



Office of the City Clerk

City Hall
121 N. LaSalle St.
Room 107
Chicago, IL 60602
www.chicityclerk.com

Legislation Details (With Text)

File #:	O2020-5711	Status:	Failed to Pass
Type:	Ordinance	In control:	City Council
File created:	11/16/2020	Final action:	5/24/2023
Title:	Amendment of Municipal Code Chapter 2-44 by modifying Section 2-44-080 regarding 2015 affordable housing commitment and adding new Section 2-44-085 entitled "Chicago Inclusive Housing Ordinance"		
Sponsors:	Hadden, Maria E., La Spata, Daniel, Sigcho-Lopez, Byron, Maldonado, Roberto, Rodriguez Sanchez, Rossana, Martin, Matthew J., Vasquez, Jr., Andre, Rodriguez, Michael D.		
Indexes:	Ch. 44 Dept. of Housing		
Attachments:	1. O2020-5711.pdf		

Date	Ver.	Action By	Action	Result
5/24/2023	1	City Council	Failed to Pass	
11/16/2020	1	City Council	Referred	

ORDINANCE

WHEREAS, the City of Chicago ("City") is a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois and may exercise any power related to its local governmental affairs; and

WHEREAS, the City has the fastest developing downtown area of any major U.S. city, and the downtown residential housing market is expected to add nearly 5,000 new residential units over the next two years; and

WHEREAS, while many of the City's neighborhoods are benefitting from economic growth, resulting in the displacement of low-income residents, other neighborhoods have still to recover from the recession or the unprecedented downturn in the housing market; and

WHEREAS, the City continues to experience a shortage of affordable housing, especially in high-income and 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 passage of this reform ordinance will result in the creation of more affordable housing units in all areas of the City, including high-income and gentrifying areas; and

WHEREAS, as part of the City affordable housing program, the commissioner of planning and development will investigate securing non-city resources and incentives for maximizing the creation of affordable housing, including real estate property tax credits for owners of buildings that maintain affordable housing units;

WHEREAS, the 2007 ARO and 2015 ARO (collectively, "ARO") have failed to produce a meaningful number of affordable housing units on-site in developing areas, with the ARO Dashboard showing that only

434 affordable units have been developed on-site, thus failing to achieve the intended effect of inclusionary development; and

WHEREAS, there is a particularly dire shortage of affordable family-sized housing, which threatens the stability and funding of public schools in gentrifying communities as families are displaced; and

WHEREAS, the ARO Dashboard shows that the ARO cumulatively only generated 17 affordable three-bedroom apartments, and

WHEREAS, the affordable units under the ARO are set at rents far above what full-time minimum wage workers, households of color, people with disabilities, and seniors can generally afford, and

WHEREAS, only 1% of Chicago's housing stock is physically accessible to people with disabilities; and

WHEREAS, the DePaul Institute for Housing Studies ("DePaul IHS") has created a systematic manner of classifying the displacement risks for residents in census tracts across the City, categorizing them based on factors such as rising cost of housing and the share of residents that are vulnerable to displacement; and

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WHEREAS, based on such factors, the DePaul IHS has categorized certain areas of the City as low-risk of displacement, moderate-risk of displacement, and high-risk of displacement and has published its methodology in a 2017 report and updated the report in 2019, both of which are publicly available on its website (the "DePaul IHS Study"); and

WHEREAS, thousands of Chicago families have been displaced from units of fit and -habitable condition in naturally occurring multifamily affordable rental housing due to a practice where developers purchase it, rehabilitate it, steeply increase the rent, and terminate the leases of all tenants; and

WHEREAS, because of the loss of naturally occurring affordable housing, displacement of families from disinvested areas and areas vulnerable to displacement, and other housing-market conditions that do not support the creation of meaningful affordable housing, the solution to Chicago's ongoing housing affordability crisis requires a more comprehensive inclusionary zoning and development system triggered not just by zoning changes but also through "by right" development in specific and targeted circumstances; and

WHEREAS, the City of Chicago Department of Housing released the Inclusionary Housing Task Force Report (the "DOH Report") in September 2020; and

WHEREAS, the DOH Report identified numerous issues with the current ARO and specified numerous recommendations regarding possible changes to the ARO; and

WHEREAS, the DOH Report, among other things, identified that the ARO should increase the production of units priced at rents that are affordable and accessible to lower income Black and Latinx Chicagoans; and

WHEREAS, the DOH Report acknowledged that the ARO does not produce sufficient multi-bedroom units; and

WHEREAS, the DOH Report acknowledged that different requirements for gentrifying neighborhoods facing displacement versus high-income neighborhoods should be considered; and

WHEREAS, the DOH Report acknowledged that the ARO should meaningfully increase the production of accessible units; and

WHEREAS, the DOH Report identified a need for creating a centralized leasing and marketing system to more efficiently, fairly, and transparently fill vacancies in ARO units and also recognized the need for the ARO to enhance its reporting requirements regarding demographics in leasing to ensure fair and equitable practices; and

WHEREAS, the DOH Report specified a proposed amendment that the ARO should expand existing density and bulk bonuses and include an "opt-in" density bonus for developments that are not covered by the ARO; and

WHEREAS, the current application process for affordable units lacks transparency, reporting, and required oversight, particularly as it relates to the demographics and marketing of the affordable units; and

WHEREAS, the City has a duty to affirmatively further fair housing by taking meaningful actions that overcome patterns of segregation and foster inclusive communities free from

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barriers that restrict access to opportunity based on protected characteristics; now, therefore,

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

SECTION 1. Section 2-44-080 of the Municipal Code of Chicago is hereby amended by inserting the underscored language, and by deleting the language struck through, as follows:

2-44-080 2015 affordable housing commitment.

~~This section shall apply to any residential housing project for which: the city council has passed an ordinance approving a rezoning, city land sale, or financial assistance, as described in subsection (C), unless such residential housing project is subject to the affordable housing requirements in effect prior to the effective date of this section pursuant to the prefatory clause of Section 2-45-110.~~

This section shall apply to any residential housing project for which: (1) the city council has passed an ordinance approving a rezoning, city land sale or financial assistance, as described in subsections (B) or (C) prior to the effective date of Sec. 2-44-085; or (2) an application for rezoning, the sale of city land, or financial assistance, as described in subsections (B) or (C), was submitted prior to the effective date of Sec. 2-44-085, and an ordinance approving the proposed rezoning, city land sale or financial assistance is passed within nine months after the effective date of Sec. 2-44-085. The term "submitted" means (i) with respect to an application for zoning approval or the sale of city land, an ordinance authorizing the rezoning or city land sale has been introduced to city council; or (ii) with respect to financial assistance, a complete application has been received and accepted by the department.

(A) Title and Purpose.

{omitted text is unaffected by this ordinance}

SECTION 2. Chapter 2-44 of the Municipal Code is hereby amended by adding a new Section 2-44-085, as follows:

2-44-085 Chicago Inclusive Housing Ordinance.

This section shall apply to any covered development as described in subsection (F), unless such covered development is subject to the affordable housing requirements in effect prior to the effective date of this section pursuant to the prefatory clause of Section 2-44-080.

A) Title and purpose. This section shall be known and may be cited as the "Chicago Inclusive Housing Ordinance," and shall be liberally construed and applied to achieve its purpose, which is to expand access to housing for low-income and moderate-income households, to preserve the long-term affordability of such housing, and to better integrate affordable housing throughout the city.

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

"Affordable" means a sales price or rent less than or equal to the amount at which total monthly housing costs, as specified in the rules and regulations, would total not more than thirty percent (30%) of household income for a household whose income is the maximum allowable for an eligible household.

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"Affordable housing" means (1) with respect to rental housing, housing that is affordable to eligible households according to the eligibility criteria defined in Subsection (K).

"Affordable housing agreement" means a covenant, lien, regulatory agreement, promissory note, mortgage, deed restriction, right of first refusal, option to purchase or similar instrument, governing how the developer and subsequent owners or occupants of affordable units shall comply with this section.

