

DOWNTOWN

# As Citywide Crisis Deepens, Residents Await Lightfoot's Master Plan On Affordable Housing

LENS ON LIGHTFOOT: "I don't want us to go into the future continuing to be known as one of the most segregated cities in the country," the mayor said.



Alex Nitkin, The Daily Line

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**Credit:** Colin Boyle/ Block Club Chicago  
Mayor Lori Lightfoot at City Hall in February 2020.

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CITY HALL — To hear Mayor Lori Lightfoot tell it, none of her administration's efforts to tackle the intractable problems facing Chicago stands a chance of success unless dramatically more Chicagoans have a stable place to live.

But nine months into the mayor's term, Lightfoot has yet to map out a comprehensive plan to address the need for 119,000 more affordable homes in Chicago, a gap diagnosed by a 2018 study by DePaul University's Institute for Housing Studies.

Lightfoot said the ultimate aim of her affordable housing policy is to "break up segregation in our city."

"It's got to be viewed in an entire ecosystem of making sure we've got stable affordable housing for people in lots of different neighborhoods, and we also keep moving forward with [new] developments,"



Lightfoot told [The Daily Line](#) during an exclusive interview.



The mayor said she is working to reduce that shortfall by using the limited resources at the city's disposal to ensure new homes and apartments are built as quickly as possible, including units large enough to accommodate families.

"I want neighborhoods to be diverse — I think that's an aspiration that we should have as a city," Lightfoot said. "Now I'm not naïve about the difficulties of going from that aspiration to reality, but that is a goal that we should have as a city. I don't want us to go into the future continuing to be known as one of the most segregated cities in the country."

Lightfoot's administration has checked off several items on the 10-point housing plan her campaign released in 2018, but city officials' hands have been tied by a limited pool of taxpayer dollars and a persistent budget crisis.

Other promises, like curbing aldermen's power to block new housing and imposing a real estate transfer tax to fight homelessness, sputtered after crashing up against political barriers.

Helping the hundreds of thousands of Chicagoans who struggle to afford somewhere to live is a central plank of Lightfoot's effort to "end poverty in Chicago in a generation."

"Just as housing discrimination and the absence of affordable choices have been central to creating poverty in Chicago, housing will also be a central tool to ending it," Lightfoot said during a speech on Feb. 14.

## New leadership

Lightfoot had been mayor for a single day when she announced Marisa Novara was her choice to lead the city's housing department.

As vice president of the Metropolitan Planning Council, Novara oversaw a two-year study that calculated the cost of segregation in Chicago at billions of dollars, reducing the city's budget, personal incomes and property values. The report offered dozens of policy recommendations, including implementing a graduated real estate transfer tax and limiting the power of aldermen to block new affordable housing proposals.

Lightfoot said she was looking for a leader who "came from the affordable housing space" to ramp up the fledgling city department following former Mayor Rahm Emanuel's efforts to revive it late in his second term. Emanuel in 2018 separated housing officials from the Department of Planning and Development, reversing a 2008 decision by former Mayor Richard M. Daley to merge the agencies.

"I wanted to make sure that the decision to reinvigorate the Housing Department was real, because it was announced, but it wasn't really stood up," Lightfoot said. "I got to know Marisa [Novara] over the last couple years and felt like she would be the right kind of leader for the moment that we're in right now."

One of Novara's first tasks was to fulfill Lightfoot's campaign promise to create new rules for how the city awards low-income housing tax credits through a so-called Qualified Allocation Plan. The federally required plan lays out the criteria officials would use to prioritize which developments get the coveted tax credits.

The \$12 million in annual credits up for grabs represent a tiny fraction of the housing assistance available for Chicago renters, but the city's commitment to submit a new plan every two years sends an important signal to affordable housing developers, according to Joy Aruguete, president of the nonprofit Bickerdike Redevelopment Corporation.

"It took me about a decade of working [in Chicago] before I'd seen a [Qualified Allocation Plan], so I had no idea how our projects were being evaluated," Aruguete said. "The city has done general QAPs in the past, but it has not been a very open or transparent process...It matters, because when you're constantly trying to meet a neighborhood's need for affordable housing, and you're only given the opportunity to apply every five or seven years, you're limited in what you can do."

The most recent plan, introduced in August, allowed income averaging for affordable set-asides in new developments to broaden the income ranges of renters who could benefit. Housing officials also eliminated the requirement that applications include a letter of support from the local alderman, in keeping with Lightfoot's effort to prevent aldermen from having veto power over any development.

## Whose voices will prevail on the Affordable Requirements Ordinance?

Low-income housing tax credits represent one remedy in an alphabet soup of state and federally backed housing programs that city leaders are responsible for distributing.

But activists and real estate interests have focused on the city's Affordable Requirements Ordinance as the most immediate way to reduce the shortfall of affordable homes, said Leah Levinger, executive director of the Chicago Housing Initiative and a lead organizer with the Our Home, Chicago coalition.

"The ARO is one of many programs, but it's one of the only things the city can do at this point to really throw its heft around," Levinger said. "You can't minimize the impact of the city using its own zoning powers to get affordable units built."

In September, after Novara hired researcher and author Daniel Hertz as the department's director of policy, officials formed a task force to help guide the city through its revamp of the Affordable Requirements Ordinance.

The group's conclusions, due later this year, "will form a lot of our strategy and what our policy is going to be going forward," Lightfoot said.

The ordinance created fewer than 500 affordable units during the 12 years after it became law, according to data released by the Lightfoot administration.

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### **Affordable Requirements Ordinance**

The ordinance, whose mandates were cranked up in 2015 and 2017, “definitely hasn’t met its goals,” Lightfoot said.

