Legislation Details (With Text)

File #:	O2017-3900		
Type:	Ordinance	**Status:**	Failed to Pass
File created:	5/24/2017	**In control:**	City Council
		Final action:	
Title:	Amendment of Municipal Code Chapter 2-45 by adding new Section 2-45-160 entitled "Pilot Act for the Preservation of Affordable Housing in the 606 Residential Area"		
Sponsors:	Maldonado, Roberto, Moreno, Proco Joe, Ramirez-Rosa, Carlos		
Indexes:	Ch. 45 Dept. of Housing and Economic Development		
Attachments:	1. O2017-3900.pdf		

Date	Ver.	Action By	Action	Result
5/29/2019	1	City Council	Failed to Pass	
5/24/2017	1	City Council	Referred	

AMENDMENT OF TITLE 2 OF THE MUNICIPAL CODE OF CHICAGO TO ADD A PILOT ACT FOR THE PRESERVATION OF AFFORDABLE HOUSING IN THE 606 RESIDENTIAL AREA

WHEREAS, the City of Chicago (the "City") is a home rule unit of local government under Article VII, Section 6(a) ofthe 1970 Constitution ofthe State of Illinois; and

WHEREAS, the City's home-rule authority includes the power to enact ordinances and regulations aimed at preserving safe, decent, and affordable housing in Chicago; and

WHEREAS, the City is experiencing a shortage of affordable housing, especially in gentrifying neighborhoods; and

WHEREAS, the lack of affordable housing is a critical problem, which threatens the economic and social quality of life in the City; and

WHEREAS, the unmet demand for affordable housing units in the Logan Square and Humboldt Park neighborhoods is already among the highest in the City (www.housingstudies.org/research-publications/state-of-housing/2016-state-rental-housing- <http://www.housingstudies.org/research-publications/state-of-housing/2016-state-rental-housing->cook-county/); and

WHEREAS, the opening ofthe 606 Trail in 2015 has accelerated: (a) increases in rents and property prices in the areas of Logan Square and Humboldt Park adjacent to the 606 Trail ("the 606 Residential Area"); (b) the elimination of affordable housing units in the 606 Residential Area, including the replacement of existing two-flats with rental units by new construction of owner-occupied luxury units; and (c) the displacement of long-term residents; and

WHEREAS, property prices in the 606 Residential Area west of Western Avenue have increased by 48.2 percent since ground was broken on the 606 Trail (www.housingstudies.org/media/filer_public/2016/10/31/ihs_measuring_the_impact_of_the_606 <http://www.housingstudies.org/media/filer_public/2016/10/31/ihs_measuring_the_impact_of_the_606>.pdf); and

WHEREAS, the City's current Five Year Housing Plan (2014-2018) recognizes that the replacement cost of an existing unit of housing can easily exceed $350,000; developers confirm comparable costs; and HUD's measure for total

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development costs (TDC) for 900 square feet and 2 bedrooms for the Chicago area for 2015 was more than $250,000 (portal.hud.gov/hudportal/documents/huddoc?id=2015tdclimits.pdf); and

WHEREAS, it is necessary, desirable, and in the public interest to protect the existing affordable housing stock in the 606 Residential Area, to minimize the displacement of long-time residents and to avoid the wholesale gentrification of that area; and

WHEREAS, the passage of this reform ordinance is calculated to maintain and preserve existing affordable housing units in the 606 Residential Area; now, therefore,

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

SECTION 1: Section 2-45 ofthe Municipal Code of Chicago is hereby amended by adding a new chapter 2-45-160, as follows:

Chapter 2-45-160

Pilot Act for the Preservation of Affordable Housing in the 606 Residential Area

A) Title and purpose. This chapter shall be known and may be cited as the "Pilot Act for the Preservation of Affordable Housing in the 606 Residential Area" and shall be liberally construed and applied to achieve its purpose, which is to preserve, maintain, and create affordable housing for low and moderate-income households in the area ofthe City of Chicago bounded by W. Hirsch Street on the south and W. Palmer Street on the north, and by Western Avenue on the east and N. Kostner Avenue on the west ("the 606 Residential Area").

