



City of Chicago



O2010-6824

Office of the City Clerk

City Council Document Tracking Sheet

Meeting Date: 11/17/2010

Status: Introduced

Sponsor(s): O'Connor, Patrick

Type: Ordinance

Title: Amendment of Chapter 2-45 of the **Municipal Code of Chicago** by inserting a new **Section 2-45-115** concerning **Affordable Housing Goals.**

Committee(s) Assignment: Committee on Finance
Committee on Housing and Real Estate
Joint Committee

ORDINANCE

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

WHEREAS, Pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., the City may use incremental tax revenues to the benefit of taxing district in redevelopment project areas; and

WHEREAS, The City has recognized the benefits of using incremental tax revenues to provide affordable housing to its residents in an ordinance adopted July 31, 2002, and published at pages 90839 through 90859 in the Journal of Proceedings of the City Council of such date; and

WHEREAS, It is a public purpose of the City to promote fair housing by achieving a diverse and balanced community with housing available for households of all income levels as a matter of basic fairness; and

WHEREAS, The foreclosure crisis has increased the need for affordable housing in the City; and

WHEREAS, Revenue is needed to lessen the impact of the foreclosure crisis by converting foreclosed buildings to affordable housing; and

WHEREAS, Economic diversity fosters social and environmental conditions that protect and enhance the social fabric of the City, improve the City's climate for economic development, and are beneficial to the health, safety and welfare of its residents; and

WHEREAS, The National Association of Homebuilders estimates that 1,030 full-time jobs are created for every 1,000 units of multifamily housing built; and

WHEREAS, Housing is a human right; and

WHEREAS, There is a shortage of affordable housing in the City for low-income households; and

WHEREAS, An increasing proportion of the City's households live in overcrowded or substandard housing; and

WHEREAS, A significant proportion of the City's households devote an excessive percentage of their income to pay for housing; and

WHEREAS, Increasing numbers of Chicago's children are experiencing housing instability and homelessness negatively impacts children educationally, emotionally and physically and imposes increasing burdens on the Chicago Public Schools; and

WHEREAS, The inadequate supply of affordable housing for City residents and local employees will have a negative impact upon the ability of local employers to maintain an adequate local work force and will otherwise be detrimental to the public health, safety, and welfare of the City and its residents; and

WHEREAS, In order to promote the creation and preservation of affordable housing opportunities throughout the City, the City's policy directing the limitation of TIF assistance generally not to exceed 25% of project costs shall be waived where available and appropriate in support of any affordable housing project within a TIF district; **NOW, THEREFORE**

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

SECTION ONE: RECITALS. The foregoing recitals are incorporated herein as the findings of the City Council.

SECTION TWO: Chapter 2-45 of the Municipal Code of the City of Chicago is hereby amended by inserting a new Section 2-45-115 as follows:

2-45-115 Affordable housing goals.

(a) For the purposes of this section, the following definitions apply:

"Affordable Housing" means housing units that are affordable to households at or below 60 percent of the Chicago Primary Metropolitan Statistical Area median income adjusted for household size for rental housing, or at or below 100 percent of the Chicago Primary Metropolitan Statistical Area median income adjusted for household size for owner-occupied housing.

The Chicago Community Land Trust" or "CLT" means the Illinois not-for-profit corporation established by ordinance adopted on January 11, 2006, and published at pages 67997 through 68004 in the Journal of Proceedings of the City Council of such date, and having as its primary mission the preservation of long-term affordability of housing units.

"Developer" means any person who develops housing units, but does not include a lender or any governmental entity.

"Development" means construction or rehabilitation of housing units, including vacant properties or properties in foreclosure.

"Obligate" means to execute a project agreement for the provision of city resources, including but not limited to, a Redevelopment Agreement, land, or other city financial assistance.

"Preservation" means rehabilitation of housing units for the purpose of maintaining those housing units as affordable housing.

