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CITY COUNCIL APPROVES REVISED AFFORDABLE REQUIREMENTS ORDINANCE

Revised ARO outlines Community Preservation areas and other measures to address rapid development and gentrification to prevent displacement of low-income residents

CHICAGO – Today, City Council approved the revised Affordable Requirements Ordinance (ARO) designed to address the city's systemic patterns of segregation citywide. The revised ARO expands off-site options that target Chicagoans in the greatest need for affordable rental housing while also focusing on anti-displacement measures that allow long-time residents to remain in their communities and benefit from redevelopment. The revised ARO will encourage the production of more affordable and family-sized units, while also maintaining much-needed funding for current programs that support thousands of low-income renters.

"As city leaders, it is our responsibility to step up and do the work to reverse the adverse effects segregation has had on our city," said Mayor Lightfoot. "These effects, which include disinvestment, gentrification, and a historic life expectancy gap, are at odds with our values of equity and inclusion. Thanks to this ordinance, we will be able to better address these negative impacts and move our city that much closer to fully ensuring that all of our residents, regardless of their income, will have the ability and opportunity to live wherever they choose in Chicago."

The Affordable Requirements Ordinance requires residential developments that receive a zoning change, City financial assistance or involve City-owned land, provide a percentage of units at affordable prices. The current ordinance, passed in 2015, applies to residential developments of 10 or more units and requires that developers provide 10 percent of their units at affordable prices or pay in-lieu fees that the department then uses for affordable housing citywide. The revised ordinance increases the set-aside downtown, in neighborhoods with low current levels of affordable housing, and in neighborhoods facing displacement of low-income residents to 20%. It also reduces the number of units that may be paid out with in-lieu fees from 75% to 50%.

"The ARO exists to create affordable housing in parts of the city that have long excluded low-income people of color. This revision is the culmination of an



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extensive and inclusive process that brought together housing advocates, developers and stakeholders to better advance that purpose,” said DOH Commissioner Marisa Novara. “With its passage, the Department of Housing will be one step closer to its vision of the equitable distribution of resources citywide so that every Chicagoan can choose and remain in quality housing that’s affordable, safe, and healthy.”

With many neighborhoods and low-income residents facing displacement due to rapid development, the revised ARO outlines Community Preservation areas in communities where there is evidence of displacement based on housing market and demographic changes. The revised ARO will direct more off-site affordable units into these communities facing displacement of low-income residents and in high-cost areas. Additionally, it will create a path for off-site partnerships with mission-driven developers to preserve existing housing stock as affordable.

“The passage of this ordinance ensures that the ARO will house Chicagoans regardless of their economic status or where they choose to live,” said Chairman Harry Osterman, Housing & Real Estate Committee, “By doubling the requirement and providing mandates for accessible and family-sized units, the new ARO framework addresses inequities in housing that can no longer persist in Chicago.”

The revised ARO is a result of an 18-month process that began in October 2019 with a public call for applications for an Inclusionary Housing Task Force. The Task Force was chaired by Aids. Walter Burnett (27), Harry Osterman (48), and Byron Sigcho-Lopez (25), Tony Smith of PNC Bank, Stacie Young from Preservation Compact, as well as Juan Sebastian Arias, who joined the Mayor’s Office in July 2020 from the Metropolitan Housing Council. The task force report was [published](#) in September 2020. In addition to the task force, DOH solicited input from focus groups, a subject matter hearing, public comment and months of follow-up meetings with developers and advocates to inform the proposal introduced today.

“By passing this ordinance, we are not only acknowledging that segregation in Chicago is a real but also taking actionable measures to do something about it,” said Alderman Burnett, 27th Ward. “This is one step we are taking to make the city more equitable and inclusive while we reduce the displacement and discrimination that has long impacted Chicago communities of color.

The revised ARO will also:

- Extend the 20% set-aside into downtown and in high-cost community areas and/or displacement vulnerabilities
- Increase the proportion of affordable units that must be built from 25% to 50% of set-aside



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- Allow off-site units to be built in any part of the city lacking in affordable housing or threatened with displacement
- Require that if the triggering development is in a transit-oriented development (TOD) zone the off-site units must also be in a TOD zone
- Add mandates and incentives for developers to create deeply affordable and family-sized affordable units
- Increase accessibility standards and adopt preferential leasing for tenants who need an accessible unit
- Require income averaging at 60% and 50% area median income (AMI) tiers to accommodate more low-income earners
- Add 100% AMI tier when matched with subsidies for lowest-income earners

The revised ARO is one of the City's tools in the creation and preservation of affordable housing throughout Chicago and advances the goal of addressing the systems that perpetuate discrimination and displacement of residents of color. Earlier this month, Mayor Lightfoot announced the Blueprint for Fair Housing, a plan to address the City's housing segregation, disparities in access to opportunity, and history of inequitable investment over the next five years. In March, DOH released the country's first Racial Equity Impact Assessment (REIA) on a Qualified Allocation Plan (QAP) which distributes Low-Income Housing Tax Credits (LIHTC). The REIA will inform how, where and to whom the department allocates tax credits, and how DOH incorporates a racial equity lens to garner opportunities for community wealth building.

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