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MAYOR EMANUEL ANNOUNCES PILOT INITIATIVE TO GENERATE NEW AFFORDABLE HOUSING OPTIONS IN GENTRIFYING NEIGHBORHOODS

Pilot Will Create 1,000 Affordable Units Over Three Years on the Near South and West Sides

Mayor Rahm Emanuel today joined Alderman Walter Burnett and Alderman Joe Moreno to announce a pilot initiative to enhance affordability requirements for large residential development projects in gentrifying areas on the Near North and Near West sides, and along Milwaukee Avenue. Over three years, the initiative is expected to create up to 1,000 affordable units in areas that need them.

“Access to affordable housing is critical to Chicago’s legacy as one of the world’s most livable big cities, especially as the real estate market undergoes unprecedented neighborhood development,” Mayor Emanuel said. “This initiative will create more affordable units in targeted areas while helping the city to assess the most effective ways of meeting neighborhood affordable housing goals.”

To be introduced to City Council on Sept. 6, the proposed improvements would be implemented as three-year pilot programs in areas determined through demographic data to be experiencing gentrification pressures. The Milwaukee Corridor pilot area would cover approximately nine square miles along Milwaukee Avenue within portions of Logan Square, Avondale and West Town. The Near North/Near West Pilot Area would cover approximately six square miles near the North Branch Industrial Corridor on the Near North Side and along the Green Line on the Near West Side.

The improvements in each area would expand the provisions of the 2015 Affordable Requirements Ordinance (ARO), which requires a 10 percent affordability component for all new projects with 10 or more units that receive a zoning change. The 2015 ARO also requires at least 25 percent of the required affordable units to be located on site or off-site, with the remaining obligation to be met through in-lieu fees up to \$225,000.

The pilot initiative eliminates the in-lieu fee option to generate more affordable units within each area.

For the Milwaukee Corridor pilot area, the improvements would also:

- Increase the 10 percent ARO unit obligation to 15 percent if a developer opts to build on-site and 20 percent if a developer opts to build off-site within the pilot area.

- Increase the number of households eligible for affordable units by expanding the pool of eligible tenants to those earning up to 80 percent AMI (\$50,600 for a two-person household)

To date, 60 projects with more than 3,100 units in the proposed boundaries of the Milwaukee Corridor pilot area have triggered the ARO.

“This pilot initiative will enhance livability for residents by addressing the specific needs of our community,” Ald Moreno said. “As our neighborhoods grow and job opportunities increase, the availability of affordable housing must increase as well.”

For the Near North/Near West pilot area, the improvements would address the unique needs within two distinct zones to create affordable workforce housing for the thousands of new jobs expected to be generated in the downtown area by the North Branch Industrial Corridor modernization initiative and to stabilize Near West Side neighborhoods experiencing limited housing investment.

- In the Near North Zone, the improvements would increase the 10 percent ARO unit obligation to 20 percent. Half of the required units must be built on site or off-site within two miles in the same ARO zone (60 percent AMI/\$37,920 for a two-person household). The remainder could be built anywhere in the same pilot area (100 percent AMI/\$63,200 for a two-person household).
- In the Near West Zone, the improvements would increase the 10 percent ARO unit obligation to 15 percent. Two-thirds of required units must be built on site or within 2 miles and in the same ARO zone (60 percent AMI) and one-third of the required units could be built anywhere within the pilot area (100 percent AMI)

To date, 34 projects with more than 4,600 units in the proposed boundaries of the Near North/Near West pilot area have triggered the ARO.

“By improving upon and expanding the ARO, we will be able to meet the growing need for affordable housing and create more options for residents, especially those in areas experiencing gentrification pressures,” Ald. Walter Burnett said.

Zoning applications that trigger the ARO have increased 103 percent between 2014 and 2016.

“The pilot initiative is designed to balance the strong residential market we’re seeing in certain neighborhoods with ongoing affordability and community investment goals, especially where investment has been slow to recover from the recession. We think it can effectively do both, resulting in a stronger housing market citywide and stronger families in the process,” said DPD Commissioner David L. Reifman.

City housing and planning staff will monitor the impact of the pilots on the creation of affordable units and local development and consider what refinements may be appropriate to either continue or expand the policy both during and at the conclusion of the three-year term. More information about the ARO is available at www.cityofchicago.org/dpd.

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