



BUSINESS

# City seeks to boost supply of affordable housing, particularly downtown and in gentrifying areas

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Housing developers building downtown and in gentrifying neighborhoods would have to boost the number of affordable units they create under a plan by city officials.

The reworked Affordable Requirements Ordinance, introduced Wednesday by Mayor Lori Lightfoot and the Chicago Department of Housing, is an attempt to close the city's affordable housing gap and slow the displacement of families in gentrifying neighborhoods.

Developers aren't keen on the proposed changes but some housing advocates say the measures should go further.

The current ordinance, passed in 2015, requires residential developers putting up buildings with more than 10 units who receive city funding, require a zoning change or build on city-owned land to designate at least 10% of the units for rents below market rate or pay fees to the city.

Some projects are required to include a higher percentage of affordable units, and the revised ordinance would raise the bar to 20% for developers of rental housing downtown, in neighborhoods with little affordable housing or in gentrifying areas.

In addition, the city seeks to restrict developers' ability to pay fees to the city rather than build affordable units. A developer would have to build half the required affordable units on-site or elsewhere, and could pay fees to satisfy the remainder of the requirement. Under the current ordinance, developers only have to build 25% of the units.

Marisa Novara, commissioner of the city's Department of Housing, said the changes are intended to increase the supply of affordable homes in areas that lack them, serve lower-income households, expand the number of family-sized units and emphasize affordability near transit.

Novara said the city is about 120,000 affordable housing units short of what is needed. "I wish there were a switch that we could flip to fix that," she said. "I think the reality is that it (the solution) is multipronged and multiple steps forward."



New construction, right, is seen Jan. 14, 2020, along The 606 trail at North Campbell Avenue in Chicago. (Jose M. Osorio / Chicago Tribune)

Since the first version of the ordinance was passed in 2007, more than 1,000 affordable units in market-rate developments have been constructed and developers have paid more than \$124 million of "in lieu of" fees, according to a Housing Department task force report.

The current ordinance has been plagued with shortcomings. In [a 2018](#)

The current ordinance has been plagued with shortcomings. In [a 2019 investigation](#), the Tribune found that the number of affordable residences being built was below City Hall projections by some measures, and the developer fees were mostly steered away from gentrifying neighborhoods.

Many of the affordable units were built as studios or one-bedroom apartments, making them too small for families, the Tribune found.

Affordable units are frequently lost as they become more expensive, or multifamily buildings are demolished or converted to single-family homes, said Geoff Smith, executive director of DePaul University's Institute for Housing Studies, which provided data and technical support to the task force examining the Affordable Requirements Ordinance.

"This type of ordinance, the ARO, is one of the few resources that the city has to generate new units or generate revenue to support affordable housing," he said. "Efforts to strengthen it, to get more units produced, to target neighborhoods where that loss of affordability is a greater risk, those are all really important considerations."

Developers have criticized the city's affordable housing requirements. Chicago-based real estate consultant David Wolf said the new rules would further slow new projects, particularly as the city contends with high taxes, high construction costs and the lingering effects of COVID-19 on the market.

"Everyone agrees that we need to figure out a solution to have more affordable housing and create less segregation of the neighborhoods," he said. "I just think that there might be a misconception as to how profitable these developments are."

Housing advocates and some aldermen have [pushed for stronger affordable housing rules](#). One key sticking point: the fees developers are allowed to pay instead of adding affordable units.

Getting rid of the fees is “simply not a step the city is willing to take,” Novara said.

“If the city eliminated all of the in lieu fees, it would render about 3,000 very low income families homeless because the Chicago Low Income Housing Trust Fund receives the bulk of its funding from in lieu fees,” she said. “That’s simply not a step we are willing to take at this moment in time.”

Chicago resident Edwina Davis called for the ordinance to require more family-sized units and lower the income requirements for renters.

“I am concerned because we live in a city where me working one job at minimum wage full-time is not enough to afford a so-called affordable home for my family of four under the ARO,” Davis said during a virtual news conference from the advocacy group Chicago Housing Initiative Tuesday morning.

“If they can’t increase the amount of ARO units in a whole development by including some family units, it makes it easier for us to be pushed out of the development and eventually the neighborhood,” she said.

Those were also key issues to Ald. Byron Sigcho-Lopez, 25th, who also is a sponsor of [a separate housing ordinance](#). He has called for more units to be set aside for affordable residences in areas where families are being displaced, such as the rapidly gentrifying Pilsen neighborhood and around The 606 elevated park on the Northwest Side.

“We have a huge need of affordable housing and regulation is part — not the silver bullet — but part of the package and comprehensive approach to address the housing crisis that looms almost inevitable,” he said.

The proposed changes to the affordable housing ordinance follow [several recent proposals](#) designed to protect affordable housing near The 606 and in Pilsen.

The City Council previously adopted an anti-deconversion ordinance designed

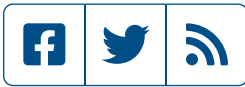
to make it harder for developers to purchase buildings with multiple apartments and convert them into expensive single-family homes.

It also passed an ordinance designed to protect housing density near The 606 by ruling that only multiunit buildings could be developed on nearby blocks under certain conditions.

Aldermen also approved a plan to assess additional fees of several thousand dollars on building demolitions in the two areas.

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