



# City of Chicago



O2022-885

Office of the City Clerk

## Document Tracking Sheet

<b>Meeting Date:</b>	3/21/2022
<b>Sponsor(s):</b>	Waguespack (32)
<b>Type:</b>	Ordinance
<b>Title:</b>	Extension of demolition permit surcharge ordinance until April 1, 2024.
<b>Committee(s) Assignment:</b>	Committee on Finance

CHICAGO March 23, 2022

**To the President and Members of the City Council:**

**Your Committee on Finance having had under consideration** a communication recommending a proposed ordinance concerning the authority to extend the demolition permit surcharge ordinance until April 1, 2024.

Direct Introduction

**Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed**

**This recommendation was concurred in by viva voce vote of members of the committee with \_\_\_\_\_ 1 \_\_\_\_\_ dissenting vote(s).**

**No. Lopez**

**Respectfully submitted,**

(signed) 

**Chairman**



DEPARTMENT OF HOUSING  
CITY OF CHICAGO

March 21, 2022

TO THE HONORABLE, THE CHAIRMAN AND  
MEMBERS OF THE CITY COUNCIL COMMITTEE ON  
FINANCE

Ladies and Gentlemen:

I transmit herewith an ordinance extending the demolition permit surcharge ordinance until April 1, 2024.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Marisa Novara,  
Housing Commissioner

## ORDINANCE

**WHEREAS**, The City of Chicago (the "City") is a home rule unit of government pursuant to Article VII, Section 6(a) of the 1970 State of Illinois Constitution and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

**WHEREAS**, The City has determined that a shortage of affordable housing available to low- and moderate-income households is harmful to the health, prosperity, economic stability and general welfare of the City; and

**WHEREAS**, The City's current Five Year Housing Plan (2019-2023) recognizes that most of the City's existing affordable housing is in unsubsidized, naturally occurring housing, often in the form of older 2-flats and smaller multi-family residential buildings; and

**WHEREAS**, Protecting such naturally occurring affordable housing is critical to protecting vulnerable households from displacement; and

**WHEREAS**, Two particular areas in the City are experiencing high levels of gentrification and displacement of vulnerable households: the area adjacent to the 606 trail and the Pilsen neighborhood; and

**WHEREAS**, The area adjacent to the 606 trail is a transit-rich neighborhood that has experienced significant change due to a major public investment in a neighborhood amenity, and Pilsen is a transit-rich neighborhood that has experienced significant change due to its proximity to downtown jobs and cultural vibrancy; and

**WHEREAS**, With respect to the 606 area, the Institute for Housing Studies at DePaul University estimates the area lost almost sixty 2- to 6-flat residential buildings to redevelopment as single-family homes between 2013 and 2018, representing hundreds of vulnerable households displaced by the elimination of such unsubsidized and naturally occurring affordable housing; and

**WHEREAS**, The Institute for Housing Studies has further found that while prices for 1- to 4-unit buildings in areas vulnerable to displacement in the 606 trail area west of Western Avenue were 30 percent below the citywide average in 2012, they were double the citywide average in 2018, creating significant difficulties for low- and moderate-income households with respect to housing affordability; and

**WHEREAS**, With respect to the Pilsen neighborhood, census tract data from the American Community Survey show that between 2013 and 2018, the Lower West Side Community Area, in which Pilsen is the main neighborhood, was the only Community Area in Chicago that registered both an increase of more than 15% in median household income from households earning below \$50,000 and an increase of more than 10 percentage points in adults with four-year college degrees, which are two primary indicators of gentrification; and

**WHEREAS**, The American Community Survey also reveals that the Pilsen neighborhood lost nearly 16,000 Latino residents between 2000 and 2019; and

**WHEREAS**, It is in the public interest to protect vulnerable households in the 606 trail area and the Pilsen neighborhood from displacement by assessing a surcharge on demolitions of dwelling units within the boundaries defined in Sections 17-7-0580 and 17-7-0590 of the Municipal Code of Chicago; and

**WHEREAS**, The City implemented a Demolition Surcharge pilot in the 606 area and Pilsen neighborhood with O2021-746 in March of 2021; and

**WHEREAS**, Since the Demolition Surcharge pilot was implemented, Department of Housing analysis shows that the number of demolition permits issued has fallen in both the 606 area and Pilsen neighborhood, but that some demolitions have continued; and

**WHEREAS**, Since the Demolition Surcharge pilot was implemented, the Department of Housing has invoiced for \$120,000 for demolition permits covered by the Demolition Surcharge; and

**WHEREAS**, Research shows that other municipalities, such as Highland Park, Evanston, and Northbrook have demolition surcharges between \$10,000 and \$15,000 per permit; and

**WHEREAS**, This surcharge is authorized under the City's home rule powers, as well as the Illinois Municipal Code, 65 ILCS 5/1-1-1 et seq. (particularly Section 11-42-1 of the Illinois Municipal Code, 65 ILCS 5/11-42-1); now, therefore,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:**

**SECTION 1.** The above recitals are incorporated herein and made a part of this ordinance.

**SECTION 2.** On March 24, 2021, the City Council of the City of Chicago passed an ordinance, referenced as O2021-746, published on pages 28494 through 28498 of the Journal of Proceedings of the City Council for that date (“the Demolition Permit Surcharge Ordinance”). SECTION 3 of the Demolition Permit Surcharge Ordinance is hereby amended by deleting the language stricken through and by inserting the language underscored, as follows:

SECTION 3. This ordinance shall take full force and effect on April 1, 2021 and shall expire and be repealed of its own accord, without further action by the City Council, on ~~April 1, 2022~~ April 1, 2024. This ordinance shall apply to permits applied for on and after the effective date as well as permits applied for before the effective date, but which have not been issued by such date.

**SECTION 3.** Section 2-44-135 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

**2-44-135 Demolition permit surcharge ordinance.**

*(Omitted text is not affected by this ordinance)*

(g) *Duration.* The surcharge required under this section shall be in effect through ~~April 1, 2022~~ April 1, 2024. At least 150 days prior to such date, the Department of Housing shall submit to the City Council Committee on Housing and Real Estate a written report identifying the amount of revenue generated under this section; its observed effect on development activity in the applicable pilot area; and any other information that the Committee may require.

(h) *Rules.* The Commissioner is authorized to promulgate rules necessary or appropriate to implement this section.

(i) *Application of uniform revenue procedures ordinance.* Whenever not inconsistent with the provisions of this section or whenever this section is silent, the provisions of the Uniform Revenue Procedures Ordinance, Chapter 3-4 of this Code shall apply and supplement this section.

**SECTION 4.** This ordinance shall take effect upon its passage and approval.