

Pathways to Removing Obstacles to Chicago Housing Initiative (PRO-CHI)

City of Chicago

Department of Housing

Pathways to Removing Obstacles to Housing (PRO Housing)

U.S. Department of Housing & Urban Development (HUD)

Opportunity No: FR-6700-N-98

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A. Executive Summary

Project Description

The City of Chicago is proud to submit this application to the Pathways to Removing Obstacles to Housing (PRO Housing) Notice of Funding Opportunity. Chicago faces a critical and growing need for affordable housing, particularly new units that affirmatively further local and national fair housing goals. While

Chicago's Department of Housing (DOH) has undertaken extensive efforts to reduce the persistent segregation imposed through policies, such as redlining and restrictive land use policies and institutionalized by the public sector, many challenges remain.

This application, led by DOH in partnership with Chicago's Department of Planning and Development (DPD) and Chicago Housing Authority (CHA), seeks funding to address two critical barriers that hinder affordable housing development in Chicago: the lack of City land and development resources in amenity-rich areas of opportunity, and complex, disparate processes which prevent the city and its development partners from effectively building new housing. **With financial support from the PRO Housing program, DOH and its partners will implement two critical activities through PRO-CHI:**

- (1) an interagency land acquisition and development plan that allows the city to assemble and prepare land for affordable housing development more effectively, and**
- (2) an interdepartmental "green tape" initiative to streamline city processes and dramatically decrease development timelines and associated costs.**

We estimate these two activities will enable us to increase the production of affordable units over the next decade while institutionalizing equity in our processes, promoting desegregation, and deconcentrating affordable housing across the city.

The remainder of this section summarizes the following topics: (1) our existing efforts to overcome housing barriers, (2) our critical need for affordable housing, (3) the most significant outstanding barriers to effective housing development, and (4) our proposed approach to utilize PRO Housing funding to directly address Chicago's unique challenges while leveraging our ongoing efforts and existing assets.

1. Existing efforts: DOH is committed not just to developing affordable housing but to improving the processes and policies in Chicago that govern where, how, and when housing gets built. In the last 5 years, DOH has created a Policy Bureau and a Community Engagement, Racial Equity, and Strategic Initiatives Bureau (CERESI), undertaken a Racial Equity Impact Assessment of our housing development pipeline that informed updates to DOH's 2021 and 2023 Qualified Action Plans, and secured council passage of multiple new city-wide policies that affirmatively further fair housing in Chicago. DPD has launched a new City land sale platform to streamline the disposition of nearly 10,000 vacant lots and undertaken major investments in bulk environmental assessments of city land. CHA has recently created and hired a new position, Director of Development Planning, to coordinate efforts to build housing on CHA land. And Mayor Brandon Johnson has undertaken a city-wide Process Improvement Initiative into which this proposal is embedded.

2. Critical need: There is a critical lack of sufficient affordable housing in Chicago, which is being exacerbated today by increases in homelessness and inflationary pressures driving up the cost of construction. Chicago has a current lack of affordable units (over 100,000 by recent estimates), not enough affordable units being built, and widespread cost burden for low- and moderate-income residents. Due to persistent segregation and inequality, many neighborhoods in Chicago—especially on the city's South and West sides—experience deep disinvestment, with residents of these neighborhoods having limited local amenities, longer commutes, and less access to public transportation. Building affordable housing all across the city to promote housing choice for low-income Chicagoans is core to

DOH's mission. However, despite recent policy changes, it remains difficult to build affordable housing in high amenity areas.

3. Key barriers: DOH faces two key barriers in the development of affordable housing in areas of opportunities. First, assembling land in high amenity areas is extremely difficult due to a lack of existing public land holdings, high land costs, competitive local real estate markets, lack of political support and a pushback of community members to affordable housing development. Second, there are disparate city processes that make it expensive and challenging for developers to be successful in these areas. Absent a coherent land strategy, it can be difficult for all the necessary government stakeholders to align on processes.

4. Our proposed approach: DOH and its partners would use a PRO Housing grant to fund two critical groups of activities:

- **Interagency land acquisition and development strategy:** DOH, DPD, and CHA will work together to build a pipeline of large land parcels in high-amenity, high-opportunity neighborhoods. This work will involve (a) developing an inventory of publicly and privately owned land; (b) establishing an operational framework to streamline land remediation processes, along with land assembly and holding to ensure rapid turnover of existing City land holdings for affordable housing; (c) advancing select parcels through predevelopment, such as by gaining site control, obtaining title clearances, conducting appraisals and market studies, completing environmental reviews, and performing any necessary remediation.
- **Green Tape Initiative:** Simultaneously, DOH, DPD, and CHA will engage in a comprehensive streamlining of the development process to remove and reduce barriers experienced by our affordable housing partners. This work will involve (d) a third-party analysis of DOH's policies and procedures including our financial underwriting, architectural standards, and construction approval processes; (e) collaborative work with departments who have project review and approval authority, including the Department of Planning and Development (DPD), Department of Assets, Information, and Services (AIS), Department of Buildings (DOB), and Department of Transportation (CDOT) to improve coordination and align review timelines; and (f) the hiring of a development "ombudsman" at DOH whose full-time job is to facilitate development by supporting city staff, developers, and contractors in navigating the complicated city processes related to development approval, permitting, and construction.

We expect these activities to enable significantly more development sites over the next five years, produce new units in high amenity areas, decrease the average project selection-to-groundbreaking timeline, and dramatically improve the City's throughput of both affordable and market-rate housing development projects.

B. Threshold Requirements & Other Submission Requirements

I. Threshold Eligibility Requirements (Section III.D of NOFO)

Resolution of Civil Rights Matters

The City of Chicago Department of Housing does not have any outstanding or unresolved civil rights matters in relation to the charges, cause determinations, lawsuits, or letters of findings referenced in

subparagraphs (1) through (5) outlined in Section III.D.1 of HUD's PRO Housing NOFO. We can provide a list of outstanding cases and suits upon request.

Eligible Applicant

The City of Chicago is an eligible applicant under eligible category 02 (City or township governments) per Section III. A of the PRO Housing NOFO. We will partner with various City of Chicago departments and sister agencies and document their involvement with the appropriate documents (letters of commitment, letters of support, etc.)

Number of Applications

The City of Chicago Department of Housing will submit this application as its only proposal.

II. Other Submission Requirements (Section IV.G of NOFO)

Standard Application, Assurances, Certifications and Disclosures

Standard Form 424 (SF-424) Application for Federal Assistance has been completed as part of the submission process via Grants.gov.

Assurances (HUD 424-B) has been completed as part of the submission process via Grants.gov.

Applicant Disclosure Report Form 2880 (HUD 2880)

HUD Form 2880 has been completed per the instructions. The City of Chicago receives an annual formula allocation of grant funds from the U.S. Department of Housing and Urban Development (HUD). These four programs are:

- Community Development Block Grant (CDBG)
- HOME Investment Partnerships (HOME) & HOME Investment Partnership (HOME-CV)
- Emergency Solutions Grant (ESG)
- Housing Opportunities for People with AIDS (HOPWA)

Per the City of Chicago's 2022 Action Plan, we have detailed the total 2022 allocations and the lead entity in the table below:

CDBG	CDBG Unspent Prior Years	HOME	HOME Unspent Prior Years	ESG	HOPWA	TOTAL
\$76,233,776	\$73,999,224	\$21,593,700	\$12,229,000	\$6,732,858	\$11,426,755	\$202,215,313

Code of Conduct

The City of Chicago maintains a [Governmental Ethics Ordinance](#) that covers the conduct of all City employees and officials, addressing conflicts of interest, outside jobs, gifts, business travel, employing relatives, engaging in political activity, etc. This ethics ordinance encompasses all requirements set by:

(1) "Conducting Business in Accordance with Ethical Standards" section of the Administrative, National, and Department Policy Requirements and Terms for HUD Financial Assistance Awards;

(2) Ethical standards related to conflicts of interest for procurements in 2 CFR 200.318(c) and 2 CFR 200.317; and

(3) HUD-specific conflict of interest standards.

C. Need

Criterion I: Existing Efforts to Identify, Address, and Mitigate Barriers

The mission of DOH is to expand access and choice for residents and protect their right to quality homes that are affordable, safe, and healthy. Its stated [vision](#) is the equitable distribution of resources across all 77 communities so that every Chicagoan can choose and remain in quality housing that is affordable, safe, and healthy. Until 2019, DOH had been a bureau within the Department of Planning and Development. The re-establishment of an independent housing department, the selection of a clear mission and vision, and the creation of a Policy Bureau and a Community Engagement, Racial Equity, and Strategic Initiatives Bureau (CERESI) within the department have all enabled DOH to dramatically step up its existing efforts to identify, address, and mitigate barriers to housing development over the last five years.

