

City of Chicago's

AFFORDABLE HOUSING ZONING BONUS

Administrative Regulations and Procedures



AFFORDABLE HOUSING ZONING BONUS

Administrative Regulations and Procedures

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Executive Summary

Affordable Housing Zoning Bonus

As of November 1, 2004, developers in downtown zoning districts are eligible to use the downtown affordable housing zoning bonus. The downtown affordable housing zoning bonus offers additional square footage for residential development projects in downtown zoning districts, in exchange for either providing on-site affordable housing or contributing to the City's Affordable Housing Opportunity Fund. Projects in the downtown zoning districts that choose to rezone to a higher FAR must provide on-site affordable housing or contribute to the Affordable Housing Opportunity Fund.

By participating, the developer is helping to increase the availability of affordable housing in Chicago, and in exchange, the City is allowing the developer to build a larger building.

Prior to the issuance of a building permit, the developer must either 1) make a financial contribution (payment in lieu) or 2) enter into an Affordable Housing Agreement with DOH for affordable units and provide a letter of credit or other security to ensure construction of the affordable units.

The attached rules are published as required by the Chicago Zoning Ordinance, Section 17-4-1004, which requires the Department of Community Development to publish administrative rules governing administration and interpretation of the affordable housing bonus provision of the section.

Checklist of Required Paperwork

- Worksheet: FAR Bonus Calculation
- Affordable Housing Agreement
- Acknowledgement Letter
- PD Ordinance (Planned Developments only)
- Affordable Housing Agreement with Department of Community Development (if providing units)
- Letter of Credit (if providing units)
- Payment in Lieu made to Department of Community Development (if making financial contribution)
- DOH Approval (as indicated on the Affordable Housing Agreement)

Definitions

"Affordable Housing" means 1) with respect to rental housing, housing that is affordable to households earning up to 60 percent of the Chicago Primary Metropolitan Statistical Area median income, and 2) with respect to owner occupied housing, housing that is affordable to households earning up to 100 percent of the Chicago Primary Metropolitan Statistical Area median income.

"Affordable Housing Opportunity Fund" as defined in Municipal Code section 2-44-090 (e). As established by code, the revenues of the fund shall be disbursed as follows:

1. 60% of the annual revenues deposited into the fund shall be used for the construction or rehabilitation of affordable housing and subject to appropriation by the city council; and
2. 40% of the annual revenues deposited into the fund shall be contributed to the Chicago Low Income Housing Trust Fund, which was created by the City of Chicago in 1990 to meet the housing needs of low and very low income residents through rent subsidies.

"Chicago Low Income Housing Trust Fund" means the Chicago Low-Income Housing Trust Fund, a not-for-profit organization.

"Developer" means any person who develops housing units, but does not include a lender or any government entity.

"Development" means the construction or substantial rehabilitation of housing units or the conversion of any building into residential condominiums.

"Dwelling Unit" means a room or suite of rooms designed, occupied, or intended for occupancy as a separate living quarter with cooking, sleeping, and sanitary facilities provided within the unit for the exclusive use of the occupants of the unit; provided that a "housing unit" does not include dormitories or hotels.

"Eligibility criteria" means 1) with respect to rental housing, at the time of the first rental by that household, a household earning up to 60 percent of the Chicago Primary Metropolitan Statistical Area median income and 2) with respect to owner occupied housing, at the time of the purchase of the unit, a household earning up to 100 percent of the Chicago Primary Metropolitan Statistical Area median income.

"Floor Area Bonus" refers to additional buildable square footage provided to developers as an economic incentive for providing affordable housing and public amenities that improve the quality of life of city residents, employees, and visitors. Floor area bonuses are subject to the standards of the table in Sec. 17-4-1000 and the specific standards of Sec. 17-4-1004 through Section 17-4-1002.

"Planned Development" means that a project meets one of three triggers: height, number of units, or lot size. Other projects may voluntarily become a PD if minimum size triggers are met.

9. **"Substantial Rehabilitation"** means the re If the developer intends to develop affordable units, then DOH contacts the Corporation Counsel to draft an Affordable Housing Agreement. DOH and the developer enter into a written Affordable Housing Agreement, approved by the Corporation Counsel. The agreement includes data pursuant to Section 17-

4-1004-E-9. The developer must also submit a letter of credit or other security to ensure construction of the affordable units.

- a. The letter of credit should be identical to the Sample Letter of Credit (see Attachment 10). Modifications, if necessary, may be negotiated with DOH. The date of expiration of the letter of credit should be no greater than one year from the date of issuance.
 - b. DOH will provide a receipt of letter of credit to the developer and will provide copies of the receipt to DCAP. The receipt of letter of credit produced by DOH will indicate approval from DOH. At this time, DOH will remove the "DOHDB" note in the DCAP permit tracking database.
 - c. Prior to the expiration date of the letter of credit, the developer must either 1) provide evidence of the production of affordable units (as described in Compliance with Affordability Requirements section) or 2) submit a letter of credit with an extended term no greater than one year. If neither is received prior to the expiration date of the letter of credit, then DOH will redeem the letter for its cash equivalent.
- , enlargement, installation, repair, alteration, improvement, or renovation of a building, structure, or portion thereof requiring a permit issued by the city provided the cost of the project must be \$25,000.00 or more per housing unit.

Applicability

Projects are eligible for the downtown affordable housing zoning bonus under two general circumstances:

- ❑ If the project is in the DC, DX, and DR zoning districts and has an FAR of 5.0 or higher, then the project is eligible to use the downtown affordable housing zoning bonus.
- ❑ If the developer chooses to rezone a property in a DC, DX, or DR district to a classification that allows a higher FAR for the purpose of including additional residential dwelling units, then the developer is required to provide on-site affordable housing or make a contribution to the City's Affordable Housing Opportunity Fund.

Downtown Zoning District / Project Type	Applicability
DR and DX 5, 7, 10 / Residential	Affordable housing is one of two bonuses available.
DX and DC 12, 16 / Residential	The affordable housing bonus must be used to obtain at least 20% of the total bonus floor area.
DX / DC 12,16 / Nonresidential	Nonresidential development has the option, but is not required, to use the affordable housing bonus.
DR, DX , DC 5,7,10, 12,16 / Mixed-Use	Affordable housing bonus can be used, pursuant to requirements that apply to residential properties in specific districts.

Residential

Residential buildings in DR or DX districts with a dash 5, 7, or 10 suffix are eligible to receive floor area bonuses for affordable housing. The affordable housing zoning bonus is one of two bonuses available to such buildings.

Residential buildings in DX or DC districts with a dash 12 or 16 suffix are eligible to receive floor area bonuses for affordable housing. The affordable housing zoning bonus must be used to obtain at least 20% of the total requested floor area bonus.

Residential buildings that are rezoned to a DC, DX, or DR district that allows a higher base floor area ratio (FAR), and is subsequently developed with additional residential housing units, has an obligation to provide on-site affordable housing or make a contribution to the Affordable Housing Opportunity Fund.

Non-Residential

Non-residential buildings in DX or DC districts with a dash 12 or 16 suffix are eligible to receive floor area bonuses for affordable housing. Such buildings, however, are not required to use the affordable housing zoning bonus.

Non-residential buildings that are rezoned to a DC, DX, or DR district that allows a higher base floor area ratio (FAR) are eligible to receive floor area bonuses for affordable housing. Such buildings, however, are not required to use the affordable housing zoning bonus.

Mixed-Use

Mixed-use properties in DR, DX, and DC districts are eligible for the affordable housing zoning bonus, based on the residential square footage being provided.

