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**MAYOR EMANUEL INTRODUCES NEW DOWNTOWN BONUS SYSTEM TO GENERATE FUNDS
FOR NEIGHBORHOOD COMMERCIAL DEVELOPMENT PROJECTS**

Proposal Would Support Developments in Neighborhoods That Need Jobs and Economic Opportunities

Mayor Rahm Emanuel is introducing new development regulations that will allow downtown construction projects to increase their height and size in exchange for supporting commercial projects in neighborhoods that need jobs and economic opportunities.

"This proposal will enable our most thriving areas to also provide jobs and economic opportunities in our most struggling neighborhoods and communities," Mayor Emanuel said. "These new regulations will send a clear message to developers that their desire for increased density is our neighborhoods' opportunity. This is a smarter and simpler approach to generating funding for neighborhood retail corridors in areas of Chicago that need them the most."

The Mayor's proposal would modernize the "floor area bonus" system that currently allows developers to build taller, larger buildings in exchange for investment in plazas, arcades, upper-level setbacks, and other on-site amenities. Developers would instead make voluntary financial contributions to a funding stream that supports commercial development projects that enhance retail corridors and create jobs in neighborhoods lacking private investment.

The financial contribution for each additional square foot of space would be based on an existing formula already available for certain types of bonuses: the median cost of land per buildable square foot multiplied by 80 percent. For example, if a project proposes to exceed allowed floor area by 10,000 square feet and the median cost of land is \$43, the formula would be 10,000 multiplied by 80 percent of 43, resulting in a \$344,000 payment.

Approximately \$50 million could be generated by the new system over the next several years, based on recent downtown development trends.

Financial contributions made through the revamped system would be deposited into three new development funds, each with a specific purpose.

- Neighborhood Opportunity Fund: Would receive and allocate 80 percent of all bonus contributions to support development projects within underserved neighborhood commercial corridors, such as grocery stores, restaurants and cultural facilities that

drive foot traffic to neighborhood businesses. Eligible costs would include site preparation and assembly for new or expanding businesses, public improvements, design and employee training programs.

- Citywide Adopt-A-Landmark Fund: Would receive and allocate 10 percent of all bonus contributions to support the restoration of structures designated as official landmarks by City Council. The current Adopt-a-Landmark bonus is restricted to 2,000 feet from the development site.
- Local Impact Fund: Would receive and allocate 10 percent of all bonus contributions to support improvements within 2,640 feet of the development site, including public transit facilities, streetscapes, open spaces, river walks and other sites, including landmarks. Most of the current bonuses for similar improvements are restricted to 2,000 feet from the development site.

Developer payments would coincide with building permit applications involving one or more phases of each construction project. Individual projects exceeding \$250,000 of subsidy from the fund would require City Council approval. Grants under that threshold would be made through an application process following community-based guidelines, similar to the City's Small Business Improvement Fund program. The areas eligible for Neighborhood Opportunity Fund investments are based on a concentrated disadvantage index created from census-tract data on the percentage of female-headed households, households receiving food stamps, individuals below the poverty line, residents under 18 years of age, and residents unemployed.

The current floor area bonus system offers 20 different ways that developers can add more density than zoning allows, including winter gardens, through-block connections, widened sidewalks, water features, green roofs, and other amenities or commensurate payments.

Since early 2012, 24 downtown projects used 38 bonuses to add about 17 percent more space to their projects, or about two million square feet.

Quality design amenities could still be expected in new downtown buildings due to developers' need to attract and maintain tenants, as well as the city's zoning review process that puts a premium on quality architecture and design. That process would further be refined to foster design excellence involving the city's largest development projects.

As part of the revamped system, Mayor Emanuel is proposing to expand the geography in which new development projects could be built with a downtown district (D) zoning designation. The additional 1,000 acres in transit-served areas along the north, northwest, west and southern perimeter of downtown could potentially expand the D district by approximately 25 percent. New projects that are approved for D district zoning in the expansion areas would be eligible to seek additional floor area through the revamped bonus system. Any D district rezoning would take place in a separate ordinance through the local alderman.

The zoning review process would ensure the size and scale of new projects largely reflect existing development patterns in each expansion area, and the refined bonus system would ensure local infrastructure could absorb the potential impact of the increased density.

For more information about the existing bonus system and the proposed changes, visit cityofchicago.org/zoning.

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