B) Definitions. For purposes of this chapter, the following definitions shall apply:

"606 Residential Area" means the area in the City of Chicago from 1400 to 2200 north (W. Hirsch St. to W. Palmer Street) and 2200 to 4400 west (Western Ave. to N. Kostner Ave.).

"Affordable" means a sales price or rent less than or equal to the amount at which total monthly housing costs (including rent, insurance, utilities, mortgage payments, and real estate taxes) would total not more than 30% of household income for eligible households.

"Affordable housing" means (1) with respect to rental housing, housing that is affordable to households earning up to thirty percent (30%) ofthe area median income, and (2) with respect to owner-occupied housing, housing that is affordable to households earning up to sixty percent (60%) of the area median income.

"Area median income" or "AMI" means the median income for the Chicago Primary Metropolitan Statistical Area as calculated and adjusted for household size on an annual basis by the United States Department of Housing and Urban Development ("HUD") or any successor department.

"Commissioner" means the commissioner ofthe Department of Buildings.

"Covered property" means any building, structure, or portion thereof located in the 606 Residential Area, as well as the land upon which that building or structure sits.

"Demolition" means any action resulting in the complete or partial, interior or exterior, destruction of a building, structure, or portion thereof, or the combination of two or more housing units to make a larger unit, or any action that results in a reduction in the number of affordable housing units on a covered property.

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"Development" or "develop" means the construction or substantial rehabilitation of housing units or the conversion of any building or structure, or portion of any building or structure, into residential condominiums.

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"Eligible household" means a household whose combined annual income, adjusted for household size, does not exceed (1) with respect to rental housing, at the time ofthe first rental by that household, a household earning thirty percent (30%) of AMI, and (2) with respect to owner-occupied housing, at the time of purchase ofthe unit, a household earning sixty percent 60%) of AMI.

"Floor area" means the floor space enclosed by exterior walls, fire-walls or a combination of these structural elements, including the space occupied by the exterior walls or fire walls.

"Housing unit" or "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 ofthe occupants ofthe unit.

"Owner" shall have the meaning ascribed to that term in Section 13-4-010 of the Municipal Code of Chicago.

"Permit" means an authorization to proceed with development, demolition, or rezoning of a covered property.

"Rezoning of property" means a change in the zoning of property in any of the following circumstances: (1) to permit a higher floor area ratio than would otherwise be permitted in the base district, including through transit-served location floor area premiums where the underlying base district does not change; (2) to permit a higher floor area ratio or to increase the overall number of housing units than would otherwise be permitted in an existing planned development, as specified in the Bulk Regulations and Data Table, even if the underlying base district for the planned development does not change; (3) from a zoning district that does not allow household living uses to a zoning district that allows household living uses; or (4) from a zoning district that does not allow household living uses on the ground floor of a building to a zoning district that permits household living uses on the ground floor.

"Substantial rehabilitation" means the reconstruction, enlargement, installation, repair, alteration, improvement, retrofitting, or renovation of a covered property, or portion thereof, requiring a permit issued by the City.

C) Applicability: The requirements of this chapter apply to the demolition or development of covered properties located within the 606 Residential Area, as well as to rezoning of covered properties for subsequent development of housing units.

D) Restrictions on issuance of permits for covered properties. The department of buildings shall not process any application for or issue any permit allowing the demolition or development of a covered property until the owner has paid the 606 Residential Area Affordable Housing Preservation Fee(s) ("Preservation Fee(s)") required by this chapter. The Building Department shall place a hold in the Hansen permitting system on any project that is subject- or potentially subject-to this chapter, to ensure that no permits are issued for development or demolition of covered properties until the owner has paid the required Preservation Fee. Payment ofthe Preservation Fee is a condition ofthe validity of permits issued for covered properties. The City shall have a lien against a property until Preservation Fees imposed by this chapter have been paid. This subsection (D) shall not apply to the demolition of any building or structure if demolition is necessary to remedy conditions imminently dangerous to life, health or

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property as determined in writing by the Department of Buildings, the Board of Health or the Fire Department.