The same requirements apply that apply to residential buildings in DR, DX, and DC districts.

Projects that Receive City Financial Assistance or Discounted City-Owned Land

Projects that are required by other City ordinances to provide affordable housing units or a payment in lieu toward the Affordable Housing Opportunity Fund may not use those contributions toward achieving an affordable housing zoning bonus.

This includes projects impacted by the Affordable Requirements Ordinance (ARO) (Section 2-44-090 in the Municipal Code) . (However, Planned Developments in the downtown zoning districts may elect to fulfill their ARO obligation by utilizing the Affordable Housing Zoning Bonus.) It also includes projects participating in the Chicago Partnerships for Affordable Neighborhoods (CPAN) program, through which developers who include affordable units in market rate developments receive, in exchange, a reduction in fees owed to the City.

- **Receive Financial Assistance**
Projects that receive City financial assistance to provide affordable housing may not use their commitment to affordable housing that is provided as a condition of the financial assistance to achieve an affordable housing zoning bonus.
- **Have an Affordable Housing Requirement under City Ordinance**
Projects that are required to provide affordable housing by other City ordinances may not use this same affordable housing commitment to achieve an affordable housing zoning bonus.
- **Receive Fee Waivers**
Fee waivers received from the City in exchange for affordable housing through programs such as the Chicago Partnerships for Affordable Neighborhoods (CPAN) are not considered City financial assistance for purposes of this program. These developments are not prohibited from using the affordable housing zoning bonus.

Calculation of Bonus

Projects can receive a zoning bonus for affordable housing in the following two ways:

1. Provide affordable housing on-site, or
2. Make a financial contribution to the Affordable Housing Opportunity Fund.

Calculation of Affordable Units

If the developer provides affordable housing on-site, then for every foot of affordable housing space that is provided, the developer receives four square feet of bonus space for market rate housing.

Formula for On-site Affordable Housing Zoning Bonus

$$\text{Bonus floor area achieved via affordable housing bonus} = \text{Sum of floor area in affordable units} \times 4.0$$

Calculation of Payment in Lieu

If the developer chooses to make a financial contribution, then the contribution must equal the bonus floor area multiplied by 80% of the value of one square foot of buildable area, as set forth in the table below.

Land values will be updated by DPD periodically; however, the calculation for the payment in lieu for any project must be based on the land values in place at the time that 1) in the case of planned developments, the PD application was submitted to DPD or 2) in the case of zoning changes, at the time the zoning change is approved by City Council.

Any change to the development that increases allowable FAR following approval by Plan Commission, City Council, or DOH requires a recalculation of the affordable housing requirement.

Formula for Off-site Affordable Housing Zoning Bonus

$$\text{Financial Contribution} = \text{Bonus floor area achieved via affordable housing zoning bonus} \times 80\% \times \text{Median cost of land per buildable square foot}$$

Central Area – Median Cost of Land Price per Buildable Square Foot		
Submarket	Street Boundaries	Median Cost of Land per Buildable Square Foot*
Loop	Chicago River on north and west; Congress on south; Lake Shore Drive on east.	\$31
North	Division Street on north; Chicago River on south and west; Lake Shore Drive on east.	\$43
South	Congress on north; Stevenson Expwy on south; Chicago River on west; Lake Shore Drive on east.	\$22
West	Lake Street on north; Congress on the south; Chicago River on east; Racine on west.	\$29

**These figures are based on data published in 2006 and will be updated periodically.*

Administrative Procedures for Planned Developments

Prior to the issuance of a building permit, the developer must either 1) make a financial contribution (payment in lieu) or 2) enter into an Affordable Housing Agreement with DOH for affordable units and provide a letter of credit or other security to ensure construction of the affordable units.

1. Department of Planning and Development (DPD) determines that a project is a planned development (PD) if its size and density significantly affect the community. PD review provides an opportunity for case-by-case review of projects that have the greatest potential for adverse impacts, based on the number of dwelling units, building size, traffic congestion, neighborhood context, or similar factors.
2. Applicant submits the PD application to the Zoning Administrator, who reviews the application for compliance with notice requirements and forwards the application to the City Clerk. The City Clerk files the application, which is introduced at the following City Council meeting.
3. The PD ordinance continues through the City Council process.
 - a. The PD ordinance is assigned to the Zoning Committee.
 - b. Prior to being considered by the Zoning Committee, the project must be presented to and approved by the Plan Commission.
4. **Prior to review by Plan Commission, the developer/project attorney must submit the four documents listed below in final form at the same time to DOH.**
 - a. Worksheet: FAR Bonus Calculation: Documents the size, location, design, and maintenance provisions for the amenities, as well as calculations for all bonuses. Prior to being submitted to DOH, this worksheet needs to be approved via written signature by DPD staff to ensure that the assumptions and calculations on the developer's worksheet are accurate.
 - b. Affordable Housing Agreement: Outlines project details, including calculation of financial commitment (if the developer is making a payment in lieu) and number of affordable units being provided, with market-rate and proposed affordable prices or rents (if the developer is providing units).
 - c. Acknowledgement Form: Formally acknowledges the developer's commitment under the affordable housing zoning bonus requirements.
 - d. PD Statement Language: Outlines the developer's commitment to provide affordable housing units or a financial contribution as part of the ordinance that will go to City Council. A PD statement will only be acceptable to DPD if it includes the required affordable housing zoning bonus language (see Attachment 6).
 - e. The developer may request a meeting with DOH to discuss the affordable housing zoning bonus commitment.

5. DOH reviews the four documents listed above and the calculations.
 - a. If the developer is providing affordable housing units, DOH staff then reviews the information contained in the AFFORDABLE HOUSING AGREEMENT that describes the property, including the number, type, and total square footage of affordable and market rate units, as well as proposed affordable prices or rents. DOH is authorized to establish rents and sales prices for affordable housing units. DOH ensures that the appropriate number of units is being provided; that rental units are affordable to households earning 60% of the area median income (AMI); and that owner-occupied units are affordable to households earning 100% AMI.
 - b. If the developer is making a financial contribution to the City of Chicago Affordable Housing Opportunity Fund, DOH reviews the calculation of payment.
6. DOH then provides written approval to DPD via a signature on the Affordable Housing Agreement. **DPD must obtain written approval from DOH prior to presenting any project to Plan Commission.**
7. DOH places "DOHDB" note on applicable range of addresses in the DCAP permit tracking database. Note will indicate 1) project requires DOH review for density bonus requirements prior to issuance of permit, 2) the amount of payment (or amount of letter of credit if providing units) due to DOH prior to issuance of a building permit and 3) DOH contact person's name and phone number.
8. Following Plan Commission approval, the ordinance is considered by the Zoning Committee, and then by the full City Council.
9. After the PD passes through City Council, the developer submits an application to DCAP for project permits. **Prior to the issuance of a building permit, the developer must either 1) make a financial contribution (payment in lieu) or 2) enter into an Affordable Housing Agreement with DOH for affordable units and provide a letter of credit or other security to ensure construction of the affordable units.**
10. If the developer intends to make a financial contribution, then the developer:
 - a. Makes the required to payment to DOH prior to the issuance of a building permit. Payments received by DOH will be deposited into the Affordable Housing Opportunity Fund. DOH will provide a receipt of funds to the developer and will provide copies of the receipt to DPD and DCAP. The receipt of funds produced by DOH will indicate final approval from DOH on the affordable housing zoning bonus requirements. At this time, DOH will remove the "DOHDB" note in the DCAP permit tracking database.
11. If the developer intends to develop affordable units, then DOH contacts the Corporation Counsel to draft an Affordable Housing Agreement. DOH and the developer enter into a written Affordable Housing Agreement, approved by the Corporation Counsel. The agreement includes data pursuant to Section 17-4-1004-E-9. The developer must also submit a letter of credit or other security to ensure construction of the affordable units.
 - a. The letter of credit should be identical to the Sample Letter of Credit (see Attachment 10). Modifications, if necessary, may be negotiated with DOH. The date of expiration of the letter of credit should be no greater than one year from the date of issuance.