"Housing unit" means a room or suite of rooms designed, occupied or intended for occupancy as a separate living quarter with cooking, sleeping and sanitary facilities provided within the unit for the exclusive use of the occupants of the unit; provided that a

"housing unit" does not include dormitories or hotels as that term is defined in section 13-4-010 of the Code.

(b) In every fiscal year, the city shall have a goal to obligate for the development and preservation of affordable housing an amount equal to at least 20 percent of the aggregate tax increment revenue collected in the previous fiscal year.

At least 40 percent of the housing units developed as rental housing units from funds obligated by the city each year shall be affordable to households at or below 30 percent of the Chicago Primary Metropolitan Statistical Area median income adjusted for household size, as long as a rental subsidy, including but not limited to subsidies from the Chicago Housing Authority and the Low-Income Housing Trust Fund, is available for the project.

(c) The city shall require that developers verify that all households have a gross annual income that is less than the maximum allowed for the unit necessary to comply with the redevelopment agreement at the time of sale of an ownership unit, at the time of initial rental of a rental unit, and every subsequent year that a household remains in a rental unit. The city shall require that developers determine gross annual income by examining source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for the household, obtain from the household a certified, written statement of the amount of the household's annual income and household size, and maintain source documents that can be made available upon the city's request. The city will conduct annual audits of developer records under this sub-section.

(d) Except as otherwise permitted by law, the TIF revenues generated in a TIF district will be used only in that TIF district from which the funds were generated.

(e) All new construction of affordable housing developed under this section must obtain Chicago Green Homes Program Certification.

(f) All affordable housing ownership housing units developed pursuant to this section may be placed in the CLT.

(g) All affordable housing rental housing units developed pursuant to this section shall continue to be affordable housing for a period of 30 years, or for a term that is co-terminous with the requirements of another funding source of the project, after the time of the issuance of the certificate of occupancy (or after the first day of the initial lease if no such certificate is issued) in the case of rental housing or after the closing of the initial sale in the case of owner-occupied housing units.

(h) The department will file quarterly reports on its activity under this section. The department will report to the city council on such quarterly reports. Such quarterly reports will include: (1) a description of every development obligated under this section including, the name of the developer; the name of the development; the address of the development; the number of housing units in development; the TIF district from which the tax increment financing was generated, if applicable; the ward where the development is located; the income level for which the housing units in the developments were created; whether the funds are being used for construction, preservation, or rehabilitation; and the date of closing if closing has occurred; (2) an accounting of the income levels for all housing units for which tax increment revenue was obligated in the last quarter and fiscal year-to-date; (3) the total number and dollar value

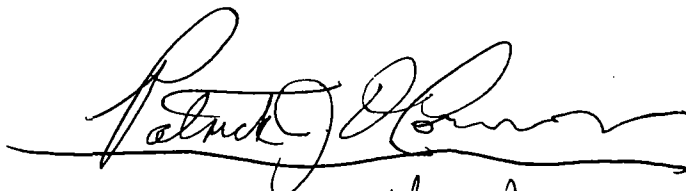
of affordable housing development and preservation projects submitted through the department's funding application process during the previous quarter and during the previous fiscal year-to-date; (4) the total number and dollar value of affordable housing development and preservation projects approved through the department's funding application process during the previous quarter and the fiscal year-to-date; (5) the funds obligated under this section during the fiscal year-to-date; and (6) the city-wide TIF revenue generated in the previous fiscal year.

(i) The department will use its current funding application process to solicit, review and underwrite development proposals. It may additionally issue TIF district specific requests for proposals, notices of funding availability, or other forms of solicitations of funding availability as appropriate.

(j) Nothing in this section shall require the city to nullify or alter its existing formal contracts or redevelopment agreements for the use of tax increment revenue funds that have completed the formal approval process and received final city council approval at the time of passage of this ordinance.

(k) The commissioner is authorized to adopt such rules and regulations as the commissioner may deem necessary for the proper administration and enforcement of this section.

SECTION THREE: This ordinance shall be in full force and effect on January 1, 2011.


ALD 40th Ward