

Obama CBA Ordinance Outline

Short Description:

1. **New Affordable Requirements.** The Obama CBA Ordinance create a 30% affordable units requirement, with no option to pay in-lieu of the requirements, for new developments of 3 or more units. The requirements will also apply to substantial rehabs of buildings that are 6 units and over. All city land will have heightened affordability requirements.
2. **Create a community engagement process through a race equity lens and establish an Ongoing Housing and Displacement Study.** Require the Department of Planning and Development along with the Department of Housing to study housing pressures and displacement in the Area through a racial equity lens and engage in a community driven racial equity impact assessment. The process will release quarterly updates.
3. **Create the Right of First Offer for Tenants.** Requires that all buildings in the Area be first offered for sale to the tenants prior to soliciting or accepting any offers for sale from third party purchasers.
4. **Establishes a Community Trust Fund.** The Community Trust Fund will be seed funded from the City and pursue a mission of preventing displacement and retaining community wealth for long-time residents. Private entities are necessary to fully fund the Trust. The Trust will be funded by a Commercial Linkage fee for large commercial developments.
5. **Creates Property Tax Displacement Task Force.** Creates a community driven task force with the County Assessor's office to identify ways to reduce the property tax stress on long-time residents.

Geography: The CBA Ordinance will apply to a 2 mile radius extending from the proposed Obama Center

SECTION 1: CREATING NEW AFFORDABLE HOUSING

Overview: Establishing a 30% set aside for new affordable housing

1. **Affordability Requirements:** Create a "ARO Pilot" area in the 2 mile radius around the Obama Presidential Center (OPC) which would create requirements for developments to maintain affordable units
 - a. **Applicability:**
 - i. *Zoning:* Any request for a zoning change that creates three or more new units
 - ii. *City Land:* Any development on land currently or previously owned by the City
 - iii. *City Financial Aid:* Any development that receives financial aid from the city, such as TIF funds
 - iv. *Substantial Rehabs:* Any construction, modifications, rehabilitation, remodeling, or other building projects on buildings of six or more units which are seeking building permits of \$100,000 or more. Rehabs which simply bringing a building up to code or done only to make a building accessible for people with disabilities will not trigger this section.
 - v. *Teardowns:* Any teardown of a building with 3 or more units.
 - b. **Affordable Units Requirement**
 - i. *Zoning Changes:* 30% of all units will be designated as Affordable Units

- ii. *City Land*: 100% of all units created on current or former city owned land will be designated as Affordable Units or qualify in some other manner (listed below)
 - iii. *City Financial Aid*: 30% of all units will be designated as Affordable Units
 - iv. *Substantial Rehabs*: 30% of all units will be designated as Affordable Units
 - v. *Teardowns*: The higher number of either 30% of the number of original units in the previous building OR 30% of the number of units in the new building
- c. Affordability Definition for Rental Units
 - i. *Affordable Rental Units*:
 1. 1/3rd of the Affordable Rental Units must be affordable for households earning up to 30% AMI
 2. The remaining 2/3rd of the Affordable Rental Units must be affordable for households earning up to 50% AMI
 - ii. Affordable Rental Units in TIF funded projects:
 1. 2/3rd of the Affordable Rental Units must be affordable for households earning up to 30% AMI
 2. The remaining 1/3rd of the Affordable Rental Units must be affordable for households earning up to 50% AMI
- d. Affordability Definition for Sales Units
 - i. Affordable Sales Units must be sold at 100% AMI
 - ii. TIF Funded projects must reserve half of the Affordable Sales Units to be sold at 80% AMI
- e. City Land:
 - i. For City land, all units created must qualify as one of the following:
 1. Affordable Rental Units
 2. Affordable Sales Units
 3. Units created through the program "City Lots for Working Families" however, only with a restriction that the affordable sales units be only available to purchasers earning up to 100% AMI (down from 140% AMI)
 4. Public housing developments, including mixed income CHA developments
 5. Sales to current residents of the Area
 6. Units contributed to a qualifying Community Land Trust
 - ii. The City should aggressively look to acquire vacant land in the neighborhood
- f. Bonuses for multi-bedroom units
 - i. In developments that have more than 10 units and are subject to the affordability requirements:
 1. At least thirty percent (30%) of the affordable units must be two or more bedroom units
 2. An additional twenty percent (20%) of the affordable units must be three or more bedroom units.
- g. Exemption: Owner-occupied buildings with 6 or less units are exempt from the ordinance
- h. Alternatives to Compliance:

- i. *In-Lieu Fee*: Developers will not have the option to pay in-lieu of the requirements
- ii. *Community Land Trust*: Developers may contribute an equal number of units to a qualifying Community Land Trust
- iii. *Off-site Development*: Developers may build the required number of units off-site within the geographic boundaries of the area

SECTION TWO: AND RACIAL EQUITY-BASED COMMUNITY ENGAGEMENT PROCESS, COMMUNITY BENEFITS REQUIREMENTS, AND ANTI-DISPLACEMENT STUDY:

Overview: Establish a ongoing study regarding displacement in the Area, conducted through a racial equity lens and done so in partnership with the community. This further requires a specific community engagement process for all developments seeking a zoning change.