- b. DOH will provide a receipt of letter of credit to the developer and will provide copies of the receipt to DPD and DCAP. The receipt of letter of credit produced by DOH will indicate approval from DOH. At this time, DOH will remove the "DOHDB" note in the DCAP permit tracking database.
- c. Prior to the expiration date of the letter of credit, the developer must either 1) provide evidence of the production of affordable units (as described in Compliance with Affordability Requirements section) or 2) submit a letter of credit with an extended term no greater than one year. If neither is received prior to the expiration date of the letter of credit, then DOH will redeem the letter for its cash equivalent.

Changes to project

- 12. Any change to the development following approval by Plan Commission, City Council, or DOH that increases allowable FAR would require a recalculation of the affordable housing requirement.

Delays in development

- 13. Land values will be updated by DPD periodically; however, the calculation for the payment in lieu for any project must be based on the land values in place at the time that 1) in the case of planned developments, the PD application was submitted to DPD or 2) in the case of zoning changes, at the time the zoning change is approved by City Council.

Administrative Procedures for As of Right or Rezoning

Prior to the issuance of a building permit, the developer must either 1) make a financial contribution (payment in lieu) or 2) enter into an Affordable Housing Agreement with DOH for affordable units and provide a letter of credit or other security to ensure construction of the affordable units.

1. The Zoning Administrator receives an application for a zoning change and forwards the application to City Council for review.

Note: Any as of right project that applies directly to DCAP for a permit and is utilizing the affordable housing zoning bonus will be referred to the Zoning Administrator and will follow the procedures outlined in numbers 6 through 14 below.

2. For each scheduled meeting of the Committee on Zoning, the Zoning division of the Department of Planning and Development compiles and distributes a list of all zoning change applications that are scheduled to be heard.
3. DPD staff will identify each project on the zoning change application list that is subject to the affordable housing zoning bonus. Immediately following City Council approval of a zoning change for any project subject to the affordable housing zoning bonus, DPD staff will notify DOH.
4. DOH places "DOHDB" note on applicable range of addresses in the DCAP permit tracking database. Note will indicate 1) project requires DOH review for affordable housing zoning bonus requirements prior to issuance of permit, 2) the amount of payment (or amount of letter of credit if providing units) due to DOH prior to issuance of any permit, and 3) DOH contact person's name and phone number.
5. DOH shall advise the developer of the affordable housing zoning bonus requirements that the developer must meet to achieve the increase in FAR or the rezone of property. DOH will provide the developer with a Affordable Housing Agreement, Worksheet: FAR Bonus Calculation, and Acknowledgement form. Language in the acknowledgement letter has been pre-approved by the Department of Law and is non-negotiable.
6. When the developer applies for a building permit, the Zoning Administrator will conduct a zoning review, which will include a review of the bonus worksheet. Following the review, the Zoning Administrator will indicate approval on the bonus worksheet and forward the approved document to DOH.
7. The developer/project attorney completes the following paperwork and submits it to the Department of Community Development.
 - a. Worksheet: FAR Bonus Calculation: Documents the size, location, design, and maintenance provisions for the amenities, as well as calculations for all bonuses. Prior to being submitted to DOH, this worksheet needs to be approved via written signature by the Zoning Administrator to ensure that the assumptions and calculations on the developer's worksheet are accurate.

- b. Project Profile: Outlines project details, including calculation of financial commitment (if the developer is making a payment in lieu) and number of affordable units being provided, with market-rate and proposed affordable prices or rents (if the developer is providing units).
 - c. Acknowledgement Form: Formally acknowledges the developer's commitment under the affordable housing zoning bonus requirements; and
 - d. The developer may request a meeting with DOH to discuss the affordable housing zoning bonus commitment.
8. DOH reviews the three documents listed above and the calculations.
- a. If the developer is providing affordable housing units, DOH staff then reviews the information contained in the AFFORDABLE HOUSING AGREEMENT that describes the property, including the number, type, and total square footage of affordable and market rate units, as well as proposed affordable rents. DOH is authorized to establish rents and sales prices for affordable housing units. DOH ensures that the appropriate number of units is being provided; that rental units are affordable to households earning 60% of the area median income (AMI); and that owner-occupied units are affordable to households earning 100% AMI.
 - b. If the developer is making a financial contribution to the City of Chicago Affordable Housing Opportunity Fund, DOH ensures that the calculation of payment is accurate.
10. If the developer intends to make a financial contribution, then the developer:
- a. Makes the required payment to DOH prior to the issuance of a building permit. Payments received by DOH will be deposited into the Affordable Housing Opportunity Fund. DOH will provide a receipt of funds to the developer and will provide copies of the receipt to DPD and DCAP. The receipt of funds produced by DOH will indicate final approval from DOH on the affordable housing zoning bonus requirements. At this time, DOH will remove the "DOHDB" note in the DCAP permit tracking database.
11. If the developer intends to develop affordable units, then DOH contacts the Corporation Counsel to draft an Affordable Housing Agreement. DOH and the developer enter into a written Affordable Housing Agreement, approved by the Corporation Counsel. The agreement includes data pursuant to Section 17-4-1004-E-9. The developer must also submit a letter of credit or other security to ensure construction of the affordable units.
- c. The letter of credit should be identical to the Sample Letter of Credit (see Attachment 10). Modifications, if necessary, may be negotiated with DOH. The date of expiration of the letter of credit should be no greater than one year from the date of issuance.
 - d. DOH will provide a receipt of letter of credit to the developer and will provide copies of the receipt to DCAP. The receipt of letter of credit produced by DOH will indicate approval from DOH. At this time, DOH will remove the "DOHDB" note in the DCAP permit tracking database.
 - d. Prior to the expiration date of the letter of credit, the developer must either 1) provide evidence of the production of affordable units (as described in Compliance with

Affordability Requirements section) or 2) submit a letter of credit with an extended term no greater than one year. If neither is received prior to the expiration date of the letter of credit, then DOH will redeem the letter for its cash equivalent.

Project does not move forward

12. If the project receives a zoning change and does not move forward, then the obligation to provide affordable housing units of the payment in lieu will remain and the "DOHDB" note will not be removed. Any residential development that takes place on the parcel will be required to fulfill the affordable housing obligation.

Changes to project

13. Any change to the development following approval by Plan Commission, City Council, or DOH that increases allowable FAR would require a recalculation of the affordable housing requirement.

Delays in development

14. Land values will be updated by DPD periodically; however, the calculation for the payment in lieu for any project must be based on the land values in place at the time that 1) in the case of planned developments, the PD application was submitted to DPD or 2) in the case of zoning changes, at the time the zoning change is approved by City Council.

Compliance with Affordability Requirements

Developers who provide affordable units on-site must adhere to the following rules and regulations.

1. Occupancy

On-site or affordable units must be available for occupancy either before or at the same time as the market rate units.

2. Design

- a. Affordable housing units provided on-site should be reasonably dispersed in the project.
- b. Affordable housing units provided on-site must be similar in general exterior appearance to market-rate units within the project.
- c. Affordable housing units provided on-site may have different interior amenities than market-rate units, provided they comply with all applicable housing and building codes.
- d. The percentage of affordable units that are efficiency, studio or one bedroom units should not exceed the percentage of market-rate units that are efficiency, studio, or one bedroom units. Developers are encouraged to provide the same mix of unit sizes (by bedroom count) in the affordable and market rate components.
- e. Parking must be included in the sale price or rent of the unit, unless the developer can demonstrate to the satisfaction of the City that at least one of the following conditions is present: the property offers less than one parking space per unit; the property is especially well-served by public transportation; or there is ample and available on-street parking nearby.

3. Pricing

- a. Affordable sales prices should be calculated using DOH Pricing Guide (see Attachmt 7).

4. Income Eligibility

- a. Rental units must be affordable to households earning 60% of area median income (AMI), and owner-occupied units must be affordable to households earning 100% AMI. The Chicago Department of Community Development will work with developers to establish rents and sales prices for the affordable units provided through the bonus.

Household Size	60% Area Median Income	100% Area Median Income
1 person	\$31,680	\$52,800
2 persons	\$36,180	\$60,300
3 persons	\$40,740	\$67,900
4 persons	\$45,240	\$75,400
5 persons	\$48,840	\$81,400
6 persons	\$52,500	\$87,500
7 persons	\$56,100	\$93,500
8 persons	\$59,700	\$99,500

Income limits based on Chicago PMSA median income, as adjusted by HUD. As of March 8, 2006.

- b. Median income varies according to household size. The sale price or rent of an affordable unit must be based on a household size of 1.5 persons per bedroom.

5. Compliance on Affordable Units – For Sale Units

- a. The initial sale of any affordable for-sale unit shall be made only to a household meeting the eligibility criteria as certified by DOH, or its agent.
- b. The resale or transfer of any affordable housing unit shall be restricted as follows:
 - i. If prior to the initial sale, DOH has determined that the affordable unit will not be part of the Chicago Community Land Trust, then the affordable housing unit shall continue to be affordable for a period of 30 years after the closing of the initial sale, unless the property is foreclosed upon or condemned. The resale or transfer of the housing unit shall be made at a price that renders the housing unit affordable and only to a household meeting the eligibility criteria as certified by DOH, or its agent.
 - 1. If, upon the resale or transfer of the affordable housing unit at a price that renders the housing unit not affordable housing, or to a household that does not meet the eligibility criteria, the seller shall pay recapture fees in an amount equal to the difference, at the time of the initial sale, between the affordable housing unit's fair market value and its affordable housing price plus 3% per year interest from the date of the initial sale on that difference. The commissioner shall record a lien with respect to each affordable housing unit subject to the provisions of this subsection in an amount equal to the recapture fees. All fees recovered pursuant to this subsection shall be deposited in the Affordable Housing Opportunity Fund.
 - ii. If prior to the initial sale, DOH has determined that the affordable unit will be part of the Chicago Community Land Trust (CCLT), then the affordable housing unit shall be placed in or administered by the CCLT. The resale of the affordable housing unit shall be governed by the terms of a restrictive covenant, ground lease or similar instrument on a form prescribed by the CCLT.
 - iii. All valuation determinations required under this section shall be provided by the developer and reviewed by DOH, or its agent.

6. Compliance on Affordable Units – Rental

- a. Affordable rental units must remain affordable for at least 30 years.
- b. Upon the rental of any affordable housing unit (1) at a price above the rental price limits established by DOH or (2) to a household that does not meet the income eligibility criteria of DOH, the property owner will be subject to a fee of \$500 per housing unit per day for each day that the property owner is in noncompliance. Before the assessment of this authorized fee, the property owner must be given 90 days, after written notice from the Commissioner of the Department of Community Development, to cure the noncompliance. If, after 90 days, the property owner fails to cure the noncompliance, the fees will be assessed from the first day of noncompliance. The 90-day time period to cure the noncompliance may be extended by the Commissioner of Housing for good cause.

Administering the City of Chicago Affordable Housing Opportunity Fund

Administration of Funds

The Department of Community Development is responsible for administration of the Affordable Housing Opportunity Fund, as set forth in Chapter 2-44-090 of the Municipal Code of Chicago.

Collection of Funds

Developers who are making a payment in lieu must submit a check payable to the "City of Chicago" and submit it to the Department of Community Development. The Department of Community Development will deposit the funds into an established account.

The Department of Community Development will then issue the developer a receipt for the deposit.

Distribution of Funds

The Department of Community Development will be responsible for administration of the Affordable Housing Opportunity Fund, according to the following criteria:

Construction or Rehabilitation of Affordable Units

Sixty percent of each contribution will be directed to the Department of Community Development and shall be used for the construction or rehabilitation of affordable units and subject to the appropriation by the city council.

Chicago Low Income Housing Trust Fund

The remaining 40% will be directed to the Chicago Low Income Housing Trust Fund, which provides rental subsidies for households earning 30 percent or less of the area median income.

- A total of 20% of these funds shall be restricted solely for the purpose of deposit into the Trust Fund's corpus.
- The remaining 20% shall be used for the Trust Fund's Affordable Rents for Chicago program, or similar successor program.

Record Keeping and Reporting

The owner or qualifying sponsor of a rental project that utilizes the affordable housing zoning bonus must submit an annual report to the Department of Community Development, which includes the monthly rent and name, address, and income of individuals occupying an affordable rental housing unit. The Chicago Department of Community Development will also produce an annual report regarding the number of affordable units created via the Affordable Housing Zoning bonus, the amount of money collected in the Affordable Housing Fund, and the use of funds.

Tracking and Monitoring

Once DOH has issued preliminary approval and placed the “DOHDB” note in DCAP permit tracking database, DOH will count the units and/or financial commitment. Contributions (units and financial contributions) will be identified as either committed or received.

Reporting for Property Owners

1. Owners or qualifying sponsors of rental properties must submit an annual report to the Department of Community Development, which includes: 1) the name, address, and income of each person occupying an affordable rental housing unit and 2) the monthly rent of each affordable rental housing unit.
 - a. The property owner or qualifying sponsor must complete the reporting template and submit it to DOH by July 1 of each calendar year.
2. Developers of for-sale affordable units or those who made a financial contribution to the Affordable Housing Opportunity Fund are exempt from the reporting requirement.

Reporting for DOH

1. The affordable housing zoning bonus will be incorporated into DOH’s quarterly and annual reports. Reports will include the following criteria:
 - a. Number of affordable units committed and received through the affordable housing zoning bonus;
 - b. Amount of funds committed and received through the Affordable Housing Opportunity Fund; and
 - c. Amount of funds committed by developers toward Affordable Housing Opportunity Fund (but not yet collected).

Contacts

Questions about the affordable housing zoning bonus can be directed to the following individuals.

Department of Community Development

Kara Breems
Coordinating Planner
121 N LaSalle
Chicago, IL 60602
Phone: 312-744-1393
Fax: 312-744-0535

Department of Zoning

Patti Scudiero
Zoning Administrator
121 N. LaSalle, Room 905
Chicago, IL 60602
Phone: 312-744-5777
Fax: 312-744-6552

Department of Buildings, Construction and Permits

Gerard Pascazio
Deputy Director for Developer Services
121 N. LaSalle, Room 900
Chicago, IL 60602
Phone: 312-744-6575

Forms and Attachments

The following forms and attachments can be used as standardized documents. Electronic copies can be requested from the Department of Community Development.