Multifamily housing production

To advance DOH's mission and vision, its multifamily housing production team pursues two types of new housing developments: (1) mixed-use, mixed-income developments in disinvested neighborhoods designed to catalyze local housing markets and anchor struggling business corridors; and (2) affordable housing developments in transitioning and high-amenity areas designed to maximize the availability of deeply affordable and supportive units available in transit- and amenity-rich communities. Traditionally, DOH has funded more developments in disinvested communities for three reasons: lower costs, more available land, and less "not in my backyard" (NIMBY) community opposition.

In 2019, DOH took on a Racial Equity Impact Assessment (REIA) process for this multifamily housing work. The [resulting report](#) identified eight actions to deliver housing more equitably. These recommendations included locating more affordable housing in high-amenity areas to ensure low-income tenants have neighborhood choice and access to neighborhood resources, creating more deeply affordable units, and changing applicant screening processes to improve access to units for marginalized groups.

The 2021 Qualified Action Plan (QAP) reflected many of these recommendations, with a larger proportion of projects awarded in higher-income opportunity areas and a dramatically increased production of 30% AMI units. Further steps were taken in the 2023 QAP, including implementing new tenant selection guidelines, and creating significant new investment streams for the development of permanent supportive housing (PSH; \$60M+ from the Chicago Recovery Plan combined with HOME-ARPA).

Screening, remediation, and sale of existing city-owned land

The City of Chicago holds nearly 10,000 vacant lots, most of which are located on the City's South and West Sides and were acquired in bulk during the 1980s and 1990s. Various approaches to disposing of the inventory have been taken over the decades. Notably, from 2014-2018, the City sold land for \$1 under the Large Lots program. About 1,400 parcels were sold under that program. In 2018, that program was halted due to concerns about the environmental condition of the City's land inventory. In the years following, environmental reviews were undertaken on a one-off basis as requests to purchase came in, also on a one-off basis. Using funding from the Chicago Recovery Plan (CRP), the City was able to

perform a preliminary screening of the entire City-owned inventory, which identified parcels with low likelihood of any historical environmental contamination to be sold without further review, removing a significant barrier to the expedient disposal of surplus City property. Using the information gathered as part of that bulk screening work, the City launched a new land sales platform, ChiBlockBuilder.com, in the fall of 2022 to increase City land sales' speed, transparency, and efficiency. This screening work and developing a modern tracking and disposition platform puts Chicago in a better position to effectively manage current and future landholdings.

Acquisition of 18th & Peoria housing development site

The Neighborhood of Pilsen in Chicago has historically been a community that has welcomed immigrant families to the country and the city. In the mid-1800s, Pilsen was home to mainly European immigrants but became home to a large Mexican and Latine population in the mid-1900s. In its Mapping Displacement Pressure in Chicago report, the Institute for Housing Studies at DePaul University classifies much of Pilsen as an area experiencing rising or significantly rising housing costs that exert displacement pressures on existing residents. Between 2000 and 2015, median home values increased by nearly 12 percent on an inflation-adjusted basis, while median rents increased by over 22 percent. These trends have resulted in a high-cost burden for Pilsen residents and its surrounding area — as of 2019, around 40 percent of households on the Lower West Side spent more than 30 percent of their income on housing costs. As a result, the City of Chicago used \$12 million to purchase the 6.3-acre vacant lot at the corner of 18th and Peoria to create additional legally restricted affordable homes and develop the site with the residents guiding the process.

In the fall of 2022, DOH and DPD held a series of community meetings to develop a framework to guide the site's development at 18th and Peoria. A community stakeholder steering committee informed the community process. This committee comprised residents who live or own businesses close to the development site, community organizations involved with policy advocacy, and the local elected official's office. The committee also had diverse racial, ability, and tenure in the neighborhood represented and helped organize the five public meetings with the community. These meetings were offered in a hybrid setting in the evening or on weekends, with ASL interpretation, Spanish interpretation, and live captioning provided. The conclusion of these meetings created a community development plan that prioritizes affordable housing to a range of incomes, open space, preferred buildouts of building types and infrastructure, and a goal of creating 432 units, with the majority being affordable. The Chicago Plan Commission introduced and adopted the final plan in May 2023 and is being used to review development proposals for that parcel.

If awarded this grant, the acquisition of vacant land and the development of a community strategy is the work DOH strives to continue.

Mayor Johnson's Citywide Process Improvement

The work DOH, DPD, and CHA are proposing through this grant builds upon the current affordable housing process improvement strategy developed by the Mayor's Office. Mayor Johnson is undertaking a major initiative to streamline and expedite City processes and approvals that will detail immediate changes, long-term focus items that will require multi-year implementation, and a public task force that will integrate community into the creation and success of these initiatives.

The proposed PRO Housing grant funds build capacity in DOH to participate in the development of recommendations and implement recommended improvements. By institutionalizing staff members across departments for multiple years, DOH will be empowered to implement any proposed changes and ensure their success. The Mayor's Office is supported by a team of process and content consultants, including the Civic Consulting Alliance, Boston Consulting Group, AECCOM, and the Metropolitan Planning Council (MPC), and will convene a Steering Committee and working groups.

Work to Affirmatively Further Fair Housing

Over the last five years, the Department of Housing has implemented numerous new policies, programs, and ordinances to expand access and choice for residents and protect their right to quality, affordable homes all across the city's 77 community areas. In 2021, despite the rescission of HUD's new Affirmatively Furthering Fair Housing Rule, DOH published a [Blueprint for Fair Housing](#) in collaboration with 13 jurisdictions, including Cook County, the Chicago Housing Authority, and a wide array of advocates and stakeholders.

The City, led by DOH, has regularly reported on progress against the challenges and commitments made in the Blueprint, most recently in the May 2023 Progress Update. Since publication of the Blueprint, DOH has undertaken, initiated, or participated in the following actions:

- Chicago passed and implemented an updated inclusionary zoning ordinance, the Affordable Requirements Ordinance (ARO), increasing affordability requirements to 20% of most market-driven developments that receive additional zoning rights, as well as increasing accessibility requirements and implementing income-averaging to reach more deeply affordable rent levels. At the same time, the City supported the creation of a state property tax incentive to support properties with 15-20% affordability. In 2022, the ARO created more than 600 affordable homes, an all-time high.
- Chicago implemented an Accessible Dwelling Unit (ADU) pilot, with five pilot zones covering the North, Northwest, West, South, and Southeast sides of the city, with the goal of creating more low- and moderate-cost rental housing, as well as facilitating multigenerational living arrangements and aging in place. Since launching in 2021, more than 560 units have been approved through the ADU pilot.
- DOH announced the largest round of affordable rental housing awards in its history in December 2021, with more than 2,400 units in 24 developments, supported by Chicago Recovery Plan bond financing.
- Chicago launched a Right to Eviction Counsel pilot in 2022, using \$8 million of Emergency Rental Assistance Funds to cover three years of free legal assistance to tenants in eviction court. Through August 2023, more than 1,100 households have been served through this initiative. In September 2023, the administration of Mayor Brandon Johnson introduced an ordinance to expand to a true Right to Counsel program by 2027.
- Chicago passed the Connected Communities Ordinance in 2022, a sweeping equitable transit-oriented development zoning reform ordinance that cut parking minimums as low as zero on nearly every commercial corridor in the city, as well as in high-density residential districts; created additional density bonuses and incentives for affordable and accessible housing.
- Established the Housing Stability Community Response Table in coordination with the Mayor's Office in 2021. This table was comprised of community-based organizations that represented

tenants and landlords, City and County government agencies, and university partners. The work of this table was to review eviction data and develop programs and policies to slow the rate of evictions. This work has continued under the DOH as it was renamed to the Advisory Committee on Renting Right in early 2023. In 2023, this committee has held community clinics to provide support to small landlords and vulnerable tenants, created a booklet on rights and responsibilities for landlords and tenants, and launched a public education campaign on social media and Chicago's public transit system.