"Affordable unit" means a housing unit required by this section to be affordable, whether located on-site or off-site and whether a rental unit or an owner-occupied unit.

"Area median income" means the median household income for the Chicago Primary Metropolitan Statistical Area as calculated and adjusted for household size on an annual basis by HUD. In determining the area median income, the deductions listed in 24 CFR 5.611 for elderly and disabled households will be deducted from a household's income calculations before determining eligibility under this Section.

"Authorized agency" means the Chicago Housing Authority, the Chicago Low-Income Housing Trust Fund, or another non-profit agency acceptable to the city, which administers subsidies under HUD's McKinney-Vento Homeless Assistance Grants program, or the Veterans Administration Supportive Housing program, or another housing assistance program approved by the city.

"Chicago Community Land Trust" 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, as amended, and having as its primary mission the preservation of long-term affordability of housing units, or any successor organization.

"Commissioner" means the commissioner of the department of housing or any successor department, or his or her designee.

"Common ownership or control" refers to property owned or controlled by the same person, persons, or entity, or by separate entities in which any shareholder, partner, member, or family member, as that term is defined in Sec. 4-284-020, of an investor of the entity owns ten percent (10%) or more of the interest in the property.

"Condominium" means a form of property established pursuant to the Illinois Condominium Property Act.

"Contiguous parcels" means any parcel of land or lot that is (1) touching another parcel or lot at any point, (2) separated from another parcel or lot at any point only by a public or private street, road, or other right-of-way, (3) separated from another parcel or lot at any point only by a public or private utility, service, or

access easement, or (4) separated from another parcel or lot only by other real property under common ownership or control which is not subject to the requirements of this section at the time of application for the City approval that triggers the obligation to comply with this section.

"Covered Development" is defined in Subsection (F).

"Department" means the department of housing or any successor department, acting by

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or through its commissioner.

"Developer" means the owner, as that term is defined in Sec. 13-4-010, of the covered development and, if different from the owner, any person, firm, partnership, association, joint venture, corporation, or any entity or combination of entities which develops the covered development and, if applicable, provides off-site affordable units, together with their successors and assigns, but does not include a lender, any governmental entity or the general contractor working for any developer.

"Development" or "develop" means, for purposes of determining whether the requirements of this section are triggered, the construction or substantial rehabilitation of housing units or the conversion of any building into residential condominiums.

"Displacement Indicators," is defined in subsection (D).

"Eligibility criteria" is defined in Subsection (K).

"Eligible household" means a household whose combined annual income, adjusted for household size, does not exceed the maximum income specified in the eligibility criteria for the applicable affordable unit as defined in Subsection (K).

"Financial assistance" means any assistance provided by the city through grants, direct or indirect loans, or allocation of tax credits for the development of residential housing units.

"Housing Cost Zones," "low cost zone," "moderate cost zone," and "high cost zone" are defined in subsection (D).

"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 of the occupants of the units; provided that a "housing unit" does not include (1) dormitories that are owned and operated by or on behalf of an educational institution, (2) hotels as that term is defined in Sec. 13-4-010 of the Municipal Code or (3) mobile homes.

"HUD" means the United States Department of Housing and Urban Development or any successor department.

"Initial sale" means the first sale of an affordable unit by a developer to an eligible household or an authorized agency pursuant to subsection (V).

"Market-rate unit" means a housing unit in a covered development or, if applicable, off-site location that is not an affordable unit as defined in this section, and may sell or rent at any price.

"New Construction" means any building, structure, or any number of buildings or structures constituting a single development. A "new construction" may be developed in one or more phases. In determining whether a development constitutes a new construction, the department will consider all relevant factors, including

whether the development is marketed as a single or unified project, shares common elements, or is a phase of a larger development. The definition of "new construction" shall be interpreted broadly to achieve the purposes of this section and to prevent evasion of its terms.

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"Off-site" means on a site different from the site of the covered development. "On-site"

means on the same site as the covered development.

"Planned development" has the same meaning ascribed to that term in Sec. 17-17-02120.

"Publication Date" means the date this ordinance is published in the Journal of the Proceedings of the City Council of the City of Chicago.

"Residential housing project" means one or more buildings that collectively contain three or more new or additional housing units on one or more parcels or lots under common ownership or control, including contiguous parcels. A "residential housing project" may be developed in one or more phases and may consist of new construction, substantial rehabilitation, or the conversion of rental housing to condominiums. In determining whether a development constitutes a residential housing project, the department will consider all relevant factors, including whether the development is marketed as a single or unified project, shares common elements, or is a phase of a larger development. The definition of "residential housing project" shall be interpreted broadly to achieve the purposes of this section and to prevent evasion of its terms.

"Renovation" means the reconstruction, enlargement, installation, repair, alteration, improvement or renovation of a building or structure ("modifications"), or portion thereof, which contains eight (8) housing units or more prior to or subsequent to any such modifications requiring a building permit issued by the City, provided the cost of the renovation must be \$10,000 or more per housing unit.

"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; (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; or (5) from a downtown district to a planned development, even if the underlying base district for the property does not change.

"Substantial rehabilitation" means the reconstruction, enlargement, installation, repair, alteration, improvement or renovation of a building, structure or portion thereof requiring a permit issued by the city, provided the cost of the substantial rehabilitation must be \$10,000 or more per housing unit.

"TIF Act" means the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time.

"TIF Funds" means incremental ad valorem taxes which, pursuant to the TIF Act, have been collected and are allocated to pay redevelopment project costs and obligations incurred in the payment thereof.

"Type A Adaptable" refers to the standards for adaptability under the Fair Housing Act,

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as adopted by HUD under 24 CFR 100.205.

"Uniform Federal Accessibility Standard" or "UFAS" means the Uniform Federal Accessibility Standard as defined under the Architectural Barriers Act, 42 U.S.C. 4151-4157.

"Zoning Ordinance" means Title 17 of the Municipal Code.

(C) Application portal; marketing plans; and fair housing

- 1) Application Portal. To help ensure fair marketing practices and a user-friendly system for end consumers, the Department of Housing, or another entity it designates, shall create a user-friendly web portal that enables those seeking housing to enter search criteria and locate affordable apartments created under this Ordinance. The web portal shall enable individuals seeking housing to search by neighborhood and bedroom size and shall provide the contact information for the leasing agents for affordable units that are required by this Section.
- 2) Income Certification. The Department shall develop and implement a standardized income certification form for all people that wish to apply for affordable residential units created under this Section. Individuals seeking such housing will first submit the income certification form to the Department and any approved income certifications will be valid for a standard period of time as determined by the Department. Upon receiving an application for tenancy, a Covered Development shall confirm income certification with the Department and, if such form is not yet completed, provide the applicant the necessary information to complete such income certification form.
- 3) Reporting. All Covered Developments shall provide yearly reports to the Department regarding the accepted and rejected applicants for the affordable units. Such reports shall include information regarding race, ethnicity, family size, disability, and other demographic information as required by the Department. The Department of Housing may require other relevant information and shall determine the deadline of such required reports. Failure to provide such reports in a timely manner shall be considered a violation of this section.
- 4) Yearly Department Reports. The Department shall create public yearly reports regarding the location of all Covered Developments, the location of the affordable units created, and any additional information the Department deems relevant. Such reports shall also include anonymized information regarding the accepted and rejected applicants to the affordable residential units collected from each Covered Developments regarding race, ethnicity, disability, family size, and any additional information the Department deems relevant.
- 5) Marketing and Application Requirements. In order to advance this Section's pro-integration goals, the Department shall develop guidance for all Covered Developments in marketing their affordable residential units and reviewing applications for the affordable residential units in a manner that affirmatively furthers fair housing and meets the requirements of the Fair Housing Act, Americans with Disabilities Act, and Illinois Human Rights Act.
- 6) Marketing Plan. All Covered Developments shall submit a plan to the Department of Housing detailing how it will market the affordable units in a manner that meets the requirements of subsection (C)(5) and describes

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how the Covered Development will ensure that the affordable units are filled by eligible tenants. All such marketing plans shall be made publicly available.

