



City of Chicago



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City Council Document Tracking Sheet

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Status: Introduced

Sponsor(s): Burnett, Walter
Munoz, Ricardo

Type: Ordinance

Title: Amendment of Chapter 2-45 of the Municipal Code of Chicago by inserting a new Section 2-45-115 concerning Affording Housing Goals.

Committee(s) Assignment: Committee on Finance
Committee on Housing and Real Estate
Joint Committee

Substitute to the substitute ordinance concerning Tax Increment Financing Districts.

WHEREAS, The City of Chicago (the "City") is a home rule municipality as described in Section 6(a), Article VII of the 1970 Constitution of the State of Illinois and, as such, may exercise any power and function pertaining to its government and affairs; and

WHEREAS, Pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., the City may use incremental tax revenues to the benefit of taxing district in redevelopment project areas; and

WHEREAS, The City of Chicago has recognized the benefits of using incremental tax revenues to provide affordable housing to its residents in an ordinance adopted July 31, 2002, and published at pages 90839 through 90859 in the Journal of Proceedings of the City Council of such date; and

WHEREAS, it is a public purpose of the City to promote fair housing by achieving a diverse and balanced community with housing available for households of all income levels as a matter of basic fairness; and

WHEREAS, the foreclosure crisis has increased the need for affordable housing in the City; and

WHEREAS, revenue is needed to lessen the impact of the foreclosure crisis by converting foreclosed buildings to affordable housing; and

WHEREAS, economic diversity fosters social and environmental conditions that protect and enhance the social fabric of the City, improve the City's climate for economic development, and are beneficial to the health, safety and welfare of its residents; and

WHEREAS, the National Association of Homebuilders estimates that 1,030 full-time jobs are created for every 1,000 units of multi-family housing built; and

WHEREAS, housing is a human right; and

WHEREAS, there is a shortage of affordable housing in the City for low-income households; and

WHEREAS, an increasing proportion of the city's households live in overcrowded or substandard housing; and

WHEREAS, a significant proportion of the City's households devote an excessive percentage of their income to pay for housing; and

WHEREAS increasing numbers of Chicago's children are experiencing housing instability and homelessness negatively impacts children educationally, emotionally and physically and imposes increasing burdens on the Chicago Public Schools; and

WHEREAS, the inadequate supply of affordable housing for City residents and local employees will have a negative impact upon the ability of local employers to maintain an adequate local work force and will otherwise be detrimental to the public health, safety, and welfare of the City and its residents; therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO, AS FOLLOWS:

SECTION ONE: RECITALS. The foregoing recitals are incorporated herein as the findings of the City Council.

SECTION TWO: Section 2-45 of the Municipal Code of the City of Chicago is hereby amended by inserting a new Section 2-45-115 as follows:

(a) For the purposes of this Section:

“Affordable Housing” means at least 50 percent of the housing units in any development are affordable to households at or below 50 percent of the Chicago Primary Metropolitan Statistical Area median income adjusted for household size for rental housing or at or below 80 percent of the Chicago Primary Metropolitan Statistical Area median income adjusted for household size for ownership housing.

“The Chicago Community Land Trust” or “CLT” means the Illinois not-for-profit corporation established by ordinance adopted on January 11, 2006, and published at pages 67997 through 68004 in the Journal of Proceedings of the City Council of such date, and having as its primary mission the reservation of long-term affordability of housing units.

“Commissioner” means the Commissioner of Community Development.

“Developer” means any person who develops housing units, but does not include a lender or any governmental entity.

“Development” means construction, or rehabilitation of housing units, including vacant properties or properties in foreclosure, except currently occupied single-family ownership housing units.

“Obligate” means pass a City Council ordinance authorizing a Redevelopment Agreement.

“Preservation” means rehabilitation of housing units, except currently occupied single-family ownership housing units, for the purpose of maintaining those units as affordable housing.

“Housing unit” means a room or suite of rooms designed, occupied or intended for occupancy as a separate living quarter with cooking, sleeping and sanitary facilities

provided within the unit for the exclusive use of the occupants of the unit; provided that a "housing unit" does not include dormitories or hotels as that term is defined in Section 13-4-010 of the Code.