1. Worksheet: FAR Bonus Calculation
2. Affordable Housing Agreement: For Sale Development
3. Affordable Housing Agreement: Rental Development
4. Form of Acknowledgement: Units
5. Form of Acknowledgement: Financial Contribution
6. Required PD language
7. Pricing Guide
8. Form of Receipt: Letter of Credit
9. Form of Receipt: Financial Contribution
10. Sample Letter of Credit

Upon request, the Department of Community Development will provide sample Affordable Housing Agreements for for-sale or rental units.



CITY OF CHICAGO
DEPARTMENT OF PLANNING AND DEVELOPMENT DEPARTMENT OF ZONING
APPLICATION FOR ZONING BONUS REVIEW

WORKSHEET: FAR BONUS CALCULATION OFF-SITE BONUSES

Property Address: _____

Zoning District: _____

Calculation of Financial Contribution

Formula: Cash contribution for 1 sq.ft. of FAR bonus = 0.8 x median cost of land / base FAR

Amenity	Bonused Square Feet Desired	Discount Factor	median cost of 1 sqft. of land (in \$): See City Survey of Land Cost	1/ Base FAR	Financial Contribution
Formula:	A	B	C	D	E=A*(B*C*D)
Off-Site Park or Riverwalk		0.8			
Street Lighting and Landscaping		0.8			
Transit Station Improvements		0.8			
Pedway Improvements		0.8			
Adopt-A-Landmark		0.8			
Housing		0.8		N/A	
Totals					

Comparison to FAR Bonus Cap

FAR Bonus Cap: the total FAR Bonus for Off-site improvements may not exceed 0.2 x Base FAR

Amenity	Total Bonused Square Feet Desired	Lot Area	FAR Bonus calculated	FAR Bonus Cap: 0.2 x Base FAR
Formula:	F	G	H=F/G	I
Off-Site Improvements				

If FAR Bonus calculated exceeds FAR Bonus Cap, the effective FAR Bonus for Off-Site Improvements is equal to the FAR Bonus Cap

Summary

Base FAR	
FAR Bonus for Off-Site improvements	
Total FAR	
Total Financial Contribution	
Maximum Floor Area with Base FAR	
Floor Area with FAR Bonus Off-Site improvements	
Total Maximum Floor Area	

 Signature of Applicant Date Received by (Department of Zoning) Date Sign



CITY OF CHICAGO
DEPARTMENT OF PLANNING AND DEVELOPMENT
DEPARTMENT OF ZONING
APPLICATION FOR ZONING BONUS REVIEW

WORKSHEET: FAR BONUS CALCULATION

Property Address: _____

Zoning District: _____

Amenity	Amenity area (in sq.ft.)	Lot area (in sq.ft.)	Premium Factor	Base FAR	FAR Bonus calculated (A/B) * C * D	FAR Bonus Cap compare with
Formula:	A	B	C	D	(A/B) * C * D	
Public Plaza and Pocket Park			1			6
Chicago Riverwalk			1			-
Winter Garden			1			3
Through-Block Connection (Indoor)			0.66			-
Through-Block Connection (Outdoor)			1			-
Sidewalk Widening			2			-
Arcade			1.25			2
Water Feature			0.3			1
Setbacks above the ground floor: B6-6 B7-6 C3-6 dist.			0.3			25% of D
Setbacks above the ground floor: B6-7, B7-7 C3-7 dist.			0.4			25% of D
Lower-Level Planting Terrace			1			-
Green Roofs			0.3			2
Underground Parking and Loading: levels 1 & 2			0.15			30% of D
Underground Parking and Loading: level 3 or lower			0.2			30% of D
Parking Concealed by Habitable Space			0.4			30% of D

Total FAR Bonus On-Site - improvements		
--	--	--

Summary

Base FAR	
FAR Bonus for On-Site improvements	
Total FAR	

Maximum Floor Area with Base FAR	
Floor Area with FAR Bonus On-Site improvements	
Total Maximum Floor Area	

Signature of Applicant Date Checked by (Department of Zoning) Date

Estimated date for the commencement of marketing:
 Estimated date for completion of construction of the affordable units:

Building Type: (condo, townhouse, etc): _____
 For each unit configuration, fill out a separate row, as applicable (see example)

Unit Configuration	Square feet/ Unit	Number of affordable Units Proposed	Number of Market-rate units proposed	Total #	Project -ed Assess -ments	Proposed Affordable Price	Proposed Level of Affordability (80, 90, or 100% AMI)	Expected Market Price*	Land Trust? (admin use only)
<i>Ex: 1-bdrm; 2 bath</i>	800	2	6	8	160	\$135,000	100% AMI	\$220,000	
Building Total					N/A	N/A	N/A	N/A	

*You must include an appraisal or CMA justifying projected market price for each unit type.

SECTION 4: PAYMENT IN LIEU OF UNITS

When do you expect to make the payment -in-lieu? _____
 (typically corresponds with payment/issuance of building permits) Month/Year

For **ARO** projects, use the following formula to calculate payment owed:

$$\frac{\text{Number of total units in development}}{\text{Number of total units in development}} \times 10\% = \frac{\text{Amount owed}}{\text{Amount owed}} \times \$100,000 = \$ \text{Amount owed}$$

(round **up** to nearest whole number)

For **Density Bonus** projects, use the following formula to calculate payment owed:

$$\text{Bonus Floor Area (sq ft)} \times 80\% \times \$ \text{median price per base FAR foot} = \$ \text{Amount owed}$$

(from table below)

Submarket (Table for use with the Density Bonus fees-in-lieu calculations)	Median Land Price per Base FAR Foot
Loop: Chicago River on north/west; Congress on south; Lake Shore Dr on east	\$31
North: Division on north; Chicago River on south/west; Lake Shore Dr. on east	\$43
South: Congress on north; Stevenson on south; Chicago River on west; Lake Shore Dr. on east	\$22
West: Lake on north; Congress on south; Chicago River on east; Racine on west	\$29

Authorization to Proceed (to be completed by Department of Community Development)

 Kara Breems, date
 Department of Community Development

Estimated date for the commencement of marketing:

Estimated date for completion of construction of the affordable units:

For each unit configuration, fill out a separate row, as applicable (see example).

	Unit Type*	Number of Units	Number of Bedrooms/Unit	Total Square Footage/Unit	Expected Market Rent	Proposed Affordable Rent*	Proposed Level of Affordability (60% or less of AMI)
<i>Example</i>	1 bed/1 bath	4	1	800	\$1000	759	60%
Affordable Units							
Market Rate Units						N/A	N/A
						N/A	N/A
						N/A	N/A

*Rent amounts determined by the "City of Chicago's Maximum Affordable Monthly Rent Chart"

SECTION 4: PAYMENT IN LIEU OF UNITS

When do you expect to make the payment **-in-lieu?** _____
 (typically corresponds with payment/issuance of building permits) Month/Year

For **ARO** projects, use the following formula to calculate payment owed:

$$\frac{\text{Number of total units in development}}{\text{Number of total units in development}} \times 10\% = \frac{\text{Amount owed}}{\text{Amount owed}} \times \$100,000 = \$ \text{Amount owed}$$

(round **up** to nearest whole number)

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(from table below)

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Loop: Chicago River on north/west; Congress on south; Lake Shore Dr on east	\$31
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West: Lake on north; Congress on south; Chicago River on east; Racine on west	\$29

Authorization to Proceed (to be completed by Department of Community Development)

 Kara Breems, date
 Department of Community Development

[FORM OF ACKNOWLEDGMENT]¹

[DEVELOPER LETTERHEAD]

[DATE]

