



# City of Chicago



O2020-3777

Office of the City Clerk

## Document Tracking Sheet

<b>Meeting Date:</b>	7/22/2020
<b>Sponsor(s):</b>	La Spata (1)
<b>Type:</b>	Ordinance
<b>Title:</b>	Amendment of Municipal Code Titles 2, 11 and 14A by modifying various sections and adding new Section 2-44-140 concerning preservation of existing affordable and moderate-income housing, recycling of construction or demolition site waste and establishment of environmental impact fees
<b>Committee(s) Assignment:</b>	Committee on Housing and Real Estate

**ORDINANCE**

**WHEREAS**, Under Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois, the City of Chicago is a home rule unit of local government with the power to regulate for the protection of the public health, safety, morals, and welfare; and

**WHEREAS**, The City of Chicago received more than 16,900 applications for demolition permits between 2006 and 2019, including more than 10,400 applications for demolition permits between 2012 and 2019 (Chicago Data Portal); and

**WHEREAS**, Applications for demolition permits overwhelmingly appeared in highly developed Wards in the City of Chicago; and

**WHEREAS**, Between 2011 and 2019, the most applications for demolition permits were for proposed demolitions in the 32nd Ward (more than 900 demolition permits), 47th Ward (more than 600 demolition permits), and 1st Ward (more than 600 demolition permits); and

**WHEREAS**, Property sale data from State of Illinois tax declarations demonstrate that demolitions correlate with increased property sales, which places pressure on the development and preservation of affordable housing for residents of any and all income classifications; and

**WHEREAS**, Property sale data from State of Illinois tax declarations demonstrate that when a property is located more than a block away from a demolition its average sale price was approximately \$270,000, while the average sale price of a property located within one block of a demolition was approximately \$400,000; and

**WHEREAS**, Demolitions of existing property cause environmental concerns, including impact on landfills and unsustainable building practices; and

**WHEREAS**, The Chicago Climate Action Plan, issued by the City in 2008, notes that a 90 percent reduction in waste trucked to landfills could net a carbon dioxide emission drop of about 840,000 metric tons; and

**WHEREAS**, The U.S. Environmental Protection Agency found that “demolition represents more than 90 percent of total construction and demolition debris generation”; and

**WHEREAS**, It has been concluded that it can take between 10 and 80 years for a new building that is 30% more efficient than an average performing existing building to “overcome, through efficient operations, the negative climate change impacts related to the construction project”; and

**WHEREAS**, It is estimated that the total annual sales volume for Illinois businesses with the potential to include reused or recycled construction and demolition (hereafter referred to as C&D) materials exceeds \$2 billion; and

**WHEREAS**, It is estimated that of the total residential construction and demolition materials generated in the city of Chicago in 2007, approximately 70% were recyclable materials; and

**WHEREAS**, The City of Chicago City Council finds that assessing the impact of demolitions on the environment and affordable housing stock within the City is necessary to protect the public health, safety, morals, and welfare; 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 hereof as though fully set forth herein.

**SECTION 2.** The Municipal Code of the City of Chicago is hereby amended by inserting new Section 2-44-140, as follows:

**2-44-140** Preservation of Existing Affordable and Moderate-Income Housing.

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

“Affordable Housing” means a unit of housing with a sales price or rent less than or equal to the amount at which total monthly housing costs, as specified in rules promulgated by the Commissioner, would total not more than 30% of the household income for a household earning 80 percent area median income or less.

“Demolition permit” has the meaning ascribed to that term under 14A-4-407 of the City Code.

“Moderate-Income Housing” means a unit of housing with a sales price or rent less than or equal to the amount at which total monthly housing costs, as specified in rules promulgated by the Commissioner, would total not more than 30% of the household income for a household earning between 80 percent area median income and 120 percent area median income.

- (b) When an owner of a property applies for a demolition permit or a building permit for work that will reduce the number of housing units on the applicable property, the Commissioner of Buildings shall refer the owner to the Department to establish the existence of any units qualifying as affordable housing or moderate-income housing at the property, and, in the absence of any units qualifying as affordable housing or moderate-income housing, to establish the per unit value of the existing property. An owner applying for either such permit shall include in its application to the Department the per unit market value of the housing in the building to be demolished or otherwise lost by the proposed work under the demolition or building permit, as certified by a licensed realtor, including any applicable market comparisons where necessary. The Commissioner shall adopt rules to establish an appropriate lookback period to apply when determining whether the housing units to be demolished or lost by the proposed work under the demolition or building permit are affordable or moderate-income housing. The Commissioner shall adopt rules to identify which permit applications shall be considered applications for work that will reduce the number of housing units.
- (c) The Department shall assess an impact fee equal to 10 percent of the certified value of each demolished or lost affordable housing unit and moderate-income housing unit, to be paid as a condition of issuance of the demolition permit or applicable work permit.

