

Developer's Guide to the ARO (Affordable Requirements Ordinance)

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

- Received 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;
- Included land purchased from the City (even if purchase was at the appraised value);
- Received financial assistance from the City; **OR**
- Are part of a Planned Development (PD) in a downtown zoning district.

Generally, Projects are exempted 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.

Projects subject to the ARO are generally required to price 10% of residential units as **affordable** (as defined below). If projects receive financial assistance from the City, 20% of units must be affordable.

All forms referenced are available on the Department of Housing & Economic Development website.

Pre-Construction

City Contact: Kara Breems, 312.744.6746, Kara.Breems@cityofchicago.org

1. Get sign-off on the Affordable Housing Profile form. This form allows City staff to calculate the number and pricing of the affordable units required in your development, or the amount owed if you choose to make a payment in lieu of units. This form also helps us determine whether your affordable units will be included in the Chicago Community Land Trust (CCLT). A “pricing guide” is online – or contact us for an electronic version.

If your project is a PD, the City will typically require a PD statement that references your ARO obligation. The Affordable Housing Profile will also be required as an Attachment to the PD.

2. Make the payment-in-lieu or, if you are providing units, execute and record the City's “Affordable Housing Covenant and Lien” and provide a certified, recorded copy to the City. If you choose to provide units, you will be required to record a copy of the City's “Affordable Housing Covenant and Lien” (available by contacting Kara Breems). Once we receive a recorded copy of this document, we will release the hold on your building permit(s). This document is released after the affordable units are sold to City-qualified buyers.

During and After Construction

City Contact: Marcia Baxter, 312.744.0696, Marcia.Baxter@cityofchicago.org

3. Let us help market the units. Six months before construction is scheduled for completion – or when you commence marketing for the development (whichever comes first), contact Kara Breems to schedule a meeting to review the City's requirements and expectations for selling the affordable units. While we can't guarantee that your units will sell this way, the City can also help market your units via our website.

4. Qualify your Buyers (and

Renters). Your affordable buyers must: 1) receive a mortgage pre-approval letter; 2) be income-qualified by HED; and 3) receive the required

Number of Bedrooms	Assumed Family Size	60% of Median	80% of Median	100% of Median
Studio	1	\$31,860	\$42,500	\$53,100
1	1.5	\$34,140	\$45,525	\$56,900
2	3.0	\$40,980	\$54,600	\$68,300
3	4.5	\$47,310	\$63,100	\$78,850

homebuyer counseling at one of the City's pre-approved HUD-certified housing counseling agencies. Before signing a contract with a buyer, submit a completed application to Marcia Baxter, who will determine whether that buyer is qualified to purchase your affordable unit. After receiving all necessary documentation, Marcia will issue an Approval letter for each approved buyer. Prior to closing, the City's Law department will prepare the recapture agreement (or incorporate CCLT documents), which protects the unit's long-term affordability. Rental developers must enter into a written agreement with the City, and must qualify tenants during the 30-year affordability period.

For for-sale units, "affordable" generally means that **household** earnings must not exceed 100% of the current Area Median Income (AMI). For rental units, household earnings must not exceed 60% of the AMI.

5. Schedule your closings. A minimum of 15 days before you are ready to close, submit the **Closing Request Form** to HED. Your attorney must work with the City to prepare – and record – the documentation necessary for your buyers to keep affordable units affordable in perpetuity. Within 24 hours after the unit's closing, you are required to forward a copy of the Executed Mortgage Recapture Agreement and the RESPA to Marcia Baxter. For CCLT units, all executed documents should be returned to Teresa Lambarry.

6. Release the liens. Once the City receives the executed documents for all affordable units in a development, submit the "Covenant Release Form" to Kara Breems to release the Affordable Housing Covenant and Lien from the property. Allow two weeks for us to prepare the documents necessary to release your lien.

The Chicago Community Land Trust

City Contact: Teresa Lambarry, 312.744.5086, Teresa.Lambarry@cityofchicago.org

Your for-sale units will most likely be placed in the **Chicago Community Land Trust (CCLT)**. You will be informed whether your units have been accepted into the CCLT when you submit an Affordable Housing Profile form. Resale procedures and resale formula for CCLT units are governed by a deed covenant or long-term ground lease that ensures the units' long-term affordability. As a result, CCLT owners generally have reduced property taxes. Following are some specific requirements that you must keep in mind for CCLT units:

Condominium Declaration: you will need to include the "Provisions Relating to Restricted Resale Units" in your condominium declaration. The declaration should also include the breakdown of percent ownership by unit. If you or your attorney has any questions about this language, contact the CCLT.

Purchase Contract Attachments: the following documents must be attached to the purchase contracts for all CCLT units, with a copy given to the buyer and/or his/her attorney along with the contract.

- CPAN / CCLT Contract Rider: must be signed by the seller and purchaser with the purchase contract.
- Form of Affordable Housing Restrictive Covenant: NOT executed until closing, but attached to the contract for disclosure/reference.
- Homeowner's Acknowledgement of Affordability Requirements: This is Exhibit B of the Affordable Housing Restrictive Covenant and should be filled out and signed by the purchaser along with the purchase contract.

Upon executing a contract for an affordable unit, please forward the signed contract, rider and Homeowner Acknowledgment of Affordability Requirements to Teresa Lambarry.