Chicago Department of Community Development
121 N. LaSalle, Room 1003
Chicago, IL 60602
Attention: Kara Breems

Re: [INSERT NAME OF DEVELOPMENT] (the "Project")

Dear _____:

The undersigned (the "Developer") is seeking a higher base floor area ratio for the real property commonly known as [INSERT ADDRESS], on which the above residential Project is to be located. The City of Chicago Zoning Ordinance, Title 17, Chapter 17-4-1000 et seq. (the "Zoning Ordinance") requires the Developer to acknowledge and agree that if such higher base floor area ratio is approved and residential units are constructed as part of the Project, it shall be obligated to either provide affordable housing units or contribute to the City's Affordable Housing Opportunity Fund. **The Developer has agreed to provide affordable housing units.** The Developer acknowledges and agrees that pursuant to Sec. 17-4-1004-C1 floor area bonuses will be calculated as follows: Bonus Floor Area = (sum of the on-site floor area improved with affordable housing units) x 4.0. The City has determined that for this Project the Developer's contribution will be [INSERT SIZE OF FLOOR AREA TO BE IMPROVED WITH AFFORDABLE HOUSING UNITS]. This letter constitutes the undersigned's written acknowledgment of such obligation and is being provided pursuant to Title 17, Chapter 17-4-1000 et seq. of the Zoning Ordinance.

[INSERT DEVELOPER
SIGNATURE BLOCK]

¹ Letter must be signed prior to the approval of an ordinance authorizing a higher base floor area ratio.

[FORM OF ACKNOWLEDGMENT]²

[DEVELOPER LETTERHEAD]

[DATE]

Chicago Department of Community Development
121 N. LaSalle, Room 1003
Chicago, IL 60602
Attention: Kara Breems

Re: [INSERT NAME OF DEVELOPMENT] (the "Project")

Dear _____:

The undersigned (the "Developer") is seeking a higher base floor area ratio for the real property commonly known as [INSERT ADDRESS], on which the above residential Project is to be located. The City of Chicago Zoning Ordinance, Title 17, Chapter 17-4-1000 et seq. (the "Zoning Ordinance") requires, the Developer to acknowledge and agree that if such higher base floor area ratio is approved and residential units are constructed as part of the Project, it shall be obligated to either provide affordable housing units or contribute to the City's Affordable Housing Opportunity Fund. **The Developer has agreed to provide a cash payment to the City of Chicago Affordable Housing Opportunity Fund.** Developer acknowledges and agrees that pursuant to Sec. 17-4-1004-C2, floor area bonuses will be based on a financial contribution that reflects the value of land within the surrounding area, based on the following formula: Cost of 1 square foot of floor area = 80% x the median cost of land per buildable square foot. The City has determined that for this Project, the Developer's contribution will be [INSERT AMOUNT]. This letter constitutes the undersigned's written acknowledgment of such obligation and is being provided pursuant to Title 17, Chapter 17-4-1000 et seq. of the Zoning Ordinance.

[INSERT DEVELOPER
SIGNATURE BLOCK]

² Letter must be signed prior to the approval of an ordinance authorizing a higher base floor area ratio.

Pursuant to the Affordable Housing provision of the City of Chicago Zoning Ordinance, Title 17 Chapter 17-4-1004 et seq. (“Zoning Ordinance”) the Applicant has asked for an increase in the Floor Area Ratio of the Property. The Applicant hereby acknowledges that according to Section 17-4-1004D of the Zoning Ordinance, the total floor area devoted to affordable housing units must equal at least 25% of the total increase in floor area allowed under the Affordable Housing Zoning Bonus or a cash payment must be made to the City of Chicago Affordable Housing Opportunity Fund based on the increase in allowable floor area x 80% of the median cost of land per buildable square foot. Based on Section 17-4-1004D the Applicant has agreed to provide ___ market rate units and ___ affordable units or provide a cash payment to the City of Chicago Affordable Housing Opportunity Fund in the amount of \$_____. Prior to the issuance of permits, the Applicant will enter into an Affordable Housing Agreement with the Chicago Department of Community Development or provide a letter of credit or other security device in an amount equal to the cash contribution. The Applicant must comply with all of the applicable Sections of the Affordable Housing Provision of the Zoning Ordinance which Sections are hereby incorporated into this Planned Development. The Affordable Housing Agreement required by Section 17-4-1004-E9 is also incorporated into this Planned Development.

**DEPARTMENT OF COMMUNITY DEVELOPMENT
Affordable Unit PRICING GUIDE**

For more information or an electronic version of this worksheet, contact Kara Breems at (312) 744-1393.

Property:
 Address:
 Developer:

Project Manager:
 Date:

NOTE: Only enter data in the shaded cells.

Line		Land Trust		Not Land Trust	
1	Land Trust Status				
2	Unit Type and Number of Bedrooms (enter)				
3	Developer's Market Price (enter)				
4	Monthly Tax Estimate	\$0	\$0	\$0	\$0
5	Monthly Condo Assessment or Dues (enter)				
6	Monthly Land Trust Administrative Fee	\$25	\$25	N/A	N/A
7	Monthly Private Mortgage Insurance	\$0	\$0	\$0	\$0
8	Monthly Homeowner's Insurance	\$0	\$0	\$0	\$0
9	Mortgage Interest Rate (enter 1st box)				
10	Estimated Affordable Price (enter)		\$0		
11	Mortgage Principal @ 95% Loan-to-Value	\$0	\$0	\$0	\$0
12	Monthly Principal & Interest Payment	\$0	\$0	\$0	\$0
13	Plus: Tax, Insurance, Assessment, Fee, PMI	\$25	\$25	\$0	\$0
14	Total Monthly Payments	\$25	\$25	\$0	\$0
15	Required Annual Gross Income	\$1,000	\$1,000	\$0	\$0

HUD Median Income for Unit Type/Family Size						
	Bedrooms	Family Size	60% Median	80% Median	100% Median	120% Median
	Studio	1	\$31,680	\$42,200	\$52,800	\$63,360
	1	1.5	\$33,930	\$45,225	\$56,550	\$67,860
	2	3.0	\$40,740	\$54,250	\$67,900	\$81,480
	3	4.5	\$47,040	\$62,700	\$78,400	\$94,080
	4	6.0	\$52,500	\$69,950	\$87,500	\$105,000

HUD figures as of February 2009

LINE NOTES:

- Units will be included in the Chicago Community Land Trust (CCLT) unless otherwise specified. CCLT units are eligible to be classified by the Cook County assessor as 'price restricted upon resale'. This classification allows property tax assessments to be based on the affordable price rather than the market price.
- Enter unit type and number of bedrooms.
- Enter developer's market rate price. Does the price include parking? ___ yes ___ no (Inclusion of parking must be consistent between market and affordable prices for the purpose of these calculations).
- Property taxes are estimated at 1.75% of the affordable price for Chicago Community Land Trust (CCLT) units and 1.75% of the market price for non-CCLT units.
- Enter the developer's estimated condo assessment. If not known, enter the typical condo assessment of approximately \$250. If there are no assessments, insert zero.
- The Chicago Community Land Trust charges a monthly administrative fee of \$25. The fee is not applicable to non-land trust properties.
- PMI is estimated at 0.70% of the mortgage amount.
- Property insurance is estimated at 0.25% of the market price.
- Enter the current 30-year mortgage rate in the first box.
- Use trial-and-error to match the affordable price to the required annual gross income necessary to qualify for this price (Line 15). Does the affordable price include parking? ___ yes ___ no (See Line 3 note).
Also note that difference between market value of the unit and affordable price must equal or exceed \$25,000
- Loan amount at 95% of the affordable price.
- Monthly payments based on a 30-year loan at the mortgage rate entered on Line 9.
- The total of Lines 4, 5, 6, 7 and 8.
- The total of Lines 12 and 13.
- The annual gross income (assuming that the family's housing costs total no more than 30% of their total gross annual income) required to qualify for a loan on the affordable unit at the indicated affordable price (Line 10). Compare to income indicated on table for appropriate unit type for households earning 100% of AMI, unless otherwise specified.
updated June 2009