The Commissioner of Buildings shall not issue any such permit unless the applicant has satisfied the condition of payment of any applicable impact fee assessed by the Department pursuant to this section. The proceeds of all impact fees collected pursuant to this section shall be placed in the Affordable Housing Trust Fund. In consultation with the Department of Buildings, the Commissioner may waive impact fees in the event that a demolition or work that will reduce the number of housing units is required to correct Notices of Violation cited by the Department of Buildings.

- (d) If, within 24 months after the payment of an impact fee under this section, the owner provides proof to the Department that affordable housing, moderate-income housing, or both, as applicable, exists at the property at the same level or greater than as existed before the demolition or work on the property, the Department shall reimburse such owner the value of the impact fee. The Commissioner shall adopt rules establishing the requirements of such proof, the timing requirement for the filing of such request for reimbursement, and such other rules as may be necessary to implement this program. Any impact fee reimbursed under this subsection shall bear simple interest at the rate of three percent per annum, calculated daily, based on a 365 day calendar year, from the date the Department received the impact fee until the date the Department reimburses the fee.
- (e) This section shall apply to any demolition permit or a building permit for work that will reduce the number of housing units on the applicable property located in the following pilot area(s):
  - (1) An area within the City of Chicago bounded by the centerline of the following streets: beginning at the intersection of West North Avenue and North California Avenue, and continuing north along North California Avenue to West Armitage Avenue, thence west on West Armitage Avenue to North Kostner Avenue, thence south on North Kostner Avenue to West North Avenue, and returning east along West North Avenue to North California Avenue.
- (f) No improved zoning lot may be divided into 2 or more zoning lots to avoid the application of this section.

**SECTION 3.** Section 11-4-1905 of the Municipal Code of the City of Chicago is hereby amended by deleting the language stricken and inserting the language underscored, as follows:

**11-4-1905 Construction or demolition site waste recycling.**

*(Omitted text is unaffected by this Ordinance)*

(2) Any project subject to this section shall be required to recycle or reuse construction or demolition debris produced on site as part of construction or demolition activities by meeting the following requirements:

(a) The contractor on a project that is issued a permit with an application date on or after January 1, 2006, but before January 1, 2007, shall cause to be recycled or reused at least 25 percent of construction and demolition debris, as measured by weight, produced on site.

(b) The contractor on a project that is issued a permit with an application date on or after January 1, 2007, but before January 1, 2021, shall cause to be recycled or reused at least 50

percent, as measured by weight, of the total amount of construction and demolition debris produced on site that does not contain lead, asbestos or other hazardous materials in such a way as to render recycling of such material illegal or impossible.

(c) The contractor on a project that is issued a permit with an application date on or after January 1, 2021 shall cause to be recycled or reused at least 75 percent, as measured by weight, of the total amount of construction and demolition debris produced on site that does not contain lead, asbestos, or other hazardous materials in such a way as to render recycling of such material illegal or impossible.

**SECTION 4.** Section 2-4-055 of the Municipal Code of the City of Chicago is hereby amended by inserting the language underscored, as follows:

**2-4-055 Chief sustainability officer.**

*(Omitted text is unaffected by this Ordinance)*

(d) The chief sustainability officer shall establish an environmental impact fee related to demolition debris and materials resulting from a residential demolition (of fewer than four units) that are not recycled, sold through salvage markets, or reused for other construction purposes. All demolished housing materials that are sent to landfills shall be assessed an impact fee equivalent to the current market salvage rate, as determined by the chief sustainability officer. Additional environmental impact fees may be assessed where the environmental impacts are quantifiable, including the impact of embedded carbon lost through demolition and landfill delivery fees for construction and demolition waste. Any fees collected pursuant to this section of the Municipal Code shall be applied to environmental sustainability and energy efficiency programs for existing housing, including any programs related to retrofitting, window repair, roof repair, or other repairs of existing housing. The chief sustainability officer may propose additional impact fees or applications for collected fees for approval by the City Council.

**SECTION 5.** Section 14A-4-407.2.1 of the Municipal Code of the City of Chicago is hereby amended by inserting the language underscored, as follows:

**14A-4-407.2.1 Required information.**

The written permit application must identify the property address and describe the building or structure to be demolished. The permit application must include the rodent control information required by Section 14A-4-407.3. The application for permit to demolish only a portion of an existing building and permanently reduce the building area must include (i) construction documents in accordance with Section 14A-4-411.3 establishing that the remaining portions of the building will comply with the Chicago Construction Codes, and (ii) proof of the payment of any applicable impact fee assessed by the Department of Housing pursuant to Section 2-44-140.

A handwritten signature in black ink, reading "Daniel P. La Spata". The signature is written in a cursive style with a large, stylized 'D' and 'L'.

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DANIEL LA SPATA  
Alderman, 1st Ward