12.8.14
Affordable Requirments
Ordinance (ARO) Updates
Developers subject to these requirements can choose to pay an in-lieu fee of $100,000 per required affordable unit.

Projects that receive financial assistance from the City must include 20% of the units as affordable.

Projects that are a downtown PD, include City land (even at market price), or obtain a zoning change to increase allowable floor area, or residential developments with 10+ units that:

A RO – how it works now
perpetuity.

Community Land Trust, which maintains affordability in
Most for-sale units are administered through the Chicago
$72,400 for a family of four.
(AMI)

up to 100 percent of Area Median Income (AMI).
For-sale units must be affordable for households earning

Rental units remain affordable for a term of 30 years.
$43,440 for a family of four.
to 60 percent of AMI.
Rental units must be affordable for households earning up

ARO – how it works now
<table>
<thead>
<tr>
<th>Total</th>
<th>Density Bonus</th>
<th>ARO (since 2007)</th>
<th>Units Committed</th>
<th>In-Lieu Fees Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>$33,482.36</td>
<td>363.54</td>
<td>$34,462.97</td>
<td>5189.64</td>
<td>$19,017.38</td>
</tr>
</tbody>
</table>

Program Outcomes

5YR Goals: 490 units
By 2020, assuming positive market conditions, market-rate developments and over $95 million in in-lex fees, 1,200 units, including 600 affordable units within or near the supply is minimal.

- Add affordable housing in high-growth neighborhoods
- Opportunity Fund (AHOF)
- Generate additional revenue for the Affordable Housing
- Over the next 5 years
- Add 1,000 new affordable housing units to the City's inventory
- Charged Task Force to:
  - Mayor named 26-member Advisory Task Force
  - 2014 SYP identified an ARO update as a Priority

Updating the ARO: Mayoral Mandate
1. Create more affordable units in neighborhoods with strong housing markets and encourage investment in neighborhoods where housing markets have been slower to rebound. And secure long-term affordability for low-income populations.

2. Encourage more affordable units in neighborhoods with strong housing markets and encourage investment in neighborhoods where housing markets have been slower to rebound. And secure long-term affordability for low-income populations.

3. Continue to generate funds to build and subsidize housing for very-low-income families and individuals.

4. Encourage the development of greater density around transit without changing the character of residential neighborhoods.

5. Ensure that the value of the private benefit reflects the public cost without slowing the pace of development.

6. Continue to require affordable units only for those developments that receive something of value from the City.

7. Provide a range of options for developers to meet the affordability requirement.
Updating the ARO: Proposed ARO Zones

- Map would be updated every five years
- Reflecting different housing markets and priorities
- The updated ARO would create three "zones" in the City
For-sale price increased up to 120% AMI ($88,300 for a family of four).

- Rental units would be affordable at 60% AMI.
- Same percentage requirements (10/20%) as before.
- Developer would pay administrative fee of $10,000 per off-site unit.
- Each off-site project would require approval from DPD.
- Off-site units would be bought or developed concurrently as AR-20 subject project.

Site units being created than the on-site requirement.

Site units being created than the on-site requirement.

Site units being created than the on-site requirement.

At minimum, the off-site development budget would equal the amount that income census tract within a mile of the subject project.

- High-income census tracts – built or bought in a higher-income census tract or built on-site or rented.
- 25% of requirement must be built on-site or rented.

Strong housing markets

1. Create more affordable units in neighborhoods with

Updating the ARO: Recommendations
Updating the ARO: Recommendations

2. Encourage investment in neighborhoods where housing affordability for low-income populations markets have been slower to rebound - and secure long-term

In-lease fee in low-moderate income census tracts would be halved,

Downtown for-sale developers could meet their 25% affordable unit requirement by buying or developing for-sale housing off-

At minimum, the off-site development budget would equal the amount that would be created than the on-site requirement,

Off-site units would be developed or bought concurrently as ARO’s financing project.

Each off-site project would require approval from DPD.

Developer would pay admin fee of $10,000 per off-site unit.

Developers who sold or leased required on-site units to the CHA

Fund is other non-profits with long-term housing assistance vouchers

Authorized agencies would include the Chicago Low Income Housing Trust

Reduction in remaining in-lease fees

or another authorized agency would receive a $25,000-per-unit

Site, in any location.

Due to $50,000 ($25,000 per required affordable unit).

In-lease fee in low-income populations

Affordability for low-income populations

2. Encourage investment in neighborhoods where housing
allocate half of funding to corpus would be eliminated
get additional flexibility to spend dollars (requirement to
Housing Projects and the Trust Fund, and the Trust Fund will
AHOF funds would be split evenly between Affordable
projects at 75% of total obligation
Maintain the in-charge fee option for residential real estate
housing for very-low-income families and individuals
3. Continue to generate funds to build and subsidize

Updating the ARO: Recommendations
Parking reductions down to 25% •
Up to 10’ in height; and
Maximum 75 additional FAR; could receive a combined:
• take the TSL Bonus
• provide at least 50% of the required affordable units on-site; and

Developers who are eligible for the TSL and that:
• Transit-Served Location (TSL) Bonus applies to projects 600 feet from a transit station or 1,200 feet on a pedestrian street
• Transit Served Neighborhoods

4. Encourage the Development of Greater Density Around

Updating the ARO: Recommendations
<table>
<thead>
<tr>
<th>$466,666</th>
<th>6</th>
<th>40%</th>
<th>45%</th>
<th>45</th>
<th>11</th>
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</thead>
<tbody>
<tr>
<td>Collected Payment In-Lien</td>
<td>on-site units provided</td>
<td>result of rezoning as a percentage increase as a result of rezoning</td>
<td>under new units proposed</td>
<td>under former units allowed</td>
<td>developer benefit</td>
</tr>
<tr>
<td>Average</td>
<td>affordable</td>
<td>average unit</td>
<td>average</td>
<td>average</td>
<td>average</td>
</tr>
<tr>
<td>affordability commitment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In exchange, these projects provided the City with an average 6 on-site units or $466,000 in in-lieu fees. In exchange, these projects provided the City with an average 6 units, representing a 40% increase.

