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FOR IMMEDIATE RELEASE

September 10, 2014

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MAYOR EMANUEL, ALDERMAN BURNETT, ALDERMAN PAWAR AND THE CHICAGO FOR ALL COALITION INTRODUCE ORDINANCE TO PRESERVE AFFORDABLE SINGLE-ROOM OCCUPANCY AND RESIDENTIAL HOTEL HOUSING

Commitment to Preserving Up to 700 Single-Room Occupancy and Residential Hotel Units in Gentrifying Areas by the End of 2018

Mayor Rahm Emanuel, Alderman Walter Burnett, Alderman Ameya Pawar, and the Chicago for All Coalition introduced today an ordinance that will establish a framework for preserving affordable, single-room occupancy (SRO) and residential hotel buildings, combat the displacement of SRO and residential hotel residents and generate new revenue for the preservation of existing buildings. The City has also committed to preserving as many as 700 SRO and residential hotel at-risk housing units in gentrifying neighborhoods by the end of 2018.

"Working with housing advocates, aldermen, and building owners, we have made a commitment to establish a balanced framework for preserving and improving housing stock for some of Chicago's poorest and most vulnerable residents," said Mayor Emanuel, "SROs and residential hotels provide safe and affordable housing options throughout our City, and we will work to ensure that they remain viable."

Under the ordinance, a building owner looking to sell will be required to provide a six-month window for any nonprofit organization or group of residents seeking to maintain the building as affordable to prepare an offer. In this new structure, existing SROs and residential hotels that undergo conversion to market-rate residential will be required to maintain 20 percent of the units as affordable, or pay a preservation fee to reduce that requirement.

"These protections will increase the safety and security of housing for Chicago's neediest residents," said Alderman Burnett. "The people who live in these SROs deserve the same chance to live in a safe and affordable home as any other Chicagoan."

“Working with Mayor Emanuel, my fellow Alderman, property owners and ONE Northside, I believe that we have come up with a balanced ordinance that protects the needs of SRO residents while allowing for economic change,” said Alderman Pawar. “I applaud the Mayor’s commitment to preserve SRO units and hope that this ordinance enables the poorest Chicago residents some peace in knowing that they will have a safe and protected place to live.”

To ensure that additional housing options for residents are still provided in SROs and residential hotel buildings that are sold or converted, the ordinance also outlines affordability and preservation fee requirements. If a building owner decides to sell to a private developer and goes through the ordinance process, that new owner will have the choice of maintaining 20 percent of the units as affordable, or reducing that amount by paying a preservation fee of \$200,000 per required unit. Current owners can also opt out of the sales processes altogether by paying a preservation fee equivalent to \$200,000 times 30 percent of the number of units in the property.

"We are pleased with the Ordinance the Mayor is introducing this morning. We look forward to continue working with stakeholders to enact a long-term solution to the loss of SROs that has been plaguing our neighborhoods in recent years," said Norm Kaeseberg, member of ONE Northside and Chicago for All.

To better protect current residents of SROs and residential hotels, building owners or purchasers will be required to pay a relocation payment of either \$2,000 or three months’ rent, whichever is greater, to residents who are permanently displaced after a sale or conversion.

The ordinance defines an affordable SRO or residential hotel unit as one with a monthly rent not exceeding 30 percent of the monthly income of a resident who receives an income of no more than 50 percent of the area median income. For a one-person household in the Chicago area, this means that units must be affordable to a resident with an annual income of no more than approximately \$25,000 and rents cannot exceed \$600-700 a month, depending on whether utilities are paid for by the building.

SROs and residential hotels, which are generally acknowledged as the housing of last resort for some city residents, have declined in number dramatically over the past five years. Since 2008, 30 of the City’s licensed SROs have closed and only 5,000 to 6,000 units remain in the City’s 73 licensed SROs. According to the Chicago for All Coalition, since 2011, developers have converted more than 1,600 SROs and residential hotel rooms into higher-priced residential buildings.

The Chicago for All Coalition is headed by ONE Northside, the Chicago Coalition for the Homeless and the Sargent Shriver National Center on Poverty Law. The Mayor, Alderman Burnett, Alderman Pawar, and the Chicago for All Coalition developed the ordinance to stem further displacement of vulnerable residents and help keep Chicago’s neighborhoods economically viable for all residents.

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