(D) Affordability Zones; Housing Cost Zones; Displacement Indicators; and Rising Cost Indicators

- 1) Categorizing and Maintaining Zones and Indicators. The Commissioner shall be responsible for maintaining a regularly updated and accurate classification of all census tracts in the City as to each census tract's Affordability Zone and Displacement Indicator. The Commissioner shall publish an update to the Affordability Zones, Rising Costs Indicators, and Displacement Vulnerability which shall be updated no less than yearly. These categorizations shall be done in a manner consistent with the DePaul IHS Study. The Commissioner shall categorize the Affordability Zones based on the following criteria.
 - a) Housing Cost Zones. All census tracts will be categorized as low-cost zones, moderate-cost zones, or high-cost zones in a manner consistent with the DePaul IHS Study.
 - b) Displacement Vulnerability. All census tracts will be categorized if they are vulnerable to displacement in a manner consistent with the DePaul IHS Study
 - c) Rising Housing Costs. All census tracts will be categorized as (i) no rising housing costs, (ii) rising housing costs, or (iii) significant rising housing costs in a manner consistent with the DePaul IHS Study.
- 2) Affordability Zones. Affordability Zones will be determined by a combination of Housing Cost Zones, Displacement Indicators, and Rising Cost Indicators. All census tracts will be categorized into the following zones:
 - a) "Low Cost Zones" are those zones that are Low Cost Zones that are not considered as "Low Cost Zones vulnerable to displacement."
 - b) "Low Cost Zones vulnerable to displacement" are those zones that are Low Cost Zones and are categorized as vulnerable to displacement and have significant rising housing costs.
 - c) "Moderate Cost Zones" are those zones that are Moderate Cost Zones that are not considered "Moderate Cost Zones vulnerable to displacement."
 - d) "Moderate Cost Zones vulnerable to displacement" are those zones that are Moderate Cost Zones and are categorized as vulnerable to displacement and have either (i) rising housing costs or (ii) significant rising housing costs.
 - e) "High Cost Zones" are those zones that are High Costs Zones that are not considered as "High Cost Zones vulnerable to displacement."
 - f) "High Cost zones vulnerable to displacement" are those zones that are High Cost Zones that are categorized as vulnerable to displacement and have either (i) rising housing costs or (ii) significant rising housing costs.

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- (3) Initial Affordability Zones Map. A map of the Affordability Zones at the time of the passage of this ordinance is on file with the Clerk's Office.

(E) Minimum Percentage of Affordable Units for Covered Developments

- 1) Minimum Percentage of Affordable Units. All Covered Developments as identified in Subsection (F) which are subject to the requirements of this Section shall be required to include the following minimum percentages of affordable units. In cases where the Covered Development is subject to multiple requirements based on the applicable

Affordability Zone and Displacement Indicator, the higher requirement for minimum affordable units shall apply.

- a) For Low Cost Zones, the minimum percentage of affordable units shall be ten percent (10%).
 - b) For Low Cost Zones vulnerable to displacement, the minimum percentage of affordable units shall be twenty percent (20%).
 - c) For Moderate Cost Zones, the minimum percentage of affordable units shall be twenty percent (20%).
 - d) For Moderate Cost Zones vulnerable to displacement, the minimum percentage of affordable units shall be thirty percent (30%).
 - e) For High Cost Zones, the minimum percentage of affordable units shall be thirty percent (30%).
 - f) For High Cost Zones vulnerable to displacement the minimum percentage of affordable units shall be thirty percent (30%).
- 2) Certain heightened Minimum Percentage of Affordable Units. Notwithstanding section (E)(1), Covered Developments which receive TIF Funding shall instead follow the minimum percentage of affordable units identified in Subsection (O).
- 3) Reductions of minimum percentage of Affordable Units for more affordability. For any Covered Development where, in addition to meeting all other affordability requirements, the Covered Development provides that all affordable units are affordable to households earning up to 40% of the AMI, the minimum percentage of affordable units in covered developments shall be reduced by 5%.
- 4) Reductions of minimum percentage of Affordable Units for more family units. For any Covered Development where, in addition to meeting all other affordability requirements, the Covered Development provides that all affordable units are two bedroom units and 60% of all affordable units are three bedroom units, the minimum percentage of affordable units in covered developments shall be reduced by 5%.
- 5) Application and Change in Area Over Time. The minimum affordability requirements apply at the time the Developer of a Covered Development applies for a building permit. Any change to the Affordability Zones that occurs after such application shall have no effect on the affordability requirements of a Covered Development.

(F) Applicability. The requirements of this section apply in the following circumstances:

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- 1) Covered Developments. The following developments are subject to the minimum affordability percentage requirements identified in Subsection (E):
 - a) Rezoning. All residential housing projects which receive a rezoning of a property as defined in this Section and create three (3) or more new or additional housing units.
 - b) New Constructions. All new constructions of eight (8) or more housing units in moderate cost zones and high cost zones.
 - c) Renovations. All renovations of buildings of eight (8) units or more shall be considered covered developments in:
 - i) Moderate Cost Zones that are vulnerable to displacement
 - ii) High-Cost Zones that are vulnerable to displacement
 - d) City Financial Aid. Any development which creates any number of new units

and receives financial aid from the City of Chicago.

- e) City Land. Whenever the city sells real property to any developer and such property or any portion thereof is (a) subsequently developed with a covered development that creates any number of new units, or (b) incorporated into a covered development site which creates any number of new units in order to satisfy minimum off-street parking, minimum lot area, setback or other zoning or Municipal Code requirements or standards.

- 2) Chart showing affordability requirements for covered developments. The following charts represents the minimum affordable requirements for each development type as defined above in Subsections (F)(1) and (E)(1).

	Low Cost Zones that are not vulnerable to displacement	Moderate Cost Zones that are not vulnerable to displacement	High Cost Zones that are not vulnerable to displacement
Rezoning	10%	20%	30%
City Financial Aid	10%	20%	30%
City Land	10%	20%	30%
New Construction	N/A	20%	30%
Renovations	N/A	N/A	N/A

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	Low Cost Zones that are vulnerable to displacement that have "significant rising housing costs"	Moderate Cost Zones that are vulnerable to displacement that have "rising housing costs"	Moderate Cost Zones that are vulnerable to displacement that have "significant rising housing costs"	High Cost Zones that are vulnerable to displacement and have "rising housing costs" or "significant rising housing costs"
Rezoning	20%	30%	30%	30%
City Financial Aid	20%	30%	30%	30%
City Land	20%	30%	30%	30%
New Construction	N/A	30%	30%	30%
Renovations	N/A	N/A	30%	30%

- 3) Certain Increased Requirements. Covered Developments which receive TIF Funding shall instead comply with the minimum affordability percentage requirements of Subsection (O).

- 4) Exemptions. This section shall not apply to substantial rehabs or renovations that are solely for the purposes of (a) repairing building code violations or (b) increasing accessibility.

(G) Application of Chicago Inclusive Housing Ordinance to Existing Buildings.

In the case of existing buildings subject to the requirements of subsection (F), subsection (F) shall apply as follows:

1) for an existing building that contains housing units at the time of the approval of a building permit for a substantial rehabilitation, the entire building is subject to the affordable housing requirement;

2) for an existing building with respect to which the developer has received financial assistance or has purchased city land, the entire building is subject to the affordable housing requirement.

(H) Relationship between Chicago Inclusive Housing Ordinance and Affordable

Housing Density Bonus. For every covered development subject to the requirements of

subsection (F), and also eligible for an affordable housing floor area bonus pursuant to Sec. 17-

4-1004-B, the developer shall be required to comply with the requirements of both provisions.

(I) Required Percentage of Affordable Units on-site; Bedroom Requirements.

For every covered development subject to the requirements of subsection (F), the developer shall comply with the following provisions. In cases where the covered development is subject to multiple requirements based on the applicable Affordability Zone and Displacement Indicator, the more restrictive requirement shall apply.