Based on a sample of nearly 60% of the ARO projects approved public cost - without showing the pace of development - 5. Ensure that the value of the private benefit reflects the

**Updating the ARO: Recommendations**
Downtown density bonus loophole will be eliminated.

- In-lieu fee would be adjusted annually for inflation.

- CHA or another authorized agency.

- Census tracts if required on-site units are leased or sold to the
  $27,000 in-lieu fee reduction downtown and in higher-income
  ($37,500-$42,500 per required affordable unit)

  (increase)

  $17,500 base in-lieu fee reduction downtown with on-site buy-out
  ($12,500 per required affordable unit)

  (reduction)

  $25,000 in-lieu fee for higher-income census tracts

  (reduction)

  $50,000 in-lieu fee in low-moderate income census tracts

In-lieu fee recommendations:

- Public cost – without slowing the pace of development.

- Ensure that the value of the private benefit reflects the

Updating the ARQ: Recommendations


<table>
<thead>
<tr>
<th>AR and ARO</th>
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<th>AR and ARO</th>
<th>AR and ARO</th>
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<tr>
<td>$2,612,708.20</td>
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<td>$2,587,919.80</td>
<td>514</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
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<tr>
<td>$2,300,000</td>
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<td>$540,630.00</td>
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<tr>
<td>$1,759,370.00</td>
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<td>$1,191,822.00</td>
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<td>$1,988,178.00</td>
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<td>351</td>
<td>351</td>
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<td>351</td>
<td>351</td>
</tr>
</tbody>
</table>

in fees collected

has resulted in a reduction of over $20 million.

Since the ARO’s expansion in 2007, this

obligation through the Density Bonus

Density Bonus can meet their ARO

Projects that trigger both AR and the

Density Bonus Primier
<table>
<thead>
<tr>
<th>$150,000 (for-sale only)</th>
<th>$175,000</th>
<th>$100,000</th>
<th>$100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
<td>n/a</td>
<td>$125,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>n/a</td>
<td>n/a</td>
<td>$50,000</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

**Summary of Proposed In-Lieu Fees:**

- CHA Option
  - CHA or authorized agency
  - Minimum 25% of units
  - Provided
- In-Lieu Premium
  - Affordable units are not required
  - Minimum 25% of units
  - Current ARO
  - Assumes 25% of required
  - Proposed

- Current ARO
- Propositions

**Updating the ARO:**

- Higher Income Tracts
- Census Tracts
- Income Census Tracts
- Low-Moderate
- Proposed
Receive financial assistance from the City; or

are a downtown Pd; or

include City land (even at market price); or

obtain a zoning change to increase allowable floor area; or

units that:

As before, ARO applies to residential developments with 10 +

exempt from the ARO

As before, as-of-right developments should continue to be

city developments that receive something of value from the

Continue to require affordable units only for those

Updating the ARO: Recommendations
<table>
<thead>
<tr>
<th>Recommendation 1</th>
<th>Recommendation 2</th>
<th>Recommendation 3</th>
<th>Recommendation 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-Site Option: Within one mile and a higher income census tract</td>
<td>Off-Site Option: Anywhere</td>
<td>CHA or other authorized agency</td>
<td>Additional Transfer-Approved Location</td>
</tr>
<tr>
<td>$517,500 In-Lieu Fee</td>
<td>$517,500 In-Lieu Fee</td>
<td>$500,000 In-Lieu Fee</td>
<td>$500,000 In-Lieu Fee</td>
</tr>
<tr>
<td>Rent on-site and pay a 25% of required affordable units on-site and pay a fee of at least 25% of required affordable units</td>
<td>Rent on-site and pay a 25% of required affordable units</td>
<td>Rent on-site and pay a 25% of required affordable units</td>
<td>Rent on-site and pay a 25% of required affordable units</td>
</tr>
</tbody>
</table>

**Recommendation 5**

- Lieu Premium
- No on-site units - with $225,000 In-Lieu Fee

**Recommendation 2**

- Off-Site Option: Anywhere

Provide a range of options for developers to meet the affordability requirement.

Updating the ARO: Recommendations
Applications were submitted to DPD. Assistance, "submitted" would be understood to mean that complete applications that were introduced to City Council for land sales or financial reviews would be understood to mean.

For zoning changes/PPDs, "submitted" would be understood to mean.

Requiring the new provisions in the amended ARO.

Nine months of the ARO effective date would be subject to the effective ARO.

Any project that has not received Council approval within.

Council approval.

Council publication of the ARO updates to receive City.

Council publication of the ARO updates (roughly one year after City.

Projects submitted prior to the effective date would have nine

Council approval and publication.

The amended ARO should be effective 90 days after City.

Updating the ARO: Phase In.