E) Restrictions on rezoning of covered properties. The City shall not approve the rezoning of a covered property for subsequent development of housing units unless no less than fifty percent (50%) ofthe housing units shall be affordable housing units or all applicable fees listed in subsection (F) of this chapter have been paid. Developers shall not submit piecemeal applications for zoning approval to avoid compliance with this chapter.

F) Affordable Housing Preservation Fees. Fees pursuant to this chapter shall be charged and collected using to the following fee schedule.

1) For demolition of a:

Single family home:	$300,000
Two flat:	$450,000
Three flat:	$550,000
Four flat:	$650,000
Five or more units:	$150,000 per unit.

2) For development that results in more than 500 square feet of new space, or more than 500 square feet of added housing unit(s), and a total floor area

< 1,750 square feet $100,000

> 1,750 square feet but
- 2,000 square feet $150,000

>2,000 square feet but
- 2,500 square feet $200,000

> 2,500 square feet $250,000

(3) For rezoning of a covered property for residential use:

a) resulting in rental property affordable to families at or below 40% of AMI or ownership units affordable to families at or below 100% of AMI: No fee;

b) resulting in rental property affordable to families above 40% and up to 60% of AMI or ownership units affordable to families above 100 and up to 120% AMI: $ 500 per city lot; and

c) for all other rezoning of covered properties: $300,000 for up to the first $3,125 square feet and $300,000 for each additional 3,125 square feet.

These fee amounts may be adjusted annually, beginning on January 1 ofthe year following the second anniversary ofthe effective date of this chapter, to reflect adjustments in the Consumer Price Index for all Urban Consumers for the Chicago metropolitan area, based upon data

published by the United States Department of Labor, Bureau of Labor Statistics. If that index no longer exists, the commissioner shall, in his or her reasonable discretion, select some other comparable index.

G) 606 Residential Area Affordable Housing Trust Fund. All fees collected pursuant to this chapter shall be deposited into a 606 Residential Area Affordable Housing Trust Fund, which shall be established for

this purpose. A board of trustees shall manage and administer the Trust Fund, including the disbursement of all funds from the trust. The board of trustees shall have eleven trustees, consisting of: (1) two representatives of Logan Square Neighborhood Association (LSNA); (2) two representatives drawn from Latin United Housing Association (LUCHA), Spanish Coalition for Housing, and/or Center for Changing Lives; (3) two residents ofthe 606 Residential Area, selected by a majority vote ofthe trustees representing LSNA, LUCHA, Spanish Coalition for Housing, and/or Center for Changing; (4) three aldermen from wards within the 606 Residential Area; (5) the Commissioner ofthe Department of Planning and Development or his or her designee; and (6) the Commissioner ofthe Department of Buildings or his or her designee. If one or more ofthe non-profit community organizations mentioned in this paragraph-LSNA, LUCHA, Spanish Coalition for Housing, and/or Center for Changing Lives-ceases to exist, a similar non-profit community organizations similarly committed to combatting displacement of current residents and preserving affordable housing in the 606 Residential Area may be substituted in its place for purposes of this paragraph. The board of trustees shall make decisions by majority vote, with each trustee having one vote. The board of trustees shall review and approve or disapprove proposals submitted to it for use of trust funds, which shall be used to create, maintain, or preserve affordable housing in the 606 Residential Area, including, by way of example, by acquiring land for affordable housing development or by providing grants or loans to residents to repair or renovate existing affordable housing units or defray the expense or rising property taxes. The board of trustees shall disburse funds so that at least 50% of the fees collected in a calendar year are disbursed during the next calendar year. The board of trustees shall publish an annual report itemizing collections and disbursements.