- (1) A developer of a covered development with rental units subject to the provisions of subsection (F) must provide at least fifty percent (50%) of the

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affordable units on-site. In addition, where there are 10 or more affordable units required, at least sixty percent (60%) of the on-site affordable units must be multi-bedroom units of two or more bedrooms and at least fifty percent (50%) of those multi-bedroom units must be three or more bedroom units. If the developer elects to provide affordable units off-site, all off-site affordable units must be at least three or more bedrooms, and the off-site affordable units must be located within a half-mile radius from the covered development, in the same or a higher-cost area, except in cases where the covered development is in a High Cost Zone, in which case the developer may provide the off-site affordable units in any Moderate Income Zone with "Rising Housing Costs" or "Significantly Rising Housing Costs", or in any High Income Zone with "Rising Housing Costs" or "Significantly Rising Housing Costs".

(2) Owner-Occupied Units. A developer of a Covered Development with owner-occupied units subject to the provisions of subsection (F) must (a) provide at least twenty-five percent (25%) of the affordable units on-site. In addition, where there are 10 or more affordable units required, at least sixty percent (60%) of the on-site affordable units must be multi-bedroom units of two or more bedrooms and at least fifty percent (50%) of those multi-bedroom units must be three or more bedroom units. If the developer elects to provide affordable units off-site, all off-site affordable units must be at least three or more bedrooms, and the off-site affordable units must be located within a half-mile radius from the covered development, in the same or a higher-cost area, except in cases where the covered development is in a High Cost Zone, in which case the developer may provide the off-site affordable units in any Moderate Income Zone with "Rising Housing Costs" or "Significantly Rising Housing Costs", or in any High Income Zone with "Rising Housing Costs" or "Significantly Rising Housing Costs".

(3) Chart showing on-site requirements and bedroom-size requirements. The following chart represents the requirements outlined above in Subsection (I).

	Minimum Percent of required Affordable Units On-Site	Bedroom Size Composition		
		Affordable Housing	Bedroom Size Composition of Off- Site Affordable Housing	
		Minimum Percent multi-bedroom units	Minimum Percent as 3 or more bedroom	Minimum Percent as 3 or more bedroom
Rental Housing (any zone)	50%	60% of affordable units	30% of affordable units	100% of affordable units
Owner-Occupied Housing (any zone)	25%	60% of affordable units	30% of affordable units	100% of affordable units

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(J) Affordable Housing Opportunity Fund. Fines collected under this section, Sec. 2-44-080, Sec. 2-44-070, and Sec. 17-4-1004 shall be deposited in the Affordable Housing Opportunity Fund, unless required to be deposited into another fund pursuant to federal or state law. All annual revenues of the Affordable Housing Opportunity Fund shall be reserved and utilized exclusively to pay the administrative and monitoring costs and expenses of this section, Sec. 2-44-080, Sec. 2-44-070, and Sec. 17-4-1004 and, after subtracting such costs and expenses, as follows:

- 1) fifty percent (50%) shall be used for the construction, rehabilitation or preservation of affordable housing; and
- 2) fifty percent (50%) shall be contributed to the Chicago Low-Income Housing Trust Fund or a successor organization.

(K) Eligibility Criteria. Except for those covered developments specified in subsection (L), the following eligibility criteria apply to all covered developments:

1) Eligibility criteria for affordable rental units. Except for the sale or lease of affordable units to an authorized agency pursuant to subsection (V), with respect to all affordable rental units required under this Section in covered developments, all affordable rental units will be affordable to households earning up to 50% of the AMI.

2) Eligibility criteria for affordable owner-occupied units. Except for the sale or lease of affordable units to an authorized agency pursuant to subsection (V), with respect to all affordable owner-occupied units required under this Section in covered developments, all affordable owner-occupied units will be affordable to households earning up to 100% of the AMI.

(L) Eligibility Criteria for larger buildings; Eligibility Criteria for TIF Funded developments. Notwithstanding subsection (K), the following eligibility criteria will apply in as follows:

1) Except for the sale or lease of affordable units to an authorized agency pursuant to subsection (V), in covered projects with more than ten housing units but do not receive TIF Funds:

- a) All of the rental affordable units shall be affordable to households earning up to 50% of the AMI; and
- b) At least one half of all rental affordable units shall be affordable to households earning up to 30% of the AMI; and
- c) At least one quarter of all rental affordable units will be affordable to households earning up to 20% of the AMI.

2) Except for the sale or lease of affordable units to an authorized agency pursuant to subsection (V), in covered projects with more than ten housing units which receive TIF Funds:

- a) All of the affordable units shall be affordable to households earning up to 50% of the AMI; and
- b) At least one half of all affordable units shall be affordable to households earning up to 30% of the AMI; and
- c) At least one quarter of all rental affordable units will be affordable to households earning up to 15% of the AMI.

(3) Except for the sale or lease of affordable units to an authorized agency

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pursuant to subsection (V), in covered projects with more than ten housing units that receive TIF Funds:

- a) All of the required affordable owner-occupied units shall be affordable for households earning up to 100% of the AMI; and
- b) At least half of the required affordable owner-occupied units shall be affordable for households earning up to 80% of the AMI.

(M) Rules for Implementation regarding household eligibility. The Commissioner will implement household eligibility rules within ninety days of the effective date of this Ordinance. The eligibility rules will determine how to calculate a household's AMI, specifically allowing for deductions of medical expenses and accessibility equipment for people with disabilities whose medical expenses and accessibility equipment costs exceed 3% of their annual income. The eligibility rules will also ensure that minor changes in household incomes will not disqualify a household from an affordable rental unit where they currently reside, should a household increase its income above the eligibility criteria during the time the household resides in an affordable unit required by this section. The household eligibility rules shall ensure that maximum income limits

do not classify households in affordable housing units such that those households would become rent-burdened.

(N) Duration of Affordability Restrictions. The affordable units required by this section shall continue to be affordable housing in perpetuity, or as long as permissible by law, after the initial sale or rental of the affordable unit. In the case of rental housing, if the affordable unit is converted to a condominium unit, such units shall be subject to the provisions of this section that apply to owner-occupied units and a new restrictive covenant protecting the affordability of the unit at one hundred percent (100%) of the area median income in perpetuity, or as long as permissible by law, shall begin on the date of the initial sale of such condominium unit.

(O) Tax Increment Financing.

1) With respect to the development of covered developments and planned developments assisted by the city with TIF Funds in redevelopment project areas established pursuant to the TIF Act, to the extent that the requirements of this section conflict with any TIF guidelines now or hereinafter in effect, the TIF guidelines shall prevail.

2) To the extent that redevelopment plans approved pursuant to the TIF Act provide that developers who receive TIF Funds for market rate housing set aside forty percent (40%) of the units to meet affordability criteria established by the department (or any successor or predecessor city department), the requirements of this section shall be deemed to be such affordability criteria and shall supersede all others.

3) A covered development that receives TIF Funds shall instead require an additional 10% minimum affordable housing percentage than what would otherwise be required by Subsection (F).

(P) Compliance Required Prior to Issuance of Building Permit. Prior to the issuance of a building permit for any covered development subject to the affordable housing requirements of this section, including, without limitation, excavation or foundation permits, the developer shall execute and record an affordable housing agreement against the covered

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development or off-site location to secure the requirements of this section relating to the establishment of on-site or, if applicable, off-site affordable units.

(Q) Affordable Housing Agreement. The affordable housing agreement required pursuant to subsection (P) shall be recorded against the covered development and, if applicable, the off-site affordable units, and shall run with the land and be binding on successors and assigns; provided, however, in the case of projects with owner-occupied units, the city shall periodically release the agreement from the market-rate units to permit the sale of such units in accordance with this section. Each affordable housing agreement shall:

1) specify the number, type, location, size and phasing of construction Of all affordable units and such other information as the department requires to determine the developer's compliance with this section;

2) specify maximum qualifying incomes and maximum affordable rents or sales prices, and include resale and refinancing procedures and limitations;

3) limit the rental or sale of affordable units for the term according to subsection (O);

4) for rental projects, require the developer to submit an annual report to the department including the name, address, and income of each household occupying an affordable rental unit and identifying the monthly rent of each affordable rental unit;

5) authorize a release of the affordability restrictions following foreclosure or other transfer in lieu of foreclosure if required as a condition to financing pursuant to procedures set forth in the rules and regulations;

6) describe remedies for breach of the agreement; and

7) include any other provisions required by the city to document the obligations imposed by this section.

