Inclusionary Housing in Chicago: the Affordable Requirements Ordinance (ARO)

The ARO was created in 2003 and revised in May, 2007, to create affordable units in private-market developments. Developments subject to ARO (see below) must set aside 10% of residential units as affordable housing OR donate $100,000 per required unit to the City’s Affordable Housing Opportunity Fund. For projects receiving financial assistance from the City, 20% of the units must be affordable.

Projects are generally subject to the ARO if they include ten or more residential units AND:
- Receive a zoning change that:
  - permits a higher floor area ratio (FAR);
  - changes from a non-residential to a residential use;
  - permits residential uses on ground floor, where that use was not allowed;
- Include land purchased from the City (even if purchase was at the appraised value);
- Receive financial assistance from the City; OR
- Are part of a Planned Development (PD) in a downtown zoning district.

Generally, Projects are exempt from the ordinance if
- Land was purchased between May 13, 2005 and May 13, 2007; OR
- Zoning Changes or PDs filed with the Zoning Administrator before August 21, 2007.

For-sale housing must be affordable to households earning 100% of the area median income (AMI) as defined by the US Department of Housing and Urban Development (HUD). Using these income guidelines, the City’s uses a formula, based on the market price, assessments, and projected property taxes specific to each development to determine the unit’s maximum affordable price. Rental housing must be affordable to households earning 60% of the AMI.

<table>
<thead>
<tr>
<th>Number of Bedrooms</th>
<th>Assumed Family Size</th>
<th>60% of Median</th>
<th>80% of Median</th>
<th>100% of Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>1</td>
<td>$31,860</td>
<td>$42,500</td>
<td>$53,100</td>
</tr>
<tr>
<td>1</td>
<td>1.5</td>
<td>$34,140</td>
<td>$45,525</td>
<td>$56,900</td>
</tr>
<tr>
<td>2</td>
<td>3.0</td>
<td>$40,980</td>
<td>$54,600</td>
<td>$68,300</td>
</tr>
<tr>
<td>3</td>
<td>4.5</td>
<td>$47,310</td>
<td>$63,100</td>
<td>$78,850</td>
</tr>
</tbody>
</table>

Affordable units are typically placed in the Chicago Community Land Trust (CCLT), which ensures the unit’s long-term affordability. The Department of Housing & Economic Development income-qualifies purchasers/renters, and may provide marketing assistance. For more information, contact Kara Breems (312.744.6746 or Kara.Breems@cityofchicago.org).