H) Standards for construction and occupancy of affordable units. In the event ofthe rezoning of a covered property for a subsequent development that includes one or more affordable unit(s), the affordable unit(s) shall be comparable to any market rate units in the development in terms of unit type, number of bedrooms per unit, quality of exterior appearance, energy efficiency, and overall quality of construction. Affordable units may have different interior finishes and features than market-rate units if they are durable, of good and new quality, and are consistent with then-current standards for new housing. Affordable units shall have access to all on-site amenities available to market rate units, including the same access to and enjoyment of common areas and facilities. Affordable units shall have functionally equivalent parking when parking is provided to the market rate units. Affordable units shall be constructed, completed, ready for occupancy and marketed concurrently with or prior to market rate units at the same site location.

(I) Notification and data collection. When the City receives an application for a permit to proceed with development of demolition of a covered property, or for rezoning of a covered property, a sign shall be posted on the applicant property in English and Spanish, or an additional language as determined by the trustees ofthe 606 Residential Area Affordable Housing Trust Fund, at least 14 days prior to approval ofthe permit or the rezoning. In addition, in January and July of every year, the Department of Buildings shall track and publish data showing, for each covered property for which a permit or rezoning was approved in the previous

six months: (a) the address of the covered property; (b) the amount of the Preservation Fee collected; and (c) the name ofthe person or entity that paid the Preservation Fee. This data shall be published in an accessible, visible position on cityofchicago.org <http://cityofchicago.org> and/or as part ofthe Department of Planning and Development's Affording Housing Plan Quarterly Reports.

(J) Enforcement. Any owner who undertakes development or demolition work any covered property without paying the Preservation Fee(s) required by this chapter shall be guilty of a violation of this chapter and shall be punished by a fine of twice the amount of the fees required in subsection (F), and, in the case of a residential real estate developer licensed pursuant to Chapter 4-40 ofthe Municipal Code or any successor chapter, also by the revocation ofthe developer's residential real estate developer license. In addition to any other available remedy, the City may seek an injunction or other equitable relief in court to stop any violation of this chapter. The City may also seek any other remedies and exercise any other enforcement powers as allowed by law. The remedies and enforcement powers established in this chapter are cumulative, and the City may exercise them in any order. Any fines or penalties, costs or interest imposed for

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a violation of this section shall be deposited into the 606 Residential Area Affordable Housing Trust Fund and shall be used and disbursed in accordance with subsection (G).

(K) Hardship waiver. The board of trustees of the 606 Residential Area Affordable Housing Trust Fund shall have discretion to waive or reduce fees otherwise required by this chapter if:

1) The owner of a covered property, provides both: (a) a written, signed report from a licensed structural engineer indicating that a building or structure on the covered property for which a demolition permit is sought is structurally unsound and hazardous and (b) a recorded commitment by the current or future owner of the property to provide an equivalent or greater number of replacement, affordable housing unit(s) on the covered property; or

2) The owner of a covered property is at or below the Chicago Area poverty level and both: (a) demonstrates that the verified, reasonable cost of rehabilitation the covered property is greater than the appraised value of the covered property, and (b) provides a recorded commitment by the current or future property owner to provide an equivalent number of replacement, affordable housing unit(s) on the covered property; or

3) A prospective buyer of a covered property for which a demolition permit is sought provides a recorded commitment to provide an equivalent number of replacement, affordable housing units within the 606 Residential Area.

In making decisions whether to waive or reduce fees for hardship under this subsection, the board of trustees shall exercise its discretion consistent with the intent of this ordinance, which is to maintain and preserve affordable housing for low and moderate-income households in the 606 Residential Area. Hardship waiver requests require case-by-case review. Hardship requests should be made to the board of trustees.

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