[FORM OF RECEIPT]³

[DCD LETTERHEAD]

[DATE]

[INSERT DEVELOPER NAME/ADDRESS]

Attention: _____

Re: [INSERT NAME OF DEVELOPMENT] (the "Project")

Dear _____:

The above Project is receiving a floor area bonus in accordance with the City of Chicago Zoning Ordinance, Title 17, Chapter 17-4-1000 et seq. (the "Zoning Ordinance"). [INSERT DEVELOPER NAME] (the "Developer") has advised the City of Chicago that in lieu of providing affordable housing units, the Developer has elected to make a cash contribution to the Affordable Housing Opportunity Fund, as provided for under [Sec. 17-1004-C2][Sec. 17-1004-D2] [SELECT APPLICABLE SECTION]. Under such Section, the cash contribution due and payable is \$_____ [INSERT AMOUNT], as calculated in the attached Affordable Housing Zoning Bonus Worksheet (FAR Bonus Calculation).

The City of Chicago hereby acknowledges, in lieu of cash, receipt of the Developer's irrevocable standby direct pay letter of credit in the amount of such required cash contribution as of the date hereof.

CITY OF CHICAGO, acting by and through its
Department of Community Development

By: _____

Name: _____

Its: _____

³ Letter must be signed and cash contribution paid or letter of credit presented prior to the issuance of building permits, per Sec. 17-4-1004-E.6.

[FORM OF RECEIPT]⁴

[DCD LETTERHEAD]

[DATE]

[INSERT DEVELOPER NAME/ADDRESS]

Attention: _____

Re: [INSERT NAME OF DEVELOPMENT] (the "Project")

Dear _____:

The above Project is receiving a floor area bonus in accordance with the City of Chicago Zoning Ordinance, Title 17, Chapter 17-4-1000 et seq. (the "Zoning Ordinance"). [INSERT DEVELOPER NAME] (the "Developer") has advised the City of Chicago that in lieu of providing affordable housing units, the Developer has elected to make a cash contribution to the Affordable Housing Opportunity Fund, as provided for under [Sec. 17-1004-C2][Sec. 17-1004-D2] [SELECT APPLICABLE SECTION]. Under such Section, the cash contribution due and payable is \$_____ [INSERT AMOUNT], as calculated in the attached Affordable Housing Zoning Bonus Worksheet (FAR Bonus Calculation).

The City of Chicago hereby acknowledges receipt of the Developer's funds in such amount as of the date hereof.

[INSERT COMMISSIONER of DOH
SIGNATURE BLOCK]

⁴ Letter must be signed and cash contribution paid or letter of credit presented prior to the issuance of building permits, per Sec. 17-4-1004-E.6.

[INSERT NAME OF ISSUER]

[CLOSING DATE]

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____
ISSUED IN CHICAGO, ILLINOIS ON _____, 200_

INITIAL EXPIRY DATE:[ONE YEAR FROM ISSUANCE]

BENEFICIARY;
CITY OF CHICAGO
121 NORTH LA SALLE STREET, ROOM 1000
CHICAGO, ILLINOIS 60602
ATTENTION: COMMISSIONER

GENTLEMEN:

AT THE REQUEST AND FOR THE ACCOUNT OF [INSERT DEVELOPER NAME, INSERT DEVELOPER ADDRESS] ATTN:_____ (“APPLICANT”), WE THE UNDERSIGNED BANK (THE “BANK”) , HEREBY ESTABLISH IN YOUR FAVOR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO._____ IN THE AMOUNT OF \$ _____ (THE “STATED AMOUNT”). WE HEREBY AUTHORIZE THE BENEFICIARY TO DRAW ON US FOR PAYMENT IN AN AMOUNT NOT TO EXCEED IN AGGREGATE THE STATED AMOUNT IN ACCORDANCE WITH THE TERMS AND CONDITIONS HEREINAFTER SET FORTH. ANY INDIVIDUAL WHO AT THE TIME SUCH DRAFT IS PRESENTED TO US PURPORTS TO BE THE COMMISSIONER, THE ACTING COMMISSIONER OR A DEPUTY COMMISSIONER OF THE DEPARTMENT OF COMMUNITY DEVELOPMENT, OR ANY SUCCESSOR DEPARTMENT THERETO (THE “CITY”) SHALL BE ENTITLED TO SUBMIT SUCH DRAFT. THE BENEFICIARY MAY CHANGE ITS DESIGNATED DRAWING PARTY BY DELIVERING NOTICES IN THE FORM ATTACHED HERE AS EXHIBIT C WITH BLANKS COMPLETED, TO THE BANK AT [INSERT ADDRESS] ATTN._____, BY HAND DELIVERY. A DEMAND FOR PAYMENT BY THE BENEFICIARY SHALL BE MADE HEREUNDER BY PRESENTATION TO THE BANK AT [INSERT ADDRESS] BY HAND DELIVERY OF (A) THIS ORIGINAL LETTER OF CREDIT AND AMENDMENT(S), IF ANY , TOGETHER WITH (B) ENDORSED SIGHT DRAFTS ISSUED BY THE BENEFICIARY IN THE FORM ATTACHED HERETO AS EXHIBIT A, WITH BLANKS COMPLETED, TOGETHER WITH C) A WRITTEN STATEMENT SIGNED BY THE BENEFICIARY IN THE FORM OUR REFERENCE NUMBER _____

ATTACHED HERETO AS EXHIBIT B, WITH BLANKS COMPLETED. PARTIAL AND MULTIPLE DRAWS SHALL BE PERMITTED.

ANY DEMANDS PRESENTED UNDER THIS LETTER OF CREDIT MUST BEAR ON ITS FACE THE CLAUSE "DRAWN UNDER [INSERT ISSUER NAME] LETTER OF CREDIT NO. _____".

DEMAND FOR PAYMENT MAY BE MADE PRIOR TO THE STATED EXPIRATION OR ANY AUTOMATICALLY EXTENDED EXPIRATION DATE OF THIS LETTER OF CREDIT

AT ANY TIME DURING OUR BUSINESS HOURS ON A BUSINESS DAY, AS USED HEREIN, THE TERM "BUSINESS DAY" MEANS A DAY ON WHICH THE BANK IS OPEN IN CHICAGO, ILLINOIS FOR THE PURPOSE OF CONDUCTING COMMERCIAL BANKING BUSINESS.

IF WE RECEIVED THIS ORIGINAL LETTER OF CREDIT AND THE SIGHT DRAFTS AND WRITTEN STATEMENT DESCRIBED ABOVE (TOGETHER, THE "DRAW DOCUMENTS") AT OUR ADDRESS STATED ABOVE ON A BUSINESS DAY, WHICH IS ON OR BEFORE THE DATE THIS LETTER OF CREDIT EXPIRES, WE WILL DULY HONOR YOUR DRAFTS PROVIDED ALL TERMS AND CONDITIONS HAVE BEEN COMPLIED WITH.