- (b) In every fiscal year, the City shall obligate for the development and preservation of affordable housing an amount equal to at least 20 percent of the aggregate tax increment revenue collected in the previous fiscal year.

At least 40 percent of the units developed from funds obligated by the City each year shall be affordable to households at or below 30 percent of the Chicago Primary Metropolitan Statistical Area median income adjusted for household size.

- (c) The City shall require that developers verify that all families have a gross annual income that is less than the maximum allowed for the unit necessary to comply with the redevelopment agreement at the time of sale of an ownership unit, at the time of initial rental of a rental unit, and every subsequent year that a family remains in a rental unit. The City shall require that developers determine gross annual income by examining source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for the family, obtain from the family a certified, written statement of the amount of the family's annual income and family size, and maintain source documents that can be made available upon the City's request. The City will conduct annual audits of developer records under this sub-section.
- (d) If, because a developer is not able to fulfill its commitment under a redevelopment agreement, excess funds were obligated to a project under a redevelopment agreement, or for any other reason, funds obligated under this Section can reasonably be determined not to be likely to be spent on the affordable housing development and preservation contemplated under a redevelopment agreement, the City must re-obligate such funds to affordable housing development and preservation within the fiscal year of when funds under this Section can reasonably be determined not to be likely to be spent on the affordable housing development and preservation contemplated under a redevelopment agreement.
- (e) If a development is feasible and otherwise qualifies for tax increment financing under Illinois state law, the City has approved the development for any amount of TIF financing, there are sufficient funds available in the TIF to finance the development and preservation in which the development is planned, and the development will not be completed unless tax increment funding is provided under this Section, then all costs eligible for TIF financing, or the amount of the demonstrated gap in financing, whichever is less, must be covered by the tax increment revenue to be obligated pursuant to this section.
- (f) All new construction of affordable housing developed under this Section must obtain Chicago Green Homes Program Certification.

- (g) All affordable housing ownership housing units developed pursuant to this Section shall be placed in the CLT.

All affordable housing rental housing units developed pursuant to this Section shall remain affordable in perpetuity or so long as the law allows.

- (h) The Department of Community Development will file quarterly reports on its activity under this Section. The Department of Community Development will report to the City Council on such quarterly reports. Such quarterly reports will include: (1) a description of every development obligated under this Section including, the name of the developer, the name of the development, the address of the development, the number of units in development, the TIF district(s) from which the tax increment financing was generated, the ward where the development is located, the income level for which the housing units in the developments were created, whether the funds are being used for construction, preservation, and/or rehabilitation, and the date of closing if closing has occurred (2) an accounting of the income levels for all housing units for which tax increment revenue was obligated in the last quarter and fiscal year-to-date (3) the total number and dollar value of affordable housing development and preservation projects submitted through the Request for Proposal ("RFP") process during the previous quarter and during the previous fiscal year-to-date (4) the total number and dollar value of affordable housing development and preservation projects approved through the Request for Proposal ("RFP") process during the previous quarter and the fiscal year-to-date (5) the funds obligated under this Section during the fiscal year-to-date (6) the city-wide TIF revenue generated in the previous fiscal year.

- (i) The Department of Community Development will conduct a Request for Proposal Process in order to obtain applications from developers for the use of funds provided pursuant to this Section. The Requests for Proposal will include: (1) the total amount of money budgeted for each TIF when each TIF was created, (2) the total amount of money committed through Redevelopment Agreements to be used in each TIF since each TIF was created, (3) the total amount of money each TIF has collected at the date of publication of the Request for Proposal.

- (j) Nothing in this section shall require the City to nullify or alter its existing formal contracts or redevelopment agreements for the use of tax increment revenue funds that have completed the formal approval process and received final city council approval at the time of passage of this ordinance.

- (k) The Commissioner is authorized to adopt such rules and regulations as the Commissioner may deem necessary for the proper administration and enforcement of this Section.

- (l) Nothing in this Section shall be construed in any way to diminish the power of aldermen or the city council to approve or disapprove of developments that receive TIF funds.

- (m) Except as otherwise permitted by law, the TIF revenue generated in a TIF district will be used only in that TIF district from which the funds were generated.

SECTION THREE: This ordinance shall be in full force and effect on the first day of the next fiscal year following the passage of this ordinance.

Walter Burnett, Jr 27th
Rt Ms 22nd