

Inclusionary Housing in Chicago: the Affordable Housing Zoning Bonus



The Affordable Housing Zoning Bonus – or Density Bonus – was created in 2004 to enable developers in certain downtown zoning districts (DC, DX, and DR) to build additional square footage in exchange for providing on-site affordable housing OR contributing to the City’s Affