



Inclusionary Housing in Chicago: **The Affordable Requirements Ordinance (ARO)**

The ARO was created in 2003 and revised in 2007 to create affordable units in private-market developments. Developments subject to ARO (see below) must set aside 10% of residential units as affordable housing OR donate \$100,000 per required unit to the City’s Affordable Housing Opportunity Fund. For projects receiving financial assistance from the City, 20% of the units must be affordable.

Projects are generally subject to the ARO if they include ten or more residential units AND:

- Receive a zoning change that:
 - permits a higher floor area ratio (FAR);
 - changes from a non-residential to a residential use;
 - permits residential uses on ground floor, where that use was not allowed;
- Include land purchased from the City (even if purchase was at the appraised value);
- Receive financial assistance from the City; **OR**
- Are part of a Planned Development (PD) in a downtown zoning district.

Generally, **Projects are exempt from the ordinance** if

- Land was purchased between May 13, 2005 and May 13, 2007; **OR**
- Zoning Changes or PDs filed with the Zoning Administrator before August 21, 2007.

For-sale housing must be **affordable** to households earning 100% of the area median income (AMI) as defined by the US Department of Housing and Urban Development (HUD).

| HUD Median Income by number in Household <i>(effective 1/24/2014)</i> | | | | |
|---|---------------|---------------|---------------|----------------|
| Number in Household | 50% of Median | 60% of Median | 80% of Median | 100% of Median |
| 1 | \$25,350 | \$30,420 | \$40,550 | \$50,700 |
| 2 | \$29,000 | \$34,800 | \$46,350 | \$58,000 |
| 3 | \$32,600 | \$39,120 | \$52,150 | \$65,200 |
| 4 | \$36,200 | \$43,440 | \$57,900 | \$72,400 |
| 5 | \$39,100 | \$46,920 | \$62,550 | \$78,200 |

Using these income guidelines, the City’s uses a formula, based on the market price, assessments, and projected property taxes specific to each development to determine the unit’s maximum affordable price. Rental housing must be affordable to households earning 60% of the AMI.

Affordable units are typically placed in the **Chicago Community Land Trust (CCLT)**, which ensures the unit’s long-term affordability. The Department of Planning and Development income-qualifies purchasers/renters, and may provide marketing assistance. **For more information**, contact Marcia Baxter (312)744.0696 or Marcia.Baxter@cityofchicago.org