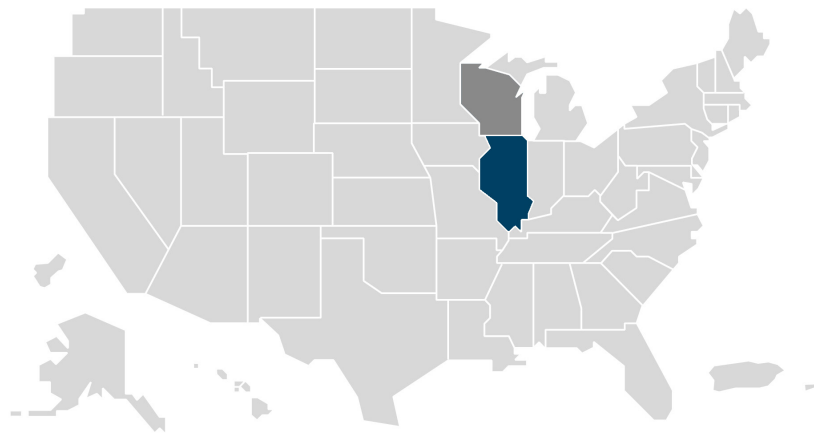


ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



FHLB  Chicago

Federal Home Loan Bank of Chicago

ILLINOIS
STATE REPORT

ILLINOIS STATE REPORT

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Since its creation in 1989, the Federal Home Loan Bank System’s Affordable Housing Program (AHP) has been a substantial and valuable source of real estate equity for the financing of affordable housing in the United States. From 1990 through 2016, the 11 Federal Home Loan Banks (FHLBanks) collectively contributed more than \$4.1 billion (\$5.4 billion in inflation-adjusted dollars) in AHP real estate finance equity for rental, home construction and rehabilitation activities. This equity was combined with \$65.7 billion (\$83.9 billion in inflation-adjusted dollars) in leveraged dollars from other private and public sources, enabling \$69.9 billion (\$89.3 billion in inflation-adjusted dollars) in total development funding for more than 601,000 housing units. From 1995 through 2016, the FHLBanks also collectively contributed approximately \$1.0 billion (\$1.2 billion in inflation-adjusted dollars) in AHP equity for down payment assistance and mortgage principal reduction, assisting more than 183,000 home purchase activities. Each FHLBank allocates at least 10 percent of its annual net earnings to fund its AHP. As such, the continued operating and mission success of the FHLBanks has directly enhanced the development and purchase of affordable housing throughout the country and has had a positive impact on local and state economies and on the national economy. The state of Illinois is in the Chicago district. This report details the economic impact of housing within Illinois that has been enhanced by AHP funding from 1990 through 2016.*

* Note: some projects within Illinois may have received AHP funding from a Federal Home Loan Bank other than FHLBank Chicago. For further detail on the economic impact study methodology, please see: Study Methodology and Appendices Report.

ILLINOIS Rental, Home Construction and Rehabilitation Activities

Economic Basis



\$184.41 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$236.29 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$4.92 BILLION

DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.

\$6.26 BILLION

DEVELOPMENT COST INFLATION-ADJUSTED



2,389

PROJECTS

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).



35,191

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

ILLINOIS Home Purchase Activities

Economic Basis



\$98.82 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$116.86 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$1.22 BILLION

FIRST MORTGAGES

First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

\$1.45 BILLION

FIRST MORTGAGES INFLATION-ADJUSTED



19,010

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

ILLINOIS Rental, Home Construction and Rehabilitation Activities

Economic Impact



\$13.78 BILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.



90,295 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.



\$5.31 BILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

2.20

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.

\$434.57 MILLION

TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

All dollars are in inflation-adjusted dollars.

ILLINOIS Home Purchase Activities

Economic Impact



\$1.80 BILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.



13,165 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home purchase activities.



\$465.82 MILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

2.02

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.

\$96.72 MILLION

TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

A Warm Welcome



The Arc of the Quad Cities Area
(Photo courtesy of The Arc of the Quad Cities Area)

The Arc of the Quad Cities Area recently made the bold move of closing an intermediate-care facility for individuals with disabilities, with the aim of shifting residents to community-based group homes around Moline and Rock Island, Illinois. “We believe that, as much as possible, people with disabilities should have normalized housing — homes (not facilities) that are located in neighborhoods,” says Sarah Wright, director of development and communications for The Arc, which provides advocacy, services and support to people with disabilities.

The move presented logistical and financial challenges, as all of the group homes had to be carefully designed for accessibility and constructed on large, flat lots located on the area’s bus line. This type of housing development was new territory for The Arc. “We’re a social services organization,” says Wright. “We don’t specialize in creating affordable housing. Fortunately, we were able to rely on our partners to help us through this transition.”

The Arc began a capital campaign to raise \$4.5 million dollars toward construction of the new homes and reached out to Modern Woodmen Bank, a Federal Home Loan Bank of Chicago—member located in Rock Island, to apply for an AHP subsidy. “Modern Woodmen Bank has been there for us every step of the way,” says Wright. “These homes serve low- to moderate-income individuals, and it was important to us that the agency would not be carrying financing year after year. It’s really meaningful that we have had the support of our community, the FHLBank Chicago, and so many donors to make this happen.”

