

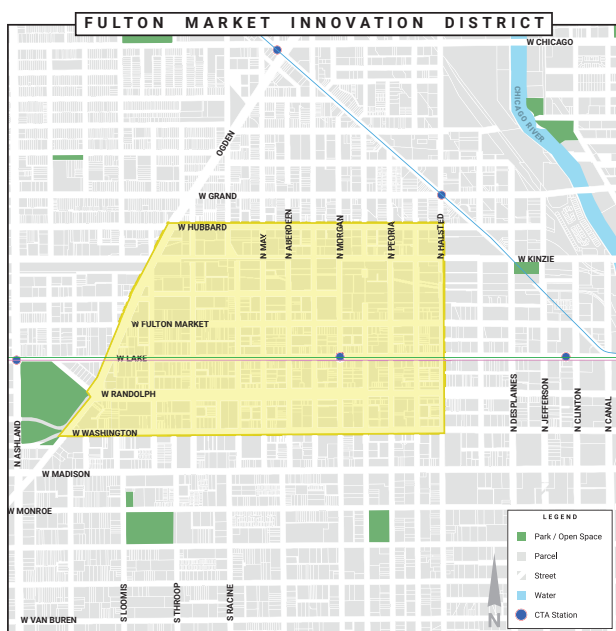


The City of Chicago will create mixed-use and mixed-income development by providing more affordable housing options in the Fulton Market Innovation District. To reach this goal, the City is providing affordable housing options to support the creation of a mixed use and mixed-income community that exceeds the goals of the ARO alone. The current Near North ARO Pilot Area has a 20% affordability requirement, which will continue after October 1, 2021 when the new ARO goes into effect. For the FMID area north of Lake Street, the City will work with developers to achieve a 30% affordability. Given current market conditions, the City expects the higher percentage will require public assistance.

## PUBLIC FINANCIAL ASSISTANCE PROGRAMS:

### 4% LIHTC and Tax-Exempt Bonds

- » 4% LIHTC provides a tax credit that can be sold as equity to finance the affordable housing units
- » 4% LIHTC is valued at 4% of the affordable basis, multiplied times 10, representing 1/3 of the affordable cost
- » Tax Exempt Bonds provide a source of predictable financing. At least 51% of the affordable costs must be financed with Tax Exempt Bonds to generate the LIHTC.



### 4% LIHTC AND TAX-EXEMPT BONDS AVAILABLE AS A RESOURCE FOR ARO+ PARTICIPATION

- » 4% LIHTC can be applied against all affordable housing units - including the first 20% required by ARO
- » Onsite, offsite in a standalone, and/or combined with other ARO obligations
- » Partnership with nonprofit and affordable housing developers is encouraged
- » City will not subsidize baseline ARO obligations with financial resources, such as LIHTC, unless 30% affordability is agreed upon.

[https://www.chicago.gov/content/dam/city/depts/dcd/kinzie/fmid\\_update\\_final.pdf](https://www.chicago.gov/content/dam/city/depts/dcd/kinzie/fmid_update_final.pdf)

## LOW INCOME HOUSING TAX CREDIT (LIHTC)

LIHTC is a public-private partnership in which investors provide equity for low-income rental developments in exchange for a federal tax credit over several years. The award of 4% LIHTC and tax-exempt bonds is done by application to the Department of Housing. After application and award, the credits are sold to an investor, and the proceeds become equity for the affordable housing development. The equity for the development can range from 30-40 percent of the affordable housing expenses.

## QUALIFIED ALLOCATION PLAN (QAP)

To help direct federal affordable housing resources to where it is most needed, the City develops a Qualified Allocation Plan (QAP). The QAP explains the process on how the City awards LIHTC and describes the selection criteria and application requirements for receiving these federal tax credits and tax-exempt bonds. More information at [Chicago.gov/qap](http://Chicago.gov/qap).

## ROLLING APPLICATIONS

Applications for 4% LIHTC are accepted on a rolling basis. A request for LIHTC and non-TIF resources must come through the competitive funding round held every 2 years. More information can be found here: <https://www.chicago.gov/city/en/depts/doh/provdrs/developers/svcs/multi-family-assistance.html>

## QUESTIONS

If your development contemplates the use of City financing for an affordable housing component, you are strongly encouraged to schedule an intake meeting with DOH to review any questions or concerns. Please use the linked intake form, found here: <https://webapps1.chicago.gov/eforms/housingdevelopment>

## CHA Housing Vouchers

ARO-subject rental projects in downtown districts or high-income areas may sell or lease their required affordable rental units to the CHA. If the developer sells or leases at least ¼ of the required affordable housing units to the CHA, the remaining in-lieu fees will be reduced by \$25,000 per remaining required affordable housing unit. The CHA units must be located on-site in order to receive the in-lieu fee reduction for any outstanding ARO obligation. Developers must apply to the CHA for the Property Rental Assistance Program (PRA). For more information on PRA please visit the CHA's website at [thecha.org/doing-business/praprogram](http://thecha.org/doing-business/praprogram).

## Multi-Family Funding

The City could subsidize 10% of a project's affordability through the use of HOME, AHOF, and CDBG dollars to help a developer of a residential development in the FMID get from 20% to 30% affordability. This public financial assistance is subject to availability.

## Kinzie TIF Funds

This option is not currently available but may be in the future.



Please contact [aro@cityofchicago.org](mailto:aro@cityofchicago.org) for more information about ARO+ in the FMID or visit: [chicago.gov/ARO](http://chicago.gov/ARO)