1. **Establish a standing Anti-Displacement Process, Study, and Recommendations:**
 - a. Create a standing commission to study housing in the area: Require the Department of Planning and Development along with the Department of Housing to study housing pressures and displacement in the Area through a race equity lens. The study should release quarterly updates which include recommendations to (a) prevent displacement from current homes and from the area generally, (b) build community wealth, (c) retaining and creating affordable rental and sales housing, and (d) reduce tax burdens for long-time homeowners.
 - b. Propose Anti-Displacement Solutions. The City and its Departments will provide regularly updated policy and program proposals to address the findings of the Study.
 - c. Conduct a Racial Equity Impact Assessment: The Anti-Displacement study and proposals shall be done through a racial equity lens with robust community engagement process. It may be done through coordinating with an experienced independent third party to conduct a Race Equity Impact Assessment or in coordination with the City of Chicago's Chief Equity Officer.
2. **Establish a Heightened Requirement of Community Engagement for New Developments**
 - a. All new developments in the Area which (a) request a zoning amendment and any other density related change or (b) receive financial assistance from the City must conduct an equity focused community engagement process. This applies to all developments, including those that are not subject to the affordability requirements listed in Section 1.
 - b. The Chief Equity Officer shall coordinate on the community engagement process.

SECTION THREE: PRESERVING AFFORDABLE HOUSING THROUGH SALES TO RESIDENTS

1. **Right of First Offer**
 - a. Legally requires building owners in buildings of 2 units or more to offer the building for sale to the rental tenants prior to entering into a sales agreement with a third party. Tenants would have 90 days to submit an offer to purchase. If there is no offer, building owners would then be able to sell the building to a third party for no less than offered to the tenants.
 - b. Any building purchased will have long term affordability requirements.

SECTION FOUR: COMMUNITY TRUST FUND

Overview: Seed-fund a Community Trust Fund and provide incentives for private party contributions

1. Trust Fund Goals:

- a. Establish and/or support locally controlled and focused Community Land Trust(s) specific to the needs of the Area
- b. Subsidizes low-income long-time residents' rent
- c. Pay for long-time residents' property tax increases
- d. Grants for home repairs for long-time residents
- e. Provide loans and grants for building owners to preserve and/or expand affordable housing
- f. Supporting local economic development
 - i. Support careers and good paying jobs for long-time residents
 - ii. Provide loans, grants, and other financing to local businesses
 - iii. Provide local economic development grants
 - iv. Fund innovative workforce development initiatives
 - v. Establishing business development center for career building and creating a pipeline to good jobs, including union jobs
 - vi. First source hiring office

2. Trust Fund Structure:

- a. The Board will be representative of the community and its long-time residents.

3. Funding

- a. The City will provide initial seed funding for the Trust Fund and will leverage its relationships with private funders.

4. Revenue: Commercial Linkage Fee

- a. New commercial developments, including hotels, bring new investment into the area, along with the substantial likelihood of displacement for low and moderate income households.
- b. A Commercial Linkage Fee will charge all new large commercial developments a per square foot fee prior to granting any zoning changes or building permits.
- c. A nexus study will be conducted to determine the appropriate size of developments subject to the fee and the per square foot cost.
- d. The Fee will not apply to smaller developers or any developments that are subject to the affordable housing requirements.

SECTION FIVE: PROPERTY TAXES

Overview: Freeze property taxes for properties in the area that have long-time resident owners whose property value has increased due to the development around the properties, but not the properties themselves.

1. Property Tax Relief for Long-Time Residents

- a. To the extent permissible, the City will temporarily not collect any increases of property taxes on long-time resident property owners who (a) live in the property and (b) are under 120% AMI.

- b. To the extent permissible, the City may also, instead of collecting the increase in taxes, may record the amount owed by the property owner and collect such amounts only upon the sale of the property. This shall not apply to any properties transferred through via wills or intestate succession.
 - c. This ordinance will sunset in 5 years.
- 2. **Create an anti-displacement task force**
 - a. The City will create a task force with the County Assessor's office to identify the mechanisms that the City and County can use to reduce the increase in property taxes for long-time low-income residents who are facing property tax increases due to development around them in the Area.