Five group homes have already been constructed, and a sixth is in progress. Each serves eight people, with four single rooms and two double rooms flanking a central living and dining area where residents can gather for relaxation and communal meals. Every unit is accessible to individuals with disabilities, and many rooms feature overhead lifts. “Our biggest objective was to create a comfortable space that would allow people to remain in a home environment as they age,” says Wright, highlighting the importance of both familiar surroundings and personal relationships.

Despite some initial concerns, local residents have embraced the newcomers. “We’ve had neighbors bringing baked goods, offering to decorate for the holidays and becoming involved with the people who live there,” says Michael Glanz, executive director for The Arc. “It’s a new way for us to engage with the community, and the results have been really heartwarming.”

“One of the homes is only a few blocks from our main office, so I can drive by on a daily basis and see the impact it has on the community,” says Kevin Peterson, senior vice president of Modern Woodmen Bank. “It’s good to see nice homes built in areas that were blighted or needed redevelopment, and it’s great for us to be involved in the project, to sponsor the AHP grant, and to provide loan funds.”

Arc of the Quad Cities Area
Rock Island, Illinois

ILLINOIS

Project Profile: Home Purchase Activity



TRP Down Payment Assistance Program Cook, DuPage, Lake and Will Counties, Illinois

(Photo courtesy of the Resurrection Project)

Between 2014 and 2018, the Resurrection Project Down Payment Assistance Program provided 20 low- to moderate-income households with down payment and closing cost assistance, helping them achieve their dream of homeownership. Each household served through this project received a \$6,250 grant. Additionally, borrowers participated in pre-purchase homebuyer education and counseling as well as post-purchase counseling.

SOURCES (Estimated)

First Mortgages	\$	2,058,880
Homebuyers Contribution	\$	181,282
FHLBank Chicago AHP	\$	125,000
Other Grant Sources	\$	61,999
Closing Credits	\$	51,651
Total Development Cost	\$	2,478,812

Investing in Homeownership



Calumet City

Denise A. Johnson is living her dreams. She has a beloved fiancé, Bruce, a cherished bichon-poodle mix named Chauncey, and she recently earned her associate’s degree. “That was something on my bucket list, to go back to school,” she says. To cap it all off, the Chicago native purchased her first home, a brick bungalow in suburban Calumet City with a greenhouse and a backyard.

These dreams have not come easily to Johnson. For the first two years of her degree program, she worked two jobs and commuted 75 miles each day in addition to managing her course load. While Johnson had entertained the idea of homeownership before, the challenges of buying a home seemed nearly insurmountable to her after renting for 25 years.

Johnson mentioned her desire to own a home to a friend, who referred her to Loretta Minor, vice president and senior community reinvestment act relationship manager at BMO Harris Bank. Minor works with local organizations to help individuals achieve homeownership. After speaking with Johnson, Minor thought that she might be a good candidate for the FHLBank Chicago’s Downpayment Plus® (DPP®) Program.

Minor referred Johnson to her affordable lending partner, who began the formal mortgage application. “BMO’s model is to enhance the customer’s experience,” says Minor, “and what better way can we enhance the customer’s experience than by utilizing programs like DPP that help a customer achieve the goals they’ve set for themselves? Homeownership is a goal that a lot of people think is unattainable, so it means a lot to BMO to be able to drive these opportunities.”

Receiving a DPP grant to help with her down payment certainly helped as well. “I was ecstatic,” Johnson says, “because I didn’t have the money. When somebody gives you help to get you what you want, and they say, here, this is for you, you don’t have to pay it back — that’s better than a loan. It was a gift from God.”

“In this job, we often work with individuals who have not always had it easy,” says Minor. “There can be a lot of challenges that have to be overcome. But what keeps you going and really loving the job is when you have outcomes like this. It’s a really good feeling to know you had a small part in changing somebody’s life.”

Denise A. Johnson
Calumet City, Illinois

ILLINOIS

Project Profile: Rental Activity



Dorchester Artist Housing
 (Photo courtesy of Brinshore Development)

Dorchester Artist Housing involved the rehabilitation of former public housing in Chicago. Thirty-two townhomes were renovated to create a mix of public, affordable and market-rate units. Each offers two or three bedrooms, central air conditioning and modern amenities. The onsite arts center attracts residents and visitors for performances, family band classes, yoga instruction and parties.

SOURCES (Estimated)		
Low-Income-Housing Tax Credit Equity	\$	7,307,887
Chicago Housing Authority Loan	\$	3,550,000
FHLBank Chicago Member Loan	\$	275,000
Illinois Affordable Housing Tax Credit Equity	\$	272,000
FHLBank Chicago AHP	\$	184,000
Capital Contribution	\$	179,000
Deferred Developer Fee	\$	20,656
Managing Member Equity	\$	10,100
Total	\$	11,798,643