Criterion II: Acute Demand for Affordable Housing & Remaining Needs

Chicago is experiencing an acute demand for affordable housing along all three metrics described in the NOFO: affordable housing not keeping pace, insufficient affordable housing, and widespread cost burden or substandard housing for residents. Chicago has an overall shortage of affordable housing, estimated at more than 100,000 rental units at 60% of Area Median Income (AMI) or below within the City of Chicago alone; an absence of enforcement capacity of existing fair housing and tenant protection laws; crisis-level eviction frequency, with about 1 in 25 Chicago renter households facing eviction each year, a number that is even higher in Black majority communities; and, underlying all of these challenges, persistent racial and economic segregation at some of the highest levels in the United States, creating disparities in access to transportation, grocery stores, medical infrastructure, and many other amenities with profound impacts on quality of life, particularly for Black Chicagoans.¹

The DePaul Institute for Housing Studies (IHS) finds that 70% of low-income (<80% AMI) renters in Chicago are rent-burdened—paying more than 30% of their income for housing—with nearly 40% categorized as “extremely rent burdened”—paying more than 50%.² Non-Latine white households are also much more likely to own homes than their peers: 72% versus 61% of Asian households, 48% of Latine households, and 42% of Black households.³

A recent 2023 report from IHS reinforces these findings and demonstrates how the fabric of inequality and segregation continues to impact housing outcomes across the city. Of note:

- Rents are rising across the City, with previously affordable units becoming unattainable to low-income renters.
- Chicago's supply of rentals in 2-4-unit buildings is dropping, reducing a key source of affordable housing for renters.
- The share of lower-income Chicago renters declined over the past decade, but the percentage of very low-income renters increased during the pandemic.
- Chicago's rental housing stock continues to see a shift away from units in smaller buildings and towards units in larger buildings, along with substantial declines in the total affordable supply that has resulted in the highest affordability gap in at least a decade. This is a result of both the deconversion of multi-unit to single-family units and rent increases.⁴

Chicago's diverse neighborhoods have many types of housing costs, market dynamics, and existing levels of affordable housing. DOH's programs and policies often need to be tailored and targeted to these

¹ City of Chicago, [Blueprint for Fair Housing](#), 2021

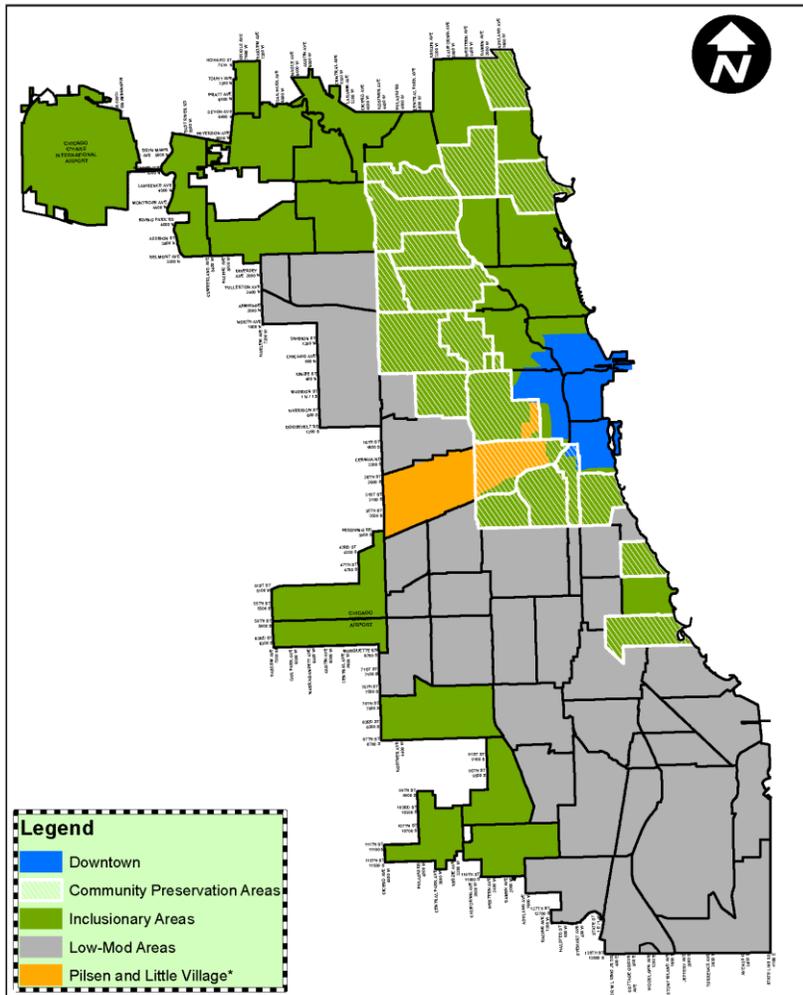
² DePaul Institute for Housing Studies, [State of Rental Housing in Cook County](#), 2021

³ DePaul Institute for Housing Studies and Urban Institute, [Chicago Housing Overview](#), 2021

⁴ DePaul Institute for Housing Studies, [State of Rental Housing in the City of Chicago](#), 2023

differing realities: one size does not fit all. The 2021 Affordable Requirements Ordinance (ARO) directs DOH to use the Census and other data sources to classify Chicago neighborhoods as one of three types: Inclusionary Areas, Community Preservation Areas, and Low-Moderate Income Areas. Inclusionary Areas are communities with higher income and housing costs and relatively low levels of legally restricted affordable housing. Community Preservation Areas have high numbers of low-income residents at risk of displacement and rapidly growing housing costs. Low-moderate Income Areas have low or moderate housing costs that are not rapidly rising. The map below shows these areas across the City. It will be updated every two to five years with new data. It also shows the downtown area and the Pilsen-Little Village ARO pilot area, which will expire at the end of 2023. In addition to shaping ARO requirements, DOH uses these designations to inform and target policy and program initiatives. The PRO-CHI strategies described in this grant application benefit residents across the city but are specifically tailored to the areas defined as inclusionary and community preservation, primarily located in the City’s North and Northwest regions. In the most recent IHS “State of Rental Housing” study, researchers noted that these two submarkets have seen the most significant declines in rental affordability.

ARO Community Area Map



Criterion III: Existing Key Barriers to Affordable & Accessible Housing

There are myriad obstacles in Chicago to producing and preserving affordable housing. DOH has identified two key barriers that could substantially improve the city's production of new units in areas of opportunity. First, assembling land in high amenity areas for affordable housing development is extremely difficult. Second, there are high costs and long timelines associated with building affordable housing due to overly complex development policies. Both barriers are described below in more detail, along with the potential levers for change that would be enacted through our proposed PRO Housing grant funding.

Barriers to land assembly for new housing in high amenity areas

As highlighted in Criterion II above, the share of affordable rental units available in high-amenity areas is declining. For example, in one high amenity neighborhood, Logan Square/Avondale, the available affordable units declined by 15.3% since 2012—a drastic decrease mirrored across other high amenity areas within the city.⁵ This is driven by rent increases and conversions to condos and single-family homes, often resulting in permanent loss of available affordable units.

Despite the need to counter these trends with investments in legally restricted affordable housing, one key barrier stands out for its systemic limitation of new affordable housing development in communities of opportunity: it is difficult for the city and its affordable housing development partners to assemble land for development in these geographies. Multiple interrelated factors can make this work expensive and politically risky. They include the high costs of land, competitive local real estate markets that move at a faster timeline than existing city or nonprofit processes, NIMBYism, lack of local political support, and lack of substantial pre-existing public-sector landholdings.

In this context, assembling land for affordable housing development where it is most needed can be extremely challenging. DOH's own experience over the last five years reflects this truth: although the 2021 QAP succeeded in funding five affordable housing developments in high-income "opportunity areas," only one of those developments—Sarah's on Lakeside, a Permanent Supportive Housing development for women previously experiencing homelessness—is new housing built on previously privately-owned land. Every other development is a rehabilitation project or new construction built on City, CTA, or CHA land.

Disparate City Process and Procedures

There are a variety of entities that prepare public land for development in the City of Chicago – including many of the parties on this grant application. With processes spread across the City of Chicago – from the Dept. of Law, Dept. of Buildings, Dept. of Housing, Dept. of Planning & Development, Dept. of Water Management, along with coordination of additional stakeholders like CHA, CTA, and CDOT – the development process can be extremely difficult to navigate.

