

# 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.

HUD Median Income for Unit Type/Family Size (as of 2/2012)				
Number of Bedrooms	Assumed Family Size	60% of Median	80% of Median	100% of Median
Studio	1	\$31,860	\$42,500	\$53,100
1	1.5	\$34,140	\$45,525	\$56,900
2	3.0	\$40,980	\$54,600	\$68,300
3	4.5	\$47,310	\$63,100	\$78,850

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](mailto:Kara.Breems@cityofchicago.org)).