(R) Study for Zoning Density Bonus. By December 1 of 2021, the Department of Housing shall conduct a study to determine what, if any, zoning density bonus is appropriate for Covered Developments that exceed the requirements of this Section. Additionally, the study shall determine what zoning density bonus, if any, is appropriate for residential housing developments which are not covered by this section but choose to provide affordable units.

(S) Chicago Community Land Trust. The department may delegate to the Chicago Community Land Trust the administration of this section as it relates to owner-occupied and for-sale affordable units.

(T) Enforcement Provisions.

(1) Failure by the developer to provide the on-site or off-site affordable units required by this section, or sell or rent such affordable units in accordance with the requirements of this section, shall be a violation of this section punishable by a fine. In the case of a for-sale unit, the fine will be equal to one fourth of the market sales price for the unit. In the case of a rental unit, the fine will be equal to the difference between

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the market-rate rental revenue and the affordable rental rate for the unit calculated over a year period. In addition, in the case of a residential real estate developer licensed pursuant to Chapter 4-40 of the Municipal Code or any successor chapter, the revocation of the developer's residential real estate developer license.

2) Upon the rental of any affordable unit at a rental price that is not affordable, or to a household that does not meet the eligibility criteria, the owner shall pay a fee of \$500.00 per unit per day for each day that the owner is in noncompliance.

3) 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 section and to recover any funds improperly obtained from any sale or rental of an affordable unit in violation of this section, plus costs and interest at the rate prescribed by law from the date a violation occurred.

4) The city may seek such other remedies and use other enforcement powers, as allowed by law. The remedies and enforcement powers established in this section are cumulative, and the city

may exercise them in any order.

5) Any fines or penalties imposed by the city for a violation of this section, and any fees collected under this section, shall be deposited into the Affordable Housing Opportunity Fund, unless required to be deposited into another fund pursuant to federal or state law, and shall be used and disbursed in accordance with subsection (J).

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

(V) Hardship Waiver. The commissioner shall have discretion, in certain limited circumstances as specified in the rules and regulations, to waive, adjust or reduce the requirements of this section, including, without limitation, the income eligibility, resale price and other affordability covenants and restrictions, for developers or owners of affordable units who have used good faith efforts to comply with such requirements. The commissioner shall exercise his discretion in the best interests of the city and with the goal of balancing long-term affordability and private investment. The rules and regulations shall set forth criteria for granting waivers, adjustments and reductions, such as establishing a minimum time period that developers and owners must market affordable units, establishing criteria related to unusual economic or personal circumstances, and providing a maximum percentage for the increase above the maximum income limit or resale price currently allowed.

(W) Sale or Rental to Authorized Agency. Affordable units required to be provided pursuant to this section may be sold or leased to an authorized agency, subject to the following provisions:

1) The initial sale or lease of affordable units to the authorized agency is not subject to the price restrictions set forth in this section. Instead, the developer may sell or rent affordable units to the authorized agency at any price, similar to market-rate units.

2) The authorized agency must sign a lease guaranteeing that all affordable units will be leased to households that meet the income eligibility requirements for rental

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housing under this section in perpetuity, or as long as permissible by law or, if the unit is purchased, record a deed restriction or similar instrument guaranteeing that all affordable units will be leased to households that meet the income eligibility requirements for rental housing under this section in perpetuity, or as long as permissible by law, and may not sell, transfer, or otherwise dispose of the affordable units.

(3) The authorized agency must submit a report on an annual basis to the commissioner that provides the following information and any additional information requested by the commissioner: number of affordable units currently in the authorized agency's inventory and the monthly rental rate for each affordable unit, information concerning each tenant household's composition and gross income, affordable unit operating expenses and revenues received by the authorized agency.

(X) Applying Percentages; Fractional Units. Calculations of the number of affordable units required by this section shall be based on the total number of housing units in the covered development, including any density bonus units. Where the application of the percentage requirements of this section results in a fractional housing unit, the developer shall round up to the nearest whole number for any portion of 0.5 or above and round down to the nearest whole number for any portion less than 0.5.

(Y) Projects with Both Owner-Occupied and Rental Units. When a covered development includes both

owner-occupied and rental units, the provisions of this section that apply to owner-occupied projects shall apply to that portion of the project that consists of owner-occupied units, while the provisions of this section that apply to rental projects shall apply to that portion of the project that consists of rental units; provided, however, with the commissioner's approval, a developer may provide rental units where the developer would otherwise be required to provide owner-occupied units, in which event such units shall be subject to the provisions of this section that apply to rental projects.

(Z) Standards for Affordable Units. Affordable units required to be provided pursuant to this section shall comply with the following standards, as may be detailed further in the rules and regulations:

1) Affordable units shall be reasonably dispersed throughout the covered development, such that no single building or floor therein has a disproportionate percentage of affordable units. The Commissioner may waive this requirement if it best serves the intention of this Section, is done so in a manner that does not overly burden any particular group of renters or purchasers, is done so in a manner that weighs the equitable concerns of affordable housing, and is done so in a manner consistent with any and all applicable laws.

2) Affordable units shall comply with adaptability standards under UFAS or Type A adaptability.

3) Except to the extent required by subsection (I), affordable units shall be comparable to the market rate units in the covered development (or off-site location in the case of off-site affordable units) in terms of quality of exterior appearance, energy efficiency, and overall quality of construction provided, however, with the commissioner's approval, in a covered development (or off-site location in the case of

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off-site affordable units) which contains single-family detached homes, affordable units may be attached homes rather than detached homes and lots for affordable units may be smaller than lots for market-rate units (consistent with applicable zoning), and in a covered development (or off-site location in the case of off-site affordable units) which contains attached multi-story housing units, affordable units may contain only one story.

4) Affordable units may have different interior finishes and features than market-rate units in the covered development (or off-site location in the case of off-site affordable units), as long as they are durable, of good and new quality, and are consistent with then-current standards for new housing.

5) 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 in the covered development (or off-site location in the case of off-site affordable units).

6) Affordable units shall have functionally equivalent parking when parking is provided to the market rate units in the covered development (or off-site location in the case of off-site affordable units).

7) Affordable units shall be constructed, completed, ready for occupancy, and marketed concurrently with or prior to the market rate units in the covered development or phase thereof. As used in this section, "concurrently" means that a proportionate share of affordable units shall be completed for each group of market rate units completed at 25%, 50%, 75% and final completion of the covered development. The commissioner may approve an alternative timing plan if the commissioner determines, in his or her sole discretion, that there is no economically feasible way

to comply with the phasing requirements, in which event the developer shall post a bond or similar security in an amount equal to one and one-half times the required in lieu fee to secure the completion of such units.

8) The marketing requirements and procedures for affordable units shall be contained in the rules and regulations.

9) The rules and regulations may specify minimum household sizes for affordable units of different bedroom sizes, and may require that prospective purchasers complete homebuyer education training or fulfill other requirements.

(AA) Additional Standards for Off-Site Affordable Units. With the commissioner's approval, a developer of a covered development may satisfy part of its affordable housing obligation through the establishment of off-site affordable units, subject to the following standards, as may be detailed further in the rules and regulations:

1) The developer may either build new affordable units, or purchase and convert existing market-rate units to affordable units.

2) Off-site affordable units must meet all of the requirements set forth in this section for on-site affordable units, except that: (a) off-site locations are not subject to subsection (Y)(1); and (b) all off-site affordable units for a covered development must receive certificates of occupancy prior to issuance of the first certificate of occupancy for the market-rate units in the covered development.