If the previous barrier is intrinsic in and specific to high-opportunity areas, this barrier impacts development timelines citywide. Without improvements to DOH policies and intra-departmental procedural alignment, it will remain more challenging, costly, and slower to develop affordable and market-rate housing across the city. Example areas for improvement include:

⁵ DePaul Institute for Housing Studies, [State of Rental Housing in the City of Chicago](#), 2023

- **Consecutive rather than concurrent approvals**, including environmental clearances, design approvals, zoning controls, building permitting, technical standards compliance, and financial underwriting.
- **Disparate departmental, interdepartmental, and intergovernmental policies** create uncertainty for developers and may be a factor in delays of necessary approvals and higher developer costs. In many cases, departmental policies pursue legitimate and vital goals such as high-quality building design, equal access to amenities, fair bidding, and compliance with local, state, and national regulations such as local hiring, MBE/WBE participation, prevailing wage, and Davis-Bacon. However, ensuring developers are given clear guidance and can reasonably meet these requirements with certainty about approval criteria and review timelines can be challenging – improving clarity and alignment across departmental and governmental policies and requirements can reduce costs and speed development.
- **Lack of optimized coordination between agencies with aligned goals and matching resources.** For example, the CHA and DOH are aligned in their pursuit of dramatically increasing the availability of affordable housing across Chicago. The CHA has substantial developable land, including in high-amenity parts of the city, and potential operating subsidies under its Faircloth authority. Still, it frequently lacks sufficient capital funding to directly redevelop that land. DOH, however, has access to substantial capital resources but limited landholdings and operating dollars. Because the multifamily development pipeline is not coordinated directly between CHA and DOH, there are opportunities to more optimally allocate limited development resources across all projects to help them achieve feasibility. For example, under the existing model, some sites may receive subsidy from several funding sources spread across DOH and CHA (such as City CDBG, City bond funds, CHA loans, CHA land). With stronger coordination across funding sources, the number of sources per deal could be reduced, thereby decreasing development complexity and timelines.
- **Difficulty clearing title for land in city inventory.** Chicago owns more than 10,000 parcels of vacant land, most of which was acquired before digital recordkeeping. This land is overwhelmingly located in deeply disinvested and historically redlined neighborhoods, where it contributes to neighborhood blight and creates both liabilities and ongoing maintenance costs for the City. Furthermore, due to the bulk nature of the land acquisition, the historical conditions of the property, and lax data practices within the City, the inventory remains plagued by murky title, uncleared back taxes, encroachments, and other legal and physical barriers to easy sale and development. Addressing these issues on a systemic rather than ad-hoc basis would increase efficiency, introduce more certainty to potential buyers and developers, and free up city staff capacity to focus on targeted dispositions and acquisitions that can most effectively increase housing supply.

Though the City has made significant progress addressing this barrier in recent years, including asset mapping, identifying its own inventory of vacant land, clearing and selling existing city-owned land, and codifying certain departmental policies such as in DOH's [Architectural and Technical Standards Manual](#), much work remains. For example, inventories of available land lack information from government agencies external to the City of Chicago with major land holdings like the Chicago Housing Authority. The inventories would also benefit from more robust standard operating procedures and processes to be kept up to date, as well as data standardization to ensure various entities are recording and reporting

information related to land holdings consistently. Departmental policies should be updated for clarity and to ensure the actual impact of the policies aligns with the City’s intent.

The absence of a coherent land strategy has been an ongoing barrier to process and procedural improvements. Without a strategic focus, process and procedural enhancements get hindered by turning into discussions about strategy and vice versa. The development of such a strategy—and, in turn, the development and implementation of clear priorities for “green tape” processes—can substantially improve the throughput of the various city systems responsible for vetting and approving new housing development projects.

D. Soundness of Approach

Criterion I: Vision

As described in the “need” section above, Chicago’s two most significant barriers to producing more affordable housing that reduces housing segregation by income and race are:

- (1) The difficulty of assembling land in high-amenity areas for affordable housing development and,
- (2) The high costs and long timelines associated with building subsidized housing are due to overly complex development policies and regulations.

Every action in our proposed PRO Housing approach is designed to mitigate one of these two barriers directly. Moreover, all meet HUD national objective #1: benefiting low- and moderate-income persons, and all meet multiple HUD Strategic Plan Goals. The six actions fall under each of our two primary goals: implementation of an interagency land acquisition and development strategy to address the lack of new affordable housing in high-amenity areas and a “green tape” initiative designed to increase coordination across departments and reduce process barriers that negatively impact the city’s affordable housing pipeline. All of these objectives and strategies are laid out in the summary table below:

PROJECT OBJECTIVE		
Producing more affordable housing that reduces housing segregation by income and race		
	STRATEGY #1	STRATEGY #2
	Interagency land acquisition and development strategy	Green tape initiative for affordable housing production
ACTION #1	(a) Develop a comprehensive inventory of underutilized public and privately owned land	(d) Third party-led analysis and update to key DOH policies and procedures
ACTION #2	(b) Establish a legal and operational framework to enable land transfer, assembly, and holding	(e) Cross-departmental and interagency collaboration on housing development
ACTION #3	(c) Advance select parcels through predevelopment, including land acquisition	(f) Hiring of a development “ombudsman” to support developers in navigating city processes

OBJECTIVE #1	HUD National Objective: Benefiting low- and moderate-income persons
OBJECTIVE #2	HUD Strategic Plan Goal (SPG) 1: Support Underserved Communities
OBJECTIVE #3	HUD SPG 1A: Advance Housing Justice
OBJECTIVE #4	HUD SPG 1C: Invest in the Success of Communities
OBJECTIVE #5	HUD SPG 2: Ensure Access to and Increase the Production of Affordable Housing
OBJECTIVE #6	HUD SPG 2A: Increase the Supply of Housing

Strategy #1: Interagency land acquisition and development strategy:

DOH, DPD, and CHA will work together to build a pipeline of large land parcels in high-amenity, high-opportunity neighborhoods. This pipeline will seed our QAP and other subsidy provision sources that enable affordable housing construction with prime, ready-to-build land. To create this pipeline, DOH, DPD, and CHA will dramatically enhance our coordination, deepen our knowledge of our land holdings, build new systems and approaches for achieving common goals, and create new legal and regulatory frameworks that enable us to engage in the private real estate market proactively. Using PRO Housing funds, we propose to expand staff capacity and selectively use third party consultants to streamline our processes and advance identified parcels through land acquisition, environmental remediation, and other predevelopment activities.

- a) **Develop a comprehensive inventory of underutilized public and privately owned land:** DOH, DPD, and CHA propose to develop a shared inventory of vacant and underutilized land across Chicago that would be prime for affordable housing development. The inventory will emphasize tracts of land well situated for more significant housing developments based on size, zoning, proximity to transit, and land in high-amenity, high-opportunity areas. The inventory will include land owned by a range of public sector and pseudo-public bodies, including the City of Chicago, CHA, Chicago Transit Authority (CTA), Chicago Public Schools (CPS), and others, as well as buildings and land owned by private parties.

Although no comprehensive inventory of this land currently exists in Chicago, creating one builds upon existing efforts. Over the last decade, DPD has substantially improved its land inventory, including by creating a comprehensive database called the City-Owned Land System (COLS), developing a new vacant lot sale program with publicly accessible mapping of available land (the Large Lots Program), then more recently improving on Large Lots by developing [ChiBlockBuilder](#), a website which documents known surplus city land and facilitates applications to purchase available lots. CHA has also created a new staff position, Director of Development Planning, to centralize responsibility for effectively utilizing CHA’s large, strategic vacant or underutilized land holdings. DOH has worked with multiple alderpersons in high-opportunity areas who have identified privately-owned parcels where they would like to see affordable housing development. Through these actions, the parties have identified numerous critical roadblocks to furthering this work, including the need to build a comprehensive shared inventory, obtain title clearances, perform environmental reviews, engage in environmental remediation and other site

preparation activities as needed, and further integrate local understanding of privately held parcels that are tax-delinquent, blighted, or vacant.

DOH, DPD, and CHA propose to develop this comprehensive shared inventory by increasing staff capacity at each party's organization, working with alderpersons, chambers of commerce, and other community organizations, and hiring technical or land use planning consultants to aid in the development and centralization of this inventory. This inventory can directly inform and target DOH and CHA's housing development activities and the ability of all three agencies to better communicate shared goals and opportunities for crucial parcels of land.

This activity is an eligible activity under the PRO Housing NOFO F.2.c.i.S ("Developing regional planning models that enhance location efficiency by focusing on connecting housing, transportation, and economic growth"), and F.2.c.i.T ("Provide affordable housing developers a first look at tax sale properties and other government properties").

