportation  Development  Telecommunications
Our Approach

- Risk transfer
- Off-credit, off-balance sheet
- Budget Neutral
- Self-funding projects
- Underappreciated assets
Housing Mission Statement

Create a self-sustaining **neighborhood revitalization** solution by developing new market-rate housing for Chicago’s underserved communities

*Ultimately, we improve the human condition*
Project catalyst and initial findings

• Shortage of Chicago’s market-rate housing that is truly attainable for underserved communities:
  – Meet the income levels of the neighborhoods (Southside and Westside)
  – Disabled/fixed income residents
  – Transitioners: new home buyers, recent college grads, retirees
  – Chicago Housing Authority waiting list (40,000)

• Chicago owns over 15,000 vacant lots
Proposed sustainable solution

• Innovative cost model in range of $100k to $200k

• Secure packaged mortgage and short-term construction financing for project

• Execute on proof-of-concept for long-term feasibility

• Create mix-shift of housing units – Owners and Renters
Appeal to clustered vacant lots

1,455 Parcels Considered “Most Desirable”

<table>
<thead>
<tr>
<th>Best Parcels (527)</th>
<th>Good Parcels (928)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Within ½–mile of a grocery store</td>
<td>• Within ½–mile of a grocery store</td>
</tr>
<tr>
<td>• Within ½-mile of a CTA station</td>
<td>• Within ½-mile of a CTA station</td>
</tr>
<tr>
<td>• Affordable Housing Need Index Score: 1*</td>
<td>• Affordable Housing Need Index Score: 2*</td>
</tr>
</tbody>
</table>

• Based on this analysis, the greatest concentration of demand would be on the West and South sides
  – Auburn Gresham
  – West Garfield Park
  – East Garfield Park
  – Lawndale
  – Homan Square
  – Near West Side
  – Austin
  – Englewood

* Affordable Housing Need Index is a 4-point scale created by the DePaul University Institute for Housing Studies, where 1 indicates greatest need
Proof of Concept Strategy
Keys partnership wins

• Seed funder: Strides for Peace

• Community partner: St. Sabina (Father Pfleger)

• Program partners: Chicago Architectural Biennial
  American Institute of Architects
  Chicago Architectural Foundation

• Construction Advisor: Clayco Corp

• Energy Efficiency Advisor: Ellevate Energy
Auburn Gresham is prime location

**Population:** 44,384

**Average Household Income:** $35,558

**Median rent (2011)*:** $724

**Unemployed ages 16+ :** 32.79%

**% of in-neighborhood spend:** 60.4%

*City data for Auburn Gresham instead of 17th Ward, selected socioeconomic indicators 2008-2012*
Vacant lot options in Auburn Gresham
Vacant lot next to bungalow
The community voice matters
Foreclosures can’t be ignored
## Design-build competition

<table>
<thead>
<tr>
<th></th>
<th>$125,000</th>
<th>$150,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unit type</strong></td>
<td>Single-family</td>
<td>Single-family</td>
</tr>
<tr>
<td><strong>Story levels</strong></td>
<td>1 flat</td>
<td>2 flat</td>
</tr>
<tr>
<td><strong>Number of Bedrooms</strong></td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td><strong>Number of Bathrooms</strong></td>
<td>1.5</td>
<td>2</td>
</tr>
<tr>
<td><strong>Square feet</strong></td>
<td>1,200</td>
<td>1,500</td>
</tr>
<tr>
<td><strong>Lot size</strong></td>
<td>125x25</td>
<td>125x25</td>
</tr>
<tr>
<td><strong>Standards</strong></td>
<td>Energy efficient</td>
<td>Energy efficient, special lighting and fixtures</td>
</tr>
</tbody>
</table>
 Monthly payment is truly achievable

### Monthly Payment Given Mortgage Amount*

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>$ 100,000</th>
<th>$ 125,000</th>
<th>$ 150,000</th>
<th>$ 175,000</th>
<th>$ 200,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.50%</td>
<td>$ 299</td>
<td>$ 374</td>
<td>$ 449</td>
<td>$ 523</td>
<td>$ 598</td>
</tr>
<tr>
<td>1.00%</td>
<td>$ 321</td>
<td>$ 402</td>
<td>$ 482</td>
<td>$ 562</td>
<td>$ 643</td>
</tr>
<tr>
<td>1.50%</td>
<td>$ 345</td>
<td>$ 431</td>
<td>$ 517</td>
<td>$ 603</td>
<td>$ 689</td>
</tr>
<tr>
<td>2.00%</td>
<td>$ 369</td>
<td>$ 461</td>
<td>$ 554</td>
<td>$ 646</td>
<td>$ 738</td>
</tr>
<tr>
<td>2.50%</td>
<td>$ 394</td>
<td>$ 493</td>
<td>$ 591</td>
<td>$ 690</td>
<td>$ 789</td>
</tr>
<tr>
<td>3.00%</td>
<td>$ 421</td>
<td>$ 526</td>
<td>$ 631</td>
<td>$ 736</td>
<td>$ 841</td>
</tr>
<tr>
<td>3.50%</td>
<td>$ 448</td>
<td>$ 560</td>
<td>$ 672</td>
<td>$ 784</td>
<td>$ 895</td>
</tr>
<tr>
<td>4.00%</td>
<td>$ 476</td>
<td>$ 595</td>
<td>$ 714</td>
<td>$ 833</td>
<td>$ 952</td>
</tr>
</tbody>
</table>

*Calculated base on 30-year fixed mortgage, excludes property taxes and insurance.

**Ideal monthly payment**
Milestones over next 12 months

- **6/1/2015** – Secure additional champions from the City of Chicago
- **8/1/2015** - Launch design-build competition to build 2 prototypes.
- **9/1/2015** - Evaluate the feasibility of manufacturing plant
- **10/30/2015** – Host judging process at Chicago Architectural Biennial
- **1Q16** – Begin building homes
Create a self-sustaining neighborhood revitalization solution by developing new market-rate housing for Chicago’s underserved communities
THANK YOU

@The_CIT

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