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3) The off-site location shall be appropriately zoned to allow for the proposed project. No increase in density or financial assistance from the city shall be required in order to accommodate the off-site affordable units.

4) Developers must pay a fee of \$5,000 per unit to pay the expenses of the department in connection with monitoring and administering compliance with the requirements of this subsection. Any fees collected under this subsection shall be deposited into the Affordable Housing Opportunity Fund and used and disbursed in accordance with subsection (J).

(BB) Nexus study for density fee for non-covered developments . No later than December 1 of 2021, the Department of Housing shall conduct a Nexus Study to determine what, if any, density fee can be instated for new construction of residential or non-residential developments which are not considered Covered Developments. The Nexus Study shall look at the relationship between the development of as of right New Constructions and the impact it has on displacement and the demand for affordable housing in the city and the nexus between such a fee and supporting affordable housing development and operation..

(CC) Severability Clause. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code, or any portion thereof, is in conflict with any provision of this ordinance, the provisions of this ordinance control. If any section, paragraph or provision of this ordinance shall be held invalid by any court, that invalidity shall not affect the remaining provisions of this ordinance.

MARIA HADDEN Alderman, 49th Ward

(DD) Effective Date. This ordinance shall be in full force and effect 90 days after its passage and publication.

Attachments

Exhibit A -DePaul IHS Study

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DePaul Institute for Housing Studies Report

Exhibit A

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(Attached)

December 2019

Technical Addendum: Mapping Displacement Pressure in Chicago, 2019

Project Overview

In 2017, IHS developed an analysis and interactive, web-based mapping tool that visualizes neighborhood-level displacement risk and housing affordability pressures across the City in order to 1) support ongoing and future public investment decisions and 2) guide practical and proactive responses to preserving housing affordability in neighborhoods. The Mapping Displacement Pressure in Chicago project brings together the housing market and demographic information needed to begin an evaluation of the potential displacement risk surrounding a proposed project and to help inform conversations about lost housing affordability and displacement throughout the City.

In 2018, IHS updated its Mapping Displacement Pressure in Chicago project with 1) updated data for changing sales prices and current conditions, 2) additional tract-level data on current conditions relevant to understanding the vulnerability characteristics and housing preservation opportunities in neighborhoods, and 3) an analysis that identifies neighborhoods with emerging and intensifying displacement pressure compared to the previous study released in 2017. This paper updates this same analysis with the newest data available from the IHS Data Clearinghouse for 2019.

This technical addendum addresses methodological changes and provides new maps and tables relevant to the 2019 study. For more detail on the project purpose, supporting literature, study components, and technical features, see the full 2017 technical paper for the project: Mapping Displacement Pressure in Chicago (2017).

Mapping Displacement Pressure in Chicago (2018) Analysis Components

The Mapping Displacement Pressure in Chicago project includes two separate analytical layers for City of Chicago census tracts: 1) a market segmentation analysis that identifies neighborhood types with similar demographic, socioeconomic and housing stock characteristics associated with vulnerability to displacement in a rising cost environment and 2) a geospatial analysis of housing sales data for 1 to 4 unit properties that classifies neighborhoods with rising costs and the risk of declining affordability.

Given that the data used in the market segmentation analysis layer largely come from census tract-level American Community Survey (ACS) sources, the same analytical layer for defining vulnerability is used in 2019 study as was used in the 2017 and 2018 studies. This is because the ACS data reflecting the rolling 5-year period 2011 to 2015 and 2012 to 2016 is largely the same as the new ACS 5-Year period 2013 to 2017.

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IHS will continually evaluate the differences between ACS samples and will reissue the market segmentation layer when significant changes in the data are identified. For more information on the method, data sources, and results of the market segmentation analysis see: Section 2 - Market Segmentation Analysis from: Mapping Displacement Pressure in Chicago (2017).

This technical addendum documents data sources, summary tables and maps, and methods for the updated and new components of the 2019 Mapping Displacement Pressure in Chicago project, including the Housing Market Analysis, the Displacement Risk Typology, the identification of census tracts with emerging and intensifying displacement pressure compared to the previous study, and sources and methods for deriving the contextual data features included in the Mapping Displacement Pressure in Chicago interactive mapping tool.

Housing Market Analysis (2019)

Consistent with the previous two analyses, this analysis uses parcel-level data on 1 to 4 unit property sales activity and geospatial techniques to identify neighborhood-level prices in data years 2012 and 2018 relative to surrounding areas to 1) classify census tracts based on data year 2018 sales prices and 2) classify census tracts based on changes in prices between these two periods relative to the City of Chicago as a whole. The analysis also uses the same data preprocessing, normalization, kriging interpolation techniques, aggregation, and qualitative testing method as the 2018 and 2017 studies.

In 2018, IHS did alter the method for typology development to allow for comparison between the 2017 and 2018 studies. For the 2017 study, the aggregated values derived from the kriging interpolation were distributed into seven separate classes by equal intervals, where the top category represented approximately the highest 14 percent of sales values for the entire range of values in the given year, and so on. These were further consolidated into three groupings for easier visualization, known as high-cost, moderate-cost and lower-cost areas. In order to reflect the relative change in data from 2017 to 2018 given overall changes in Chicago's housing market in 2018, IHS again adjusted the two threshold values of the three housing market groups for the 2019 study (high-cost, moderate-cost, and lower-cost) by using the Z stat of data year 2016 with the mean and the standard deviation of data year 2018. Based on the inverse log of the range of values in data year 2018 multiplied by 1500, the approximate dollar value of a 1500 square foot property for each type follows:

High-cost: Greater than \$304,870

Moderate-cost: Between \$113,944 and \$304,870

Lower-cost: Less than \$113,944

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The classification for declining, stable, rising, and rapidly rising sales prices did not change between the current 2019 study and the previous 2017 and 2018 studies.¹ The current study maintains the same category thresholds in order to allow for comparisons to the previous two studies.

A small group of census tracts have been observed to oscillate from category study to study. These "volatile" census tracts represent 7.1 percent of the data and analysis has found a range of conditions impacting the tendency for a census tract to jump back and forth from high, moderate, or low-cost. These reasons range from low counts of sales, small shares of the stock in 1 to 4 unit parcels, sales price levels near the threshold for one category or another, to market volatility. For example, in a transitional neighborhood experiencing a mix of both low value sales and high value flips, the composition of sales year to year can vary drastically. In the 2019 study, this phenomenon occurred in a census tract in Woodlawn where price levels were moderate cost in 2017 and lower cost in 2018. This census tract has high levels of flipping activity which has caused median sale prices to fluctuate by 40 percent between 2017 and 2018 as low cost properties are acquired, rehabbed, and resold - sale prices range from \$35,000 to \$480,000. In the Mapping Displacement Pressure mapping tool, IHS has flagged these census tracts as "volatile census tracts" and practitioners should take these factors into consideration when assessing displacement risk.

Figure 1 illustrates the results of the update housing market analysis and Figure 2 maps these results. For more information on the techniques and data sources used see: Section 3 - Housing Market Analysis and Section 5 - Technical Appendix from: Mapping Displacement Pressure in Chicago (2017).

Figure 1. Results of the Housing Market Analysis for City of Chicago, 2018

Current Market Conditions in 2018

High-Cost
Moderate-Cost
Lower-Cost
Total Census Tracts

Declining (negative percent change)

0 1 0 1
Change in Sales Price, 2012 to 2018
Stable (less than 9.5 percent change) Rising (9.5 to 21.6 percent change) Rising (greater than 21.6 percent change)
14 85 152 251
126 137 56 319

168 47 4 219

Total Census Tracts

308 270 212 790

Source: IHS calculations of data from Cook County Recorder of Deeds via Property Insight, Record Information Services, Cook County Assessor

The category thresholds did not change to preserve continuity with the original study, but it is worth noting that the average change in sales prices between 2012 and 2017, 2018, and 2019 for the City of Chicago is different. In the 2017 study, the average change in sales prices for the City of Chicago was 11.3 percent and the median change was 9.5 percent. In the 2018 study, the average change in sales prices for the City of Chicago was 14.9 percent and the median change was 12.1 percent. In the 2019 study, the average change in sales prices for the City of Chicago was 18.3 percent and the median change was 14.8 percent.