- b) Establish a legal and operational framework to enable land transfer, assembly, and holding:** To allow parcel assembly and to facilitate the transfer of publicly owned land between agencies, the parties propose to establish a straightforward process and funding source for land acquisition and holding. This framework will allow the City to strategically approach private landowners, opportunistically participate in private market sales and mediated sales such as Fannie Mae's HomePath, and pay holding costs associated with those purchases until they can be transferred to a development partner.

Over the last few decades, the City of Chicago has owned tens of thousands of vacant and underutilized parcels. Many of these city-owned lots are small, residential properties in deeply disinvested communities where market dynamics limit private sector interest. Due to associated maintenance costs and legal liabilities, the City has primarily viewed direct ownership of land as a burden. As a result, the city's primary policies and priorities regarding city-owned land have focused on selling property we already own--not buying new land. The lack of strategy and internal policy for acquisition prevents us from supporting the land assembly that makes affordable housing development possible in high-opportunity areas. As discussed in the "Need" section above, only 1 of 5 affordable housing developments funded by DOH in opportunity areas in the 2021 QAP have been new construction on previously privately owned land. The remainder were built on CTA, CHA, City-owned land, or preservation/rehabilitation projects.

Although such a framework has limited existing precedent in Chicago, DOH has taken two actions in the last two years that directly prepare us to develop this larger structure. First, DOH acquired a large tract of vacant land in the rapidly transitioning Pilsen neighborhood and, after extensive community engagement, developed to create over 400 units of future housing. Second, DOH is currently working with the Chicago Department of Public Health (CDPH) to acquire a 40-unit motel for rehabilitation and permanent use as public health housing. DOH, DPD, CDPH, the City's legal team, and the City's Assets, Information, and Services department (AIS) are working together to implement these acquisitions.

At its most expansive conception, this PRO Housing activity could be supported by implementing and funding a new legal arm of the municipal government with the authority to negotiate with sellers, buy land, and procure landholding-related services such as fencing, mowing, and security. Other possible pathways include expanding the authority and capacity of DPD's existing vacant land team or establishing a similar team at DOH.

This activity is an eligible activity under the PRO Housing NOFO F.2.c.i.K ("Develop proposals to expedite approvals for affordable housing development that meet certain criteria"), F.2.c.i.T ("Provide affordable housing developers a first look at tax sale properties and other government properties"), F.2.c.ii.B ("Acquisition or disposition of land or real property for the development of affordable housing"), and F.2.c.ii.C ("Facilitating the conversion of commercial or other properties into new housing").

- c) **Advance select parcels through predevelopment, including land acquisition:** DOH, DPD, and CHA propose to use PRO Housing grant funds to take actual steps towards housing development on a pilot basis for properties identified in activity (a), including using the acquisition processes created in activity (b).

Presently, DOH takes a "hands-off" approach to predevelopment activities, requiring developers to obtain site control, perform existing conditions reports and environmental assessments, seek rezonings, perform market studies, etc. Completing these tasks after a project has been selected for funding has the dual effect of extending project timelines and decreasing the certainty of initial project budgets, making it harder for the city to allocate resources. Likewise, asking developers to perform these tasks before receiving a funding award can involve substantial spending "on spec," making it harder for smaller emerging developers to participate.

This activity builds on lessons learned from all parties' past experiences. Through the development of ChiBlockBuilder, DPD has recently performed bulk environmental assessments of city-owned land for the first time and identified the need for other enabling actions, such as obtaining title clearances. DOH is building experience with direct predevelopment tasks through the CDPH partnership described in (b) above and our recent work acquiring non-congregate buildings for nonprofit operators of homeless shelters. CHA regularly undertakes master planning and predevelopment tasks for development sites in its portfolio to support more feasible developments.

A portion of funds under this activity would support bulk title clearances for existing city-owned parcels, a lengthy part of the development process that coordinated resources could alleviate. By taking care of this work for the significant existing land holdings already in the City portfolio, it would free up staff time to take on the more challenging task of coordinating large projects through the development pipeline. Because target properties and predevelopment needs will be identified in activity (a), we do not know precisely which lots we would pursue in this activity and, therefore, don't know what other predevelopment tasks we would perform. Our intention, instead, is to earmark grant funds to take on these tasks on a pilot basis to demonstrate the model's potential efficiencies—options include property acquisition, environmental review,

environmental remediation, and resolution of outstanding legal or financial issues related to target parcels.

Any specific tasks undertaken here constitute an eligible activity under the PRO Housing NOFO F.2.c.ii.A (“Financing the construction or rehabilitation of affordable housing”) and F.2.c.ii.B (“Acquisition or disposition of land or real property for the development of affordable housing”).

Strategy #2: Green Tape Initiative

Simultaneously, DOH, DPD, and CHA will engage in a comprehensive initiative to streamline the development approval process to remove and reduce barriers experienced by our affordable housing partners. This work will combine internal analysis and process improvement at DOH with mapping and alignment of interagency and interdepartmental processes that can create substantial delays and drive up housing development costs. Using PRO Housing funds, we propose to expand staff capacity and selectively use third party consultants to develop opportunities for collaboration across teams. Benefits from this work will directly accrue to affordable housing, including on land targeted through activities (a) through (c), and indirectly to all housing development in the City.

- d) Third-party-led analysis and update to key DOH policies and procedures:** DOH proposes to review and improve our own policies and procedures governing housing development projects through a combination of consultants and internal process reviews. This work builds on and extends citywide process improvement analysis currently undertaken by the Mayor’s Office. This activity will result in a more rationalized, more transparent, and better documented set of procedures that streamline the ability of developers and other grantees/beneficiaries of City funds to implement their projects—and in turn lower costs and increase throughput.

At present, our department enforces many overlapping processes and procedures that, although well-intentioned, can at times create delays and cost-increases that limit the ability of our partners to achieve our goals. DOH will use the PRO Housing grant to review and analyze DOH’s architectural and technical standards manual, financial underwriting, and construction approval processes. Outcomes of this work may include:

- i. More clearly articulating our policies and procedures to follow them to relevant stakeholders;
- ii. Creating better opportunities for stakeholder input on those policies and procedures;
- iii. Better differentiating between policies designed to facilitate compliance with external requirements (such as funding source-based rules, state/federal laws, etc.), those designed to manage the City’s liability (such as insurance and payment process requirements), and those designed to achieve certain policy goals (such as broadening our community of developers and contractors, supporting a just energy transition, etc.);
- iv. Measuring the actual impact of our policies through quantitative and qualitative measures;
- v. Confirming the alignment of our policies with our goals based on (iii) and (iv), and realigning our policies as needed.
- vi. Updating and clarifying the documents and manuals used internally and externally to communicate and enforce these policies.

This work builds on lessons learned from recent successes, including the first full rewrite of DOH's Qualified Allocation Plan (QAP) in over a decade (2019), the Racial Equity Impact Assessment of the QAP (2021), and a series of developer panels recently convened by DOH in partnership with HUD. Each of these initiatives has helped put in place infrastructure to routinize the Department's release of the QAP and follow a deliberative process for establishing its funding priorities and development requirements. Prior to the 2019 QAP, the Department accepted proposals for affordable multifamily rental properties at inconsistent intervals using an opaque set of selection criteria. This made it difficult to attract proposals that were responsive to the housing needs of residents and aligned with broader City initiatives. In 2019, DOH introduced the Priority Tract framework to ensure the equitable distribution of affordable housing across geography and market type. DOH followed this up with the execution of a Racial Equity Impact Assessment that resulted in key updates to the 2021 and 2023 QAPs including an emphasis on supporting the participation of Black Indigenous and People of Color (BIPOC) in the ownership and development structure of affordable developments selected for Low Income Housing Tax Credits (LIHTC).

The 2023 release of the most recent DOH QAP continues its biannual cadence and furthers the precedence set in 2019 of using the QAP as a departmental prompt to internally review funding priorities and policies. Staff throughout the Department participate in these efforts researching new policies, evaluating existing practices, and collecting feedback from stakeholders. It is an intensive process layered onto the day-to-day duties associated with financing and monitoring affordable housing.

Any specific tasks undertaken here constitute an eligible activity under the PRO Housing NOFO F.2.c.i.B ("Developing or updating housing plans, community development strategies, and zoning and land use policies to simplify, streamline, or change overlays that create a barrier to affordable housing development or preservation, such as architectural review or historic preservation overlays"), and F.2.c.i.K ("Developing proposals to expedite approvals for affordable housing development that meets certain criteria").