SUCH FUNDS SHALL BE PAID NO LATER THAN THE CLOSE OF BUSINESS ON THE FOLLOWING BUSINESS DAY AFTER WE RECEIVE THE DRAW DOCUMENTS, PROVIDED THE DRAW DOCUMENTS ARE RECEIVED PRIOR TO 11:00 A.M. ON SUCH BUSINESS DAY. IF THE DRAW DOCUMENTS ARE RECEIVED AFTER 11:00 A.M. ON SUCH BUSINESS DAY, SUCH FUNDS SHALL BE PAID NO LATER THAN THE CLOSE OF BUSINESS ON THE THIRD BUSINESS DAY AFTER WE RECEIVE THE DRAW DOCUMENTS.

IF A DEMAND FOR PAYMENT MADE HEREUNDER DOES NOT, IN ANY INSTANCE, CONFORM TO THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, WE SHALL GIVE THE BENEFICIARY NOTICE ON OR BEFORE THE THIRD BUSINESS DAY THAT THE DEMAND FOR PAYMENT WAS NOT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, STATING THE REASONS THEREFOR AND STATING THAT WE ARE HOLDING ANY DOCUMENTS AT YOUR DISPOSAL OR WE ARE RETURNING THE SAME TO YOU, AS WE MAY ELECT, UPON BEING NOTIFIED THAT THE DEMAND FOR PAYMENT WAS NOT IN CONFORMITY WITH THE TERMS OF THIS LETTER OF CREDIT, YOU MAY ATTEMPT TO CORRECT ANY SUCH NONCONFORMITY IF AND TO THE EXTENT THAT YOU ARE ABLE TO DO SO.

OUR REFERENCE NO. _____

THIS LETTER OF CREDIT SETS FORTH IN FULL THE TERMS OF OUR UNDERTAKING, AND THIS UNDERTAKING SHALL NOT IN ANY WAY BE MODIFIED, AMENDED OR AMPLIFIED BY REFERENCES TO ANY DOCUMENT, INSTRUMENT OR

AGREEMENT REFERRED TO HEREIN EXCEPT THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS HEREINAFTER MENTIONED AND EXCEPT THE SIGHT DRAFT AND WRITTEN STATEMENTS REFERRED TO HEREIN.

EXCEPT SO FAR AS THE TERMS OF THIS LETTER OF CREDIT REQUIRE OTHERWISE, THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION 500 (“UCP”). THIS LETTER OF CREDIT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF ILLINOIS AND SHALL, AS TO MATTERS NOT GOVERNED BY AND INCONSISTENT WITH THE UCP, BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS, INCLUDING WITHOUT LIMITATION, 810 ILCS 5/5-101 ET SEQ.

WE AGREE THAT WE HAVE NO RIGHT OR OBLIGATION TO DETERMINE THE TRUTHFULNESS OF ANY STATEMENTS PRESENTED TO US OR OTHERWISE MAKE THE INQUIRY INTO THE STATEMENTS PRESENTED TO US UNDER THIS LETTER OF CREDIT, WE WILL ACCEPT DOCUMENTS AS TENDERED.

THIS LETTER OF CREDIT IS NOT TRANSFERABLE.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED FOR AN ADDITIONAL PERIOD OF ONE YEAR FROM THE PRESENT OR FUTURE EXPIRATION DATE, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO SUCH DATE WE SHALL NOTIFY THE BENEFICIARY IN WRITING BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, OR BY OVERNIGHT COURIER, THAT WE ELECT NOT TO RENEW THIS LETTER OF CREDIT FOR SUCH ADDITIONAL PERIOD. WE AGREE THAT A COPY OF ANY SUCH WRITTEN NOTICE SHALL ALSO BE SENT TO CITY OF CHICAGO, ILLINOIS 60602, ATTENTION: REAL ESTATE DIVISION (THE “DEPARTMENT OF LAW”) WITHIN SUCH TIME PERIOD AND IN SUCH MANNER. IN THE EVENT YOU ARE SO NOTIFIED, ANY UNDRAWN PORTION OF THE CREDIT SHALL BE AVAILABLE UPON PRESENTATION OF YOUR SIGHT DRAFT OR UNTIL THE CURRENT EXPIRY DATE.

WE HEREBY AGREE WITH YOU THAT DEMANDS PRESENTED IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED ON PRESENTATION AS AFORESAID.

[INSERT ISSUER NAME]

AUTHORIZED SIGNATURE

OUR REFERENCE NUMBER: _____

**EXHIBIT A TO
LETTER OF CREDIT
NO. _____**

CITY OF CHICAGO

SIGHT DRAFT

CHICAGO, ILLINOIS _____, _____

FOR VALUE RECEIVED
PAY ON DEMAND TO THE CITY OF CHICAGO
U.S. _____ (U.S. \$ _____)

IRREVOCABLE LETTER OF CREDIT NO. _____ DATED _____

“DRAWN UNDER [INSERT ISSUER NAME]., LETTER OF CREDIT
NO. _____.”

TO: [INSERT ISSUER NAME
AND ADDRESS]
CHICAGO, IL 606__
ATTN: _____

THE CITY OF CHICAGO, ACTING BY
AND THROUGH ITS DEPARTMENT OF
COMMUNITY DEVELOPMENT

BY: _____
COMMISSIONER
OR (ACTING COMMISSIONER)
OR (DEPUTY COMMISSIONER)

OUR REFERENCE NUMBER: _____

**EXHIBIT B TO
LETTER OF CREDIT
NO. _____**

CHICAGO, ILLINOIS _____, _____

TO: [INSERT ISSUER NAME
AND ADDRESS OF ISSUER]
CHICAGO, IL 606__
ATTN: _____

GENTLEMEN:

THIS STATEMENT IS GIVEN WITH REFERENCE TO YOUR IRREVOCABLE STANDBY
LETTER OF CREDIT NO. _____, DATED _____.

THE CITY OF CHICAGO IS ENTITLED TO DRAW THE SUM OF U.S. _____
(U.S. \$ _____) UNDER THE AFORESAID IRREVOCABLE STANDBY LETTER OF
CREDIT.

CITY OF CHICAGO, ACTING BY AND
THROUGH ITS DEPARTMENT OF
COMMUNITY DEVELOPMENT

BY: _____

(COMMISSIONER)
OR (ACTING COMMISSIONER)
OR (DEPUTY COMMISSIONER)

OUR REFERENCE NUMBER: _____

**EXHIBIT C TO
LETTER OF CREDIT
NO. _____**

CHICAGO, ILLINOIS _____, _____

TO: [INSERT ISSUER NAME
AND ADDRESS]
CHICAGO, ILLINOIS 606__
ATTN: _____

GENTLEMEN:

THIS STATEMENT IS GIVEN WITH REFERENCE TO YOUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____, DATED _____, 200_. FROM AND AFTER THE DATE OF YOUR RECEIPT OF THIS NOTICE, THE "DRAWING PARTY" IS ANY INDIVIDUAL WHO AT THE TIME SUCH DRAFT IS PRESENTED TO YOU PURPORTS TO BE THE COMMISSIONER, THE ACTING COMMISSIONER OR A DEPUTY COMMISSIONER OF THE DEPARTMENT OF COMMUNITY DEVELOPMENT, OR ANY SUCCESSOR DEPARTMENT THERETO OF BENEFICIARY.

CITY OF CHICAGO, ACTING BY AND
THROUGH ITS DEPARTMENT OF
COMMUNITY DEVELOPMENT

BY: _____

(COMMISSIONER)
OR (ACTING COMMISSIONER)
OR (DEPUTY COMMISSIONER)