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Figure 2. Map of Results of the Housing Market Analysis for City of Chicago, 2018

4 Lincoln Square 3 North Center
6, Lake View
7, Lincoln Park
8 Near North Side
9 Erlson Park
10 Norwood Park
^11 Jefferson Park,
12 Forest Glen
13 North Park
14 Albany Park
15 Portage Park
16 Irving Park
17 Dunning
18 Montclare
19 Belmont Cragin
20 Hprmosa
'21 Avohdale
22 Logan Square
23 Humboldt Park
24 West Town
25 Austin
26 West Garfield Park
27 East Garfield Park
28 Near West Side
29 North Lawndale
30 South Lawndale
31 Lower West Side
32 Loop
33 Near South Side
34 Armour Square .35 Douglas
36 Oakland i37 Fuller Park

38 Grand Boulevard
39 Kenwood

Source: Source: IMS calculations of data from Cook County Recorder of Deeds via Property Insight, Record Information Services, Cook County Assessor

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Displacement Risk Typology (2019)

Consistent with previous Mapping Displacement Pressure in Chicago reports, this analysis combined the results of the market segmentation analysis and updated housing market analysis to identify census tracts with 1) high concentrations of population vulnerable to displacement in a rising cost environment and 2) census tracts where house prices were rising or rapidly rising between data years 2012 and 2018. Figure 3 illustrates the results of the combined segmentation study and housing market analysis, updated in 2019. Figure 4 maps these patterns.

Figure 3. Results of the Housing Market Analysis for Vulnerable City of Chicago Submarkets, 2018

Change in Sales Price, 2012 to 2018

Cluster 1

Cluster 5

Cluster 6

Declining (negative percent change)

0.0% 1.0% 0.0% 1.0%
41.9% 11.4% 0.0% 53.3%

Current Market Conditions in 2018

High-Cost Moderate-Cost Lower-Cost Total Census Tracts

High-Cost	0.0%	0.5%
Moderate-Cost	0.0%	5.4%
Lower-Cost	0.0%	0.5%
Total Census Tracts	0.0%	6.5%

High-Cost	0.0%	0.0%
Moderate-Cost	0.0%	0.6%
Lower-Cost	0.0%	1.1%
Total Census Tracts	0.0%	1.7%

Rising (9.5 to 21.6

; percent change)

20.0% 15.2% 2.9% 38.1%

15.8% 30.4% 1.1% 47.3%

1.1% 3.4% 19.6% 24.0%

Significantly

Rising (greater than 21.6 percent change)

0.0% 7.6% 0.0% 7.6%

6.5% 27.7% 12.0% 46.2%

0.6% 10.6% 63.1% 74.3%

61.9% 35.2% 2.9% 100.0%

22.8% 63.6% 13.6% 100.0%

1.7% 14.5% 83.8% 100.0%

Source: IHS calculations of data from Cook County Recorder of Deeds via Property Insight, Record Information Services, Cook County Assessor

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Figure 4. Vulnerable City of Chicago Submarkets with Rising Sale Values, 2018

MUNITY AREA

- 40 Washington Park
- 41 Hyde Park
- 42 Woodlawn
- 43 South Shore
- 44 Chatham
- 45 Avalon Park 4b South Chicago
- 47 Burnside
- 48 Calumet Heights
- 49 Roseland

50 Pullman
51 South Deering
52 East Side
53 West Pullman
54 Riverdale
55 Hegewisch ■ib Garfield Ridge
57 Archer Heights
58 Brighton Park
59 Mr.Kinloy Park
60 Bridgeport
61 New City 02 WestElsdon 63 Gage Park G4 Clearing 65 West Lawn 6G Chicago Lawn
67 West f nglewood
68 Englewood
69 Greater Grand Crossing
70 Ashhiirri
71 Auburn Gresham
72 Beverly
73 Washington Heights
74 Mount Greenwood
75 Morgan Par k
76 O Hare
77 Fdgewater

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1 Rogers Park
2 West Ridge
3 Uptown
4 Lincoln Square
5 North Center
6 Lake View
7 Lincoln Park
8 Near Noah Side
9 Edison Park

High-cost Moderate-cost Low-cost

10 Norwood Park
11 Jefferson Park
12 Forest Glen
13 North Park
14 Albany Park
15 Portage Park
16 Irving Park
17 Dunning
18 Montclare
19 Belmont Cragin
20 Hormosa
21 Avondal
22 Logan Square
23 Humboldt Park
24 West Town
25 Austin
26 West Garfield Park
27 East Garfield Park
28 Near West. Side
29 North Lawndale
30 South Lawndale
31 Lower West Side
32 Loop
33 Near South Side
34 Armour Square
35 Douglas
36 Oakland
37 IullerPark
38 Grand Boulevard
39 Kenwood

Source: IHS calculations of data from Cook County Recorder of Deeds via Property Insight. Record Information Services. Cook County Assessor
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Analyzing Changes in Displacement Risk, Emerging and Intensifying Areas

As part of its 2018 Mapping Displacement Pressure in Chicago report release, IHS produced an accompanying report analyzing changes between the 2017 displacement risk map and the 2018 displacement risk map. In 2019, IHS examined changes between the 2018 study and the new 2019 study.

This analysis focuses specifically on areas where displacement pressure has intensified during the previous study period and the current study year - profiling neighborhoods that have graduated to a higher risk category or areas where displacement risk has been a recent development. IHS also observes other types of shifts including census tracts where the risk was moderated between data years 2017 and 2018 or census tracts that were price stable or experienced slight declines in prices, however. As discussed above, in order to ensure that the changes observed between data years 2017 and 2018 were a result of the shifting price levels in the census tract and not due to an overall shift in values citywide, IHS normalized the threshold values to facilitate comparison between each Mapping Displacement Pressure in Chicago study. The definitions for each type of shift follows and Figure 5 illustrates these shifts for census tracts in the City of Chicago.

Intensifying

A census tract where displacement pressure increased between data years 2017 and 2018. This is a census tract that is vulnerable to displacement with rising costs in both periods, but where the relative level of affordability (high-cost, moderate-cost, lower-cost) increased as of the 2019 report. For example, a census tract that was vulnerable to displacement with moderate prices that were rising according to the 2018 study that in the 2019 study is now defined as high-cost.

Emerging

A vulnerable census tract that had stable or declining prices according to the 2018 analysis, but where prices are now rising above the city average as of the 2019 report. These census tracts were not flagged as neighborhoods with displacement risk in the 2018 report but are flagged in the 2019 map.

Moderating

A vulnerable census tract that became relatively more affordable as of the 2019 report relative to the City as a whole and its previous classification in 2018. Slight shifts in price levels are normal, and these shifts were not significant enough that IHS would say that vulnerable households are no longer experiencing pressure.

Intensifying Emerging Moderating Other

Total Vulnerable-Rising Tracts

10
10
13
123 156
19
43
27
307 396

Source: IHS calculations of data from Cook County Recorder of Deeds via Property Insight, Record Information Services, Cook County Assessor

Intensifying and Emerging Areas, 2019

Most areas identified by IHS as likely experiencing some level of displacement pressure in 2017 did not see sufficient changes in prices in 2018 to either exacerbate or reduce housing affordability pressure. Of the 361 census tracts in the City with resident vulnerability and rising or rapidly rising house prices, the level of pressure did not increase or decrease between 2017 and 2018 in 85 percent of census tracts. Instead, these areas continue to have similar displacement pressure and risk for lost affordability as the previous year. Despite remaining stable, these areas should continue to be a focus for policymakers as they evaluate potential future development and plan for maintaining and increasing housing affordability amid planned investment.