- e) **Cross-departmental and interagency collaboration on housing development:** In order to reduce costs and decrease time-to-delivery, DOH and Chicago's Deputy Mayor of Neighborhood and Business Development propose to convene a multi-departmental, multi-agency taskforce to map and streamline the complex landscape of approvals needed to develop affordable housing in Chicago.

Approval to build housing in Chicago—especially larger buildings, and projects funded by the city—is a multistep process that can involve DOH, DPD, DOB, CDOT, AIS, and City Council at the City alone. Approvals from other bodies may also be necessary, including on developments involving historic properties or districts, title clearance, and/or resolution of unpaid debt. Financial stacks that involve other funding public sources (such as the Illinois Housing Development Authority [IHDA]) and/or transfer of land between public agencies (such as CHA, the Chicago Transit Authority, the Chicago Parks District, etc.) add further complexity. It frequently takes more than two years from the point of project selection to groundbreaking, despite DOH's use of "project readiness" criteria in project selection.

DOH proposes to work with departments and agencies, convened by the Deputy Mayor, to engage in a process of mapping existing approvals and then working to across teams to identify opportunities to streamline, reduce, and/or align various approval timelines. If awarded a PRO Housing grant, funds will be used to increase internal staffing capacity to lead this work and engage third party consultants to support this mapping process. The City also proposes to convene external stakeholders (such as affordable housing developers, HUD regional office, and relevant state bodies) to provide input. DOH also proposes to work directly with CHA to improve coordination around CHA's inventory of developable land, and better align CHA and DOH resources to promote the efficient development of new housing on CHA land.

This activity, which will most directly address city-funded affordable housing but will also beget improvements for market-rate developers, constitutes an eligible activity under the PRO Housing NOFO F.2.c.i.B ("Developing or updating housing plans, community development strategies, and zoning and land use policies to simplify, streamline, or change overlays that create a barrier to affordable housing development or preservation, such as architectural review or historic preservation overlays") and F.2.c.i.K ("Developing proposals to expedite approvals for affordable housing development that meets certain criteria").

- f) **Hiring a development "ombudsman"**: As noted in (e), city processes can be challenging to navigate. DOH proposes to hire a Development Ombudsman to work across all City departments to better coordinate, streamline, publish and assist Chicagoans with navigating the development process. This position would work with DOH, DPD, AIS, DOB, and other departments and agencies as necessary to ensure that for anyone working with the City – from emerging developers to nonprofits to community members – can both understand and be successful in developing affordable housing. This position would be the point person for navigating myriad questions from the development community while also working to solve problems internally. By dedicating a staff person specifically to this support, the City builds capacity that crosses departments and provides benefits to both City staff and developers.

All the activities laid out in the PRO-CHI strategy are designed to be both interdepartmental and interagency, which can be challenging to implement. In establishing this role, DOH acknowledges that there is significant value in having a dedicated position to ensure that all stakeholders in and outside of the City have a resource who can provide clarity, assistance, wayfinding, and connection to resources. This creates a more equitable framework for engagement with City processes and empowers the community to provide real-time feedback of the current processes, while ensuring the City has capacity to implement changes based on this feedback.

This activity constitutes an eligible activity under the PRO Housing NOFO F.2.c.i.K ("Developing proposals to expedite approvals for affordable housing development that meets certain criteria").

Criterion II: Geographic Scope

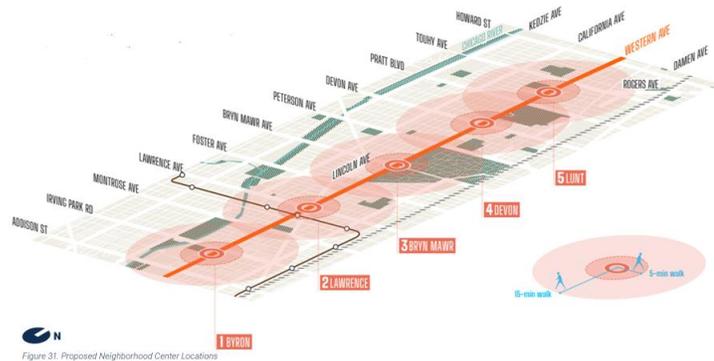
The geographic scope of this proposal encompasses the entire City of Chicago. However, special attention and energy will be given to increasing the pipeline of affordable housing in high-opportunity areas to increase housing choice for LMI residents and promote access to job-rich, transit-rich, and amenity-rich communities. Chicago's Affordable Requirements Ordinance refers to these areas, which

are primarily concentrated on the North and Northwest regions of the City, as “inclusionary areas.” Recognizing that inclusionary areas tend to have the least affordable housing, and to ensure that all Chicagoans have housing choice, this geographic emphasis is vital to our workplan.

To showcase why additional staff capacity and coordination are needed, we will give two examples of ongoing work in these areas of the city, along with how this grant would directly support both initiatives with successful completion. They also represent the type of ongoing work that requires additional capacity, which would be provided via distinct staff positions funded by a PRO Housing grant and hired to specifically lead the proposed activities.

Opportunities for development along the Western Avenue corridor

The first example is illustrated in the [Western Avenue Corridor Study](#), adopted by the Chicago Plan Commission in November 2022. This long-term vision for a five-mile corridor and its adjacent neighborhoods was created through 18 months of close collaboration between City departments, elected officials, neighborhood organizations, chambers of commerce, subject matter experts, and community members. The result is a shared framework for land use, zoning, mobility, public realm, and economic development decision-making.



The primary land use strategy includes concentrating density and investment near higher amenity hubs along the corridor. Five “neighborhood centers” were identified, including recommendations to promote a more walkable, equitable, and vibrant environment.

Planners identified development opportunity sites in and around each neighborhood center as potential locations for future development. All sites are privately owned except one public parking lot currently under construction as a part of a city-subsidized affordable housing project. The remaining 35 development opportunity sites were identified as underutilized properties. Examples include obsolete single-story commercial buildings, vacant lots, and surface parking.

All development opportunity sites identified are recommended to become transit- and pedestrian-oriented higher-density housing and mixed-use developments.



Figure 37. Neighborhood Center #2 Recommendations

Note: Graphic is illustrative of strategies and potential recommendations that are subject to further analysis, design, and review by applicable regulatory bodies and local stakeholders. Specific locations, configurations, and design may shift when implemented.

Of the 36 total development opportunity sites, eight priority sites were identified as crucial catalytic housing development opportunities to accelerate the revitalization of the nearby neighborhood center and surrounding community. The recommendations for these sites included additional community outreach, visioning, and consensus-building with critical stakeholders to be more ready for development.