During the 2019 mayoral campaign, Lightfoot proposed a series of tweaks to the ordinance that would limit developers’ ability to opt out of including affordable units as part of new developments.

The ongoing work of the task force represents an open question for the future of Chicago housing policy, and a source of frustration for both developers and activists demanding immediate changes to what they see as a broken system.

Builder and landlord groups contend that the law actually hampers the creation of affordable housing because it makes it harder for developers to piece together construction financing, jeopardizing their building plans, according to Michael Mini, president of the Chicagoland Apartment Association.

“We view the issue of affordable housing as one of supply, that we simply need more housing at all levels, and we’re hopeful that the mayor sees that,” Mini said. “Given the increasing costs and regulatory burden affecting apartment owners in general, we’re hopeful than whatever recommendations [the task force] comes up with are not going to impede development.”

However, a coalition of neighborhood groups and affordable housing nonprofits have lined up support from more than half the City Council for a proposal they said would give the law more teeth.

The Development for All Ordinance would require developers to set aside 10 percent of units as affordable for new developments in “low-rent neighborhoods,” 20 percent in “moderate-rent neighborhoods” and 30 percent in wealthy and gentrifying neighborhoods.

The ordinance was “the result of months and months of discussion and engagement with housing-insecure people, our member organizations and aldermen” before Lightfoot took office, according to Noah Moskowitz, an organizer with One Northside Housing and a member of the task force.

The Development for All draft ordinance is a “valuable document, but it won’t be the definitive document” for guiding the city’s approach to the Affordable Requirements Ordinance, Lightfoot said.

Stakeholders “on the outside of government...make assumptions about what the world looks like, and all activists view things through their lens,” Lightfoot said.

“When you govern from inside, you have to have a broader lens, and you have to look at the long-term implications of a lot of different things,” Lightfoot said. “That is typically a very different perspective than a lot of folks outside government who can afford to take a more pure, absolutist position. I have to look at things from a much broader perspective.”



Mayor Lori Lightfoot speaks at City Hall in February 2020.

The mayor added that she was sensitive to developers who say that heightened inclusion requirements are hampering the construction of new homes.

"You have to solve what we hear all the time from commercial developers, but also community-based developers, to make sure that the deal works," Lightfoot said.

"Meaning that you can get financing, that you can service the debt, while at the same time maximizing the number of affordable units. So part of what I'm hoping we will learn from this task force is separating truth from fiction on those issues."

Despite their concerns, Mini and Moskovitz both said they were "cautiously optimistic" about the task force's ultimate recommendations, owing to its inclusion of both real estate professionals and on-the-ground activists.

## Who funds affordable housing?

Before Emanuel took office in 2011, the city dedicated about \$7 million from its annual corporate fund to feed the city's Low-Income Housing Trust Fund, which subsidizes renters who earn less than 30 percent of the city's area median income. City officials have since used developer opt-out fees to shore up the fund instead, a practice Levinger called a "a shell game" using a revolving door of fees to support the same pool of renters.

Lightfoot's 2020 budget adds \$5 million to the fund to expand the pool of renters who are subsidized by the trust fund, from 2,700 households to 3,200 households.

"It's excellent she did that, but we want to see it all restored," Levinger said. "We should not be relying on opt-out fees to fund this program."

Ald. Walter Burnett (27th) said he also supports putting an end to using in-lieu-of fees for the trust fund, a practice he called "robbing Peter to pay Paul."





Ald. Walter Burnett Jr. (27th) at a City Council meeting in February 2020.

“We have to have less reliance” on ad-hoc funding sources, Burnett said. “If development stops and we get no more ARO money, how do you support [the Low-Income Housing trust Fund]? For those [renters] that need money every year, how would you support them?”

Lightfoot announced the funding boost after she reversed her campaign's vow to push a graduated real estate transfer tax hike through the state legislature and use the revenue to fund homelessness and affordable housing services, a move that drew sharp backlash from housing advocates.

The mayor did push state lawmakers to enact a law legalizing the graduated tax, but she proposed using the revenue — estimated between \$80 million and \$150 million — to help plug the city's \$838 million budget gap, instead of attacking homelessness.

The measure did not come to a vote last year, but Lightfoot returned to Springfield this month to advocate for the new law. She rejected a revived effort to use some of the revenue for homelessness programs, calling the idea a “non-starter.”

## No end in sight to aldermanic prerogative

Ending the unwritten rule of aldermanic prerogative over city decisions has been one of the cornerstones of Lightfoot's administration, but the mayor has yet to dent aldermen's power to call the shots over zoning decisions in their own wards.

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Lightfoot proposed during her campaign to pass an Affordable Housing Equity Ordinance, which would have required any proposal including affordable units to “automatically go through a streamlined process for approval” if they are planned in wards where less than 10 percent of housing stock is affordable.

The mayor has not publicly supported the ordinance since she took office.

When asked by The Daily Line how she plans to prevent aldermen from killing proposals for affordable housing in their wards, Lightfoot said, "I think you have to have that fight."

"I'm not going to reveal all my secrets," on how to get affordable developments approved in wealthy neighborhoods, Lightfoot said. "It's a real issue, but that has to be viewed in a larger context and frame."

*The 'Lens On Lightfoot' project is a collaboration of seven Chicago newsrooms examining the first year of Mayor Lori Lightfoot's administration. Partners are the BGA, Block Club Chicago, Chalkbeat Chicago, The Chicago Reporter, The Daily Line, La Raza and The TRiBE. It is managed by the [Institute for Nonprofit News](#).*



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