Intensifying Displacement Pressure Areas

» *High-cost areas with vulnerable populations that were previously affordable*

Neighborhoods include parts of Irving Park just west of the Kennedy Expressway and the Blue Line Addison CTA stop, the pocket of West Town just south of Humboldt Park, and census tracts near the terminus of the Brown Line in Albany Park and the 18th Street Pink Line station in Pilsen. In 2017, IHS identified these areas as moderate-cost but have recently seen accelerated prices and are now among the highest cost areas of the City. Vulnerable populations in these communities are likely undergoing increases in housing cost burdens or active displacement, and proactive planning is essential to preserving affordability and neighborhood diversity. Despite rising values, median prices in these areas are slightly lower than high-cost areas in Chicago more generally.

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» *Moderate-cost areas with vulnerable populations that were previously lower-cost*

Neighborhoods include sections of New City and Grand Boulevard served by the Orange and Green and Red Line CTA

trains, and two census tracts in South Lawndale west of the California Pink Line CTA stop and proposed site of the future El Paseo trail. In last year's report, census tracts to the east of this group in South Lawndale also intensified. Moderate-cost communities with intensified displacement pressure were among the lower-cost areas of the City in IHS's 2017 report, but have recently appreciated in value to be included among the more moderate-cost neighborhoods in Chicago. While certain areas may simply be stabilizing in values, the proximity of these sites to rapid transit and to proposed future developments raises concerns about future displacement risk.

Emerging Displacement Pressure Areas

» High-cost areas with vulnerable populations that were previously price-stable High-cost areas with vulnerable populations that were previously price-stable neighborhoods include transit-accessible sections of Bridgeport and Portage Park, Jefferson Park, the Near North Side, and Edgewater and areas in Irving Park, Logan Square, and Rogers Park surrounded by neighborhoods where IHS has flagged rising prices. These communities have long been higher-cost, but have only recently seen increases in prices above the City average, which may amplify affordability challenges and displacement pressure for the vulnerable populations living in these communities.

» Moderate-cost areas with vulnerable populations that were previously price-stable Neighborhoods include parts of Rogers Park, Albany Park, and McKinley Park- well served by transit- and portions of South Shore including the Jackson Park Highlands and other census tracts near the future site of the Obama Presidential Center. Recent price appreciation and their strategic locations near stronger markets, transit, and proposed development may indicate future lost affordability and possible speculative investment activity in these neighborhoods. These areas may be candidates for more aggressive interventions to preserve affordability and community ownership.

» *Lower-cost areas with vulnerable populations that were previously price-stable*

Neighborhoods include many parts of Englewood and West Englewood, and areas adjacent to census tracts where prices have been rising in South Shore and Greater Grand Crossing. These areas are still among the lowest-cost areas of the City and are where, recently, increasing values are a positive trend. Still, these communities are in need of continued investment in tandem with strategies to increase resident incomes and increased community ownership.

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Sources and Methods for Contextual Interactive Map Tooltip Data

In response to feedback that additional context would be helpful to better understand more about the nature of affordability and displacement pressures occurring in census tracts, IHS updated its Mapping Displacement Pressure in Chicago Interactive Map in 2018 with contextual data on neighborhood rents, housing stock, and the share of the population that is non-white. These data were updated in 2019 to reflect the most current data from each source. Additional information about these data as well as the sources and methods for calculating these data follows:

Share of rental units with gross rents that are less than \$900

Data on the share of units in a particular census tract with gross rents that are below \$900 is an indicator tracked by IHS to approximate the unsubsidized or "naturally occurring" affordable housing stock. Affordable rental housing that receives no subsidy comprises the vast majority of the stock of affordable units across the United States. The source of these data is the 2017 ACS 5-Year Estimates table B25063. Census tracts with unreliable estimates, i.e. margins of error exceeding 30 percent, are flagged in the tooltip.

A gross rent level roughly at or below \$900 has been the benchmark for a unit with affordable rent used by IHS to study shifts in the County's "affordability gap" in its annual report on the State of Rental Housing in Cook County. The relationship between the number of rental households that demand affordable housing (defined as a household earning 150 percent of poverty or a household occupying a unit affordable to a household earning 150 percent of poverty) and the number of rental units affordable to these households at 30 percent of their income is the basis for IHS's "affordability gap" calculation. In 2017, the most recent data year available, 150 percent of poverty was an income of \$37,641.00 and an affordable gross monthly rent was \$941.00. In IHS's 2019 State of Rental Housing in Cook County report, IHS documented that the persistent affordability gap in the City of Chicago was driven not by increased demand for affordable rental by these households, but rather by a declining supply of units affordable to these households.

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Share of total housing units that are in two to four unit buildings

Two to four unit buildings are a critical component of the unsubsidized affordable rental housing stock in many cities, including Chicago. According to analysis by Enterprise Community Partners and University of Southern California, two to four unit buildings have the lowest rents and are more likely to serve the lowest-income renters than rental housing located in other building types. IHS research has shown that while the largest share of Chicago's rental housing is in buildings with between two and four units, this critical component of the rental stock is threatened in both strong and weak housing markets. Between 2010 and 2016, nearly 15,000 units in two to four unit buildings disappeared from the stock due to conversion to single family homes, demolition, or deterioration. It is likely that the decline in the affordable supply tracked in IHS's 2018 and 2019 State of Rental Housing in Cook County report can be attributed to the disappearance of the two to four stock in Chicago neighborhoods.

The share of housing units that are in 2 to 4 unit buildings is calculated from data maintained in the IHS Data Clearinghouse of parcel level administrative data and is current as of 2018. The original source of the data is the Cook County Assessor.

Share of total housing units that are Project Based Section 8

Whereas the majority of lower-income households who live in affordable housing do not receive any subsidy, the subsidized or government-assisted rental stock makes up a substantial portion of housing units in certain neighborhoods. This indicator tracks a component of the government-assisted stock, units that have Project-Based Section 8 certifications. Unlike voucher-based assistance which is given to households, Project-Based Section 8 is tied to housing units and have affordability periods which require them to remain affordable until that term expires. As housing demand and costs increase in a neighborhood, owners of these units can be targeted to extend these affordability requirements. Additionally, a large share of units with project-based section 8 certificates may moderate the displacement risk in a community due to their affordability terms.

Information on the number of units that receive subsidy through the project-based section 8 program were identified using data from Housing and Urban Development's A Picture of Subsidized Households. Data on the universe of total housing units was derived from the 2017 ACS 5-Year Estimates table B25001. Census tracts with unreliable estimates, i.e. margins of error exceeding 30 percent, are flagged in the tooltip.

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Share of total population that is people of color

In order to ensure that the issue of displacement risk could be viewed through a lens of racial equity, IHS included the share of the population that is people of color as a census tract-level indicator in the Mapping Displacement Pressure in Chicago interactive map tooltip. These data are sourced from the 2017 ACS 5-Year Estimates table B03002 and includes counts of individuals in the category of 'Hispanic or Latino' and counts of individuals in the category of 'Not Hispanic or Latino' minus individuals in the 'White alone' category. Census tracts with unreliable estimates, i.e. margins of error exceeding 30 percent, are flagged in the tooltip.

IHS's market segmentation analysis, developed to identify neighborhoods with population-level vulnerability to displacement due to housing affordability pressures, did not include race or ethnicity in the clustering process. Race and ethnicity were not included in the clustering process due to the ways in which historical geographic patterns of racial segregation in the City of Chicago overwhelm the modeling algorithm and overpower other factors strongly associated with displacement risk, such as renter share, cost-burden, income, age, and etc. Post analysis included in the 2017 study highlights that most areas experiencing displacement pressure have high concentrations of people of color. For more on these results, see Section 2 - Overview of Market Segmentation Clustering Results from: Mapping Displacement Pressure in Chicago (2017).

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Alderman Ward 11 1 | Page
man Maria E. Hadden regarding Chicago Inclusive

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Alderman Ward 22

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Matthew Martin

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Alderman Ward 50
rman Maria E. Hadden regarding Chicago Inclusive

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