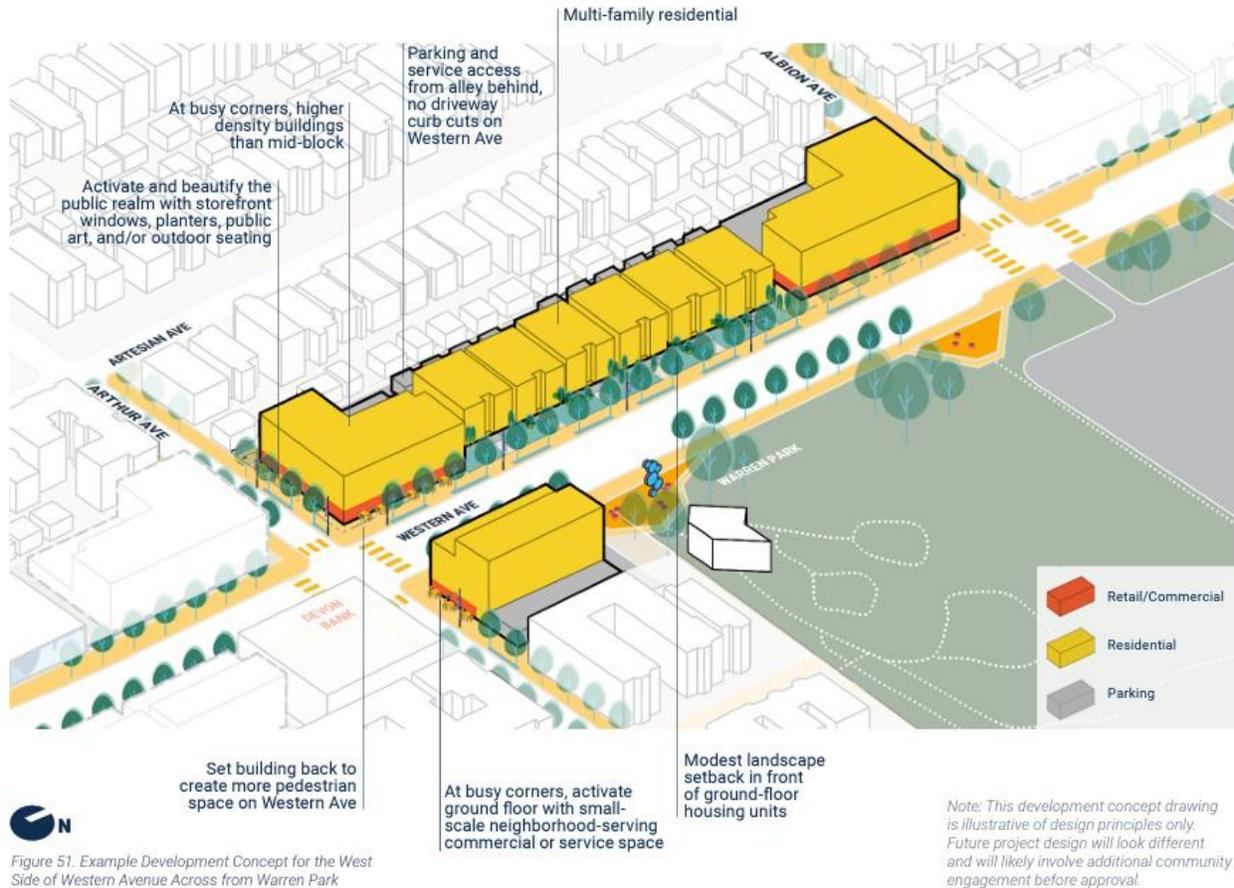


Figure 51. Example Development Concept for the West Side of Western Avenue Across from Warren Park

Because all remaining development opportunity sites are privately owned, the proposed PRO Housing strategy is designed to equip the City with an adequate acquisition process to ensure the successful development of housing on these sites. The City has not engaged in specific discussions about acquiring these properties but would do so with additional staffing proposed with this grant. With additional staff support to better engage with private owners and the additional legal capacity to acquire land, the City would have two essential tools that it does not have now to address the availability of affordable housing in high-amenity areas across Chicago.

Opportunities for development in the Near North Side

Cabrini-Green was a large public housing site on Chicago's Near North Side. Most of the buildings were demolished as part of CHA's efforts to bring mixed-income housing opportunities for residents. To date, CHA has facilitated building over 3,500 homes in the community (1,226 for CHA families and 867 other affordable units) in 25 mixed-income sites in the neighborhood. Substantial new public infrastructure has also been constructed (including a new police station, library, park, and school facilities) and a new community center.

Over the last two decades, the surrounding community has been substantially redeveloped, creating one of Chicago's newest amenity-rich communities. There has been a dramatic shift in scale and affordability, with new developments like Bally's Casino and the approximately 2,500-unit master-planned North Union development coming to the area, among many others. This land is located approximately one mile outside downtown Chicago, and is demarcated by DOH as an Inclusionary Area.

Today, CHA owns many vacant and developable parcels at Cabrini-Green, totaling approximately 41 acres—some of Chicago's most valuable developable real estate. There are 12 acres of vacant rowhomes and 29 acres of vacant land, all subject to the Cabrini-Green Reimagine Study, which is launching in Q4 2023. As the former site of some of the nation's most notable public housing developments, the remaining vacant land parcels represent a massive affordable housing development opportunity for CHA and the city.

With additional staff positions working with DOH, DPD, and CHA, all three organizations would be poised to work together to develop these large sites more efficiently in ways that directly benefit low-income Chicagoans, especially previous residents of public housing and those on the CHA waitlist. With few public land assets remaining in the area, this planning and development initiative represents a generational opportunity to provide housing and community infrastructure in a strategically located, historic Chicago neighborhood. A coordinated process at Cabrini-Green offers a chance to serve as a case study of coordination and barrier removal in several ways:

- Inter-agency priority-setting for limited land resources
- Inter-agency coordination on land use planning involving public lands
- Coordination for modeling and underwriting affordable housing developments in the predevelopment phases to create viable development concepts and zoning amendments
- Coordination for creating development concepts on public land
- Developing best practices for completing public, competitive bidding processes for publicly-owned land

Staff capacity created by a PRO Housing grant would be utilized to accelerate the Cabrini-Green Reimagine study, further integrate relevant city stakeholders into this CHA-lead initiative and align process and funding improvements with the planning process to maximize the development of affordable housing on available parcels.

Criterion III: Key Stakeholders & Engagement

Key stakeholders to this application are generally divided into three parties: (1) the various public sector departments and agencies involved in housing development at the City, sister agencies, and other public bodies; (2) the affordable housing development community, including developers, contractors, community organizations, and professional organizations; and (3) the residents of affordable housing themselves. All three categories have been engaged by DOH in a manner that has contributed to and helped refine the approach proposed in this application. We describe two types of engagement here, general community engagement (over the last 2-3 years) that has contributed to DOH's understanding of the relevant challenges and approach to addressing them, and specific community engagement (over the last 2-3 months) related to this NOFO.

General engagement

This proposal has been developed in response to a variety of stakeholder feedback from the Chicago development community received over the past year – through published op-eds, community listening sessions, developer convenings, and specific outreach for recommendations to the City's Low Income Housing Tax Credit (LIHTC) program. Stakeholders included:

- Investors, lenders, and syndicators,
- Emerging Black, Indigenous, and People of Color (BIPOC) developers

- Established LIHTC developers
- Non-LIHTC developers
- Architects, contractors, sub-contractors, and construction companies

Existing efforts highlighted many of the barriers described above and have guided the specific activities detailed in our vision. Building upon this work, the proposed grant funds would be used to increase community engagement to move towards a more equitable development process involving governmental stakeholders and community members whom this work would impact.

DOH has taken significant strides in community engagement, particularly with institutionalizing a listening session protocol to inform departmental policies and programs. This protocol shifts the typical methods of City engagement to smaller community-based organizations, where residents can have a holistic conversation about community housing needs. The information from the listening sessions allows the City to learn from residents before any development plans happen. Building upon this work, the Community Engagement, Racial Equity, and Strategic Initiatives (CERESI) team formed the Evaluation Committee for Housing for Vulnerable Populations, which has advised the department on how to serve the needs of these residents better and is actively implementing recommended changes. This team also conducted listening sessions to understand the needs of those in historically underinvested communities including people experiencing homelessness, LGBTQIA+ Chicagoans, and youth.

Specific engagement

Inherent to this proposal is an explicit move towards increased engagement within and between each party to this application (DOH, DPD, and CHA). DOH, DPD, and CHA staff all worked together to build the proposals described here, representing a new approach to strategic collaboration and vision alignment.

DOH will also post this draft plan for a 15-day public comment period and host a public hearing on the draft plan. All comments received on the draft plan, either at the public hearing or in writing, will be included in the final plan submission with responses from the applying parties and notes as to if/how the proposal was changed as a result of the comment.

Criterion V: Budget & Timeline Proposal

See attached budget and timeline.

E. Capacity

Primary Applicant & Partner Capacity

DOH will manage this grant, including leading the implementation of the proposed activities in coordination with DPD and CHA. DOH will manage the hiring of city staff under this grant, the procurement of contractors and consultants, the subgranting of funds to CHA for their activities under this proposal, and necessary HUD reporting. DOH will convene an executive committee to provide strategic leadership and oversight related to achieving the goals of and complying with requirements related to this grant; this committee will be made up of senior-level staff from the Mayor's Office, DOH, DPD, and CHA.

With an annual personnel budget of nearly \$13.5M, DOH is well poised to take on additional PRO Housing funds and fold this work into our existing portfolio of services. DOH also receives significant federal funds and is experienced in federal grant management and reporting. DOH and DPD share

finance and human resources bureaus. These shared services teams handle hundreds of millions of dollars of funding annually from multiple sources, including HUD grants such as HOME and CDBG, and are responsible for filling dozens of departmental vacancies per year. These same teams also have substantial experience leading procurement efforts and providing internal controls. Both teams have contributed directly to the development of this application.

A significant portion of this grant will go to directly increasing the capacity of DOH by adding four new Project Manager (PM) positions. These PMs will be embedded directly into the organizational chart in a manner that best enables each PM to perform their assigned work. PMs will also participate in a “matrix management” system where they also report to DOH’s grant leader. DOH’s grant leader will either be the Managing Deputy Commissioner of Programs, or a DOH Chief of Staff—a position DOH is in the process of creating and hiring now to lead various process improvement and coordination activities across the department.

Chicago has continually been a local and national leader in affordable housing reforms. In 2021, DOH announced the largest investment in affordable housing in Chicago’s history, with 24 new developments that will create or preserve more than 2,400 affordable rental units across Chicago. This work includes a community-driven development framework in the Pilsen neighborhood, where the City is working with residents, businesses, and elected officials to develop eight acres of vacant land. This ongoing work serves as only a snapshot of the capacity and experience that DOH brings as a grant applicant. We will use grant funds to expand our ability to do this critical work while institutionalizing policies that break down our key identified barriers.

As a critical project partner, CHA has significant capacity as the nation’s third-largest public housing authority, serving more than 63,000 low-income households with vital housing programs. CHA supported \$201 million in development investment for and with communities across Chicago in 2023, with over 422 new apartments constructed and 445 under construction. CHA’s PRO Housing partnership efforts will be hosted in the organization’s Development Department under the Chief Development Officer and the Director of Development Planning. If this PRO Housing application is awarded grant, CHA will receive a subgrant from DOH to assist with implementing grant activities.

CHA’s Development department has seven development sites under construction leveraging DOH funding sources, including City of Chicago Low-Income Housing Tax Credit (LIHTC) allocations, with five additional sites under development. Collectively, these development sites represent almost 1,000 new homes under construction, of which over 800 are subsidized or affordable, and 685 subsidized and affordable homes are preserved.

DOH, DPD, and CHA already have the legal authority to conduct the activities proposed in this application. Traditionally, DOH and DPD acquire and dispose of city-owned land with council authorization that is specific to individual parcels. To better facilitate proposed activity (c), DOH will work with relevant internal parties such as the city’s legal, budget & management, and intergovernmental affairs teams to explore the possibility of obtaining wider authorization to perform these actions, such as through the establishment of a redevelopment authority or similar entity. Such an authorization would require approval of City Council.

This grant was written by DOH staff members, with input from DPD, Mayor’s Office, CHA, CTA, and CDOT. Contributors include:

- Aaron Johnson, DOH, Project Manager, Community Engagement
- Daniel Hertz, DOH, Director of Policy
- Frank Zhu, Mayor's Office, Federal Funding Project Manager
- Katharyn Hurd, DPD, North Region Lead Planner
- Maggie Cassidy, DPD, Program Director, City-owned land
- Matt Stern, DOH, Senior Program Manager, Chicago Recovery Team
- Matthew Schmitz, DOH-DPD, Deputy Commissioner, Finance
- Meredith Muir, DOH, Program Manager, Chicago Recovery Team
- Rishab Mehan, CHA, Director of Development Planning
- Steph O'Connor, DOH, Project Manager, Homeownership

F. Leveraging

Financial Contributions

The City of Chicago has allocated \$54,000,000 towards vacant building rehabilitation and \$36,550,000 towards vacant lots, resulting in a total of \$90,550,000 concentrated specifically on land and building remediation. As the funding source is a result of a round of municipal bond issuance, the resulting funds are not tied to any fiscal year and have no obligation deadline. We will be committing the \$5M of this bond issuance as the City's cost-share towards this project, specifically to pursue development of vacant lots and/or buildings in high-amenity neighborhoods across the city.

Non-financial Contributions

The project, if funded, will include various forms of in-kind contributions, primarily in two separate categories: (1) value of real property and land that will undergo land use strategy and other relevant activities e.g., acquisition, development, remediation, treatment, etc. of land and real property; and (2) commitments of DOH, DPD, CHA, and other staff time that are not factored into the proposed budget.

Valuation of these non-financial contributions will vary. Commitments of existing staff efforts are highly variable depending on the scope. Additionally, when an operational and legal framework for assessing land is implemented, we will want to identify the number of eligible parcels of land and other real property for preparation for affordable housing. Currently, the City departments and partner agencies such as the Chicago Housing Authority (CHA), Chicago Transit Authority (CTA), etc. have independent land management systems.

G. Long-Term Effect

Anticipated Long-Term Effects & Benefits

The implementation of the PRO-CHI program holds the promise of delivering significant and enduring benefits to the City of Chicago and its residents. The long-term outcomes and benefits of this proposal are as follows:

1. **Increase in Affordable Housing Units:** By implementing an interagency land acquisition and development plan, the City aims to significantly boost the production of affordable housing units in Chicago's high-amenity areas. Efforts for the interagency land strategy will be focused on producing affordable homes for households at 80% AMI and below.

2. **Equity and Desegregation:** The proposal emphasizes reducing segregation, affirmatively furthering fair housing goals, and promoting equity. By distributing affordable housing across the entire city and targeting areas with high-amenity opportunities, the plan seeks to address historical disparities in housing access and affordability.
3. **Streamlined Development Processes:** The "green tape" initiative is designed to streamline and simplify Chicago's complex and time-consuming development processes. By reducing bureaucratic obstacles, the City aims to shorten project approval timelines, lower associated costs, and enhance the overall efficiency of affordable housing development. This will also support the ongoing work of DOH, which supports emerging developers who may not have access to capital and are underrepresented in large-scale development. These efforts will benefit housing production at all levels of the affordability range; however, initial green tape initiatives and benefits will be focused on affordable housing developments serving households at 80% AMI and below.
4. **Data-Driven Decision-Making:** The creation of a comprehensive inventory of underutilized public and private land, along with the establishment of clear legal and operational frameworks, will facilitate data-driven decision-making. This approach ensures that land is strategically allocated for affordable housing development, maximizing the impact of available resources and assisting elected officials, DPD, DOH, CHA, and the community with making decisions in their neighborhoods.
5. **Improved Coordination:** The grant will fund positions explicitly dedicated to cross-departmental and interagency collaboration on housing development, promoting better coordination among various city departments. This type of position has rarely existed and will result in a more effective allocation of resources and a more efficient housing development process.
6. **Enhanced Transparency:** By hiring a development "ombudsman" to provide clarity and alignment on city processes, the proposal aims to improve transparency and responsiveness. All stakeholders will have a dedicated advocate to help them navigate the complexities of city procedures, fostering a more transparent and efficient development environment. Green Tape initiative activities will also inherently support transparency efforts by making the development review and approval process more competitive and open for public and development stakeholders alike.

Expected Outcomes

Our proposed PRO-CHI initiative has the potential to dramatically increase the speed at which the City of Chicago can develop affordable housing, an exceedingly important task in the increasingly unaffordable conditions across the country. The grant outcomes are described below, along with the measurement metrics:

1. **Increased Affordable Housing Stock**
 - a. Measurable Outcome: A 20% increase in affordable housing units in high-amenity areas within ten years.
 - b. Measurement Method: Regular housing inventory assessments and comparison with baseline data.
2. **Equity and Desegregation**

- a. Measurable Outcome: At least 50% of new units in high-amenity areas rented to Black and Latine households at or below 80% AMI, actively contributing to equity and desegregation efforts.
 - b. Measurement Method: Regular housing inventory assessments and comparison with baseline data.
- 3. Streamlined Development Processes**
- a. Measurable Outcomes:
 - i. The average approval timeline for affordable housing projects is reduced by 25% within five years.
 - ii. A 25% increase in emerging developers successfully receiving project approval.
 - b. Measurement Method: Project management tracking for project approval, including metrics from application submission to final approval and funding.
- 4. Data-Driven Decision Making**
- a. Measurable Outcome: Establish an interdepartmental public and private land inventory database within three years.
 - b. Measurement Method: Process planning and documentation of database creation.
- 5. Improved Coordination**
- a. Measurable Outcomes:
 - i. Establish a cross-agency task force that meets regularly to ensure development streamlining across joint projects within three years.
 - ii. Hiring for the coordination positions described in the grant application within one year.
 - b. Measurement Methods:
 - i. Regular documentation of interagency collaborations and projects initiated.
 - ii. Annual staffing and hiring tracked.
- 6. Enhanced Transparency**
- a. Measurable Outcome: Hiring of the development ombudsman within one year.
 - b. Measurement Method: Annual staffing and hiring tracked.

Attachment A: Summary of Comments
To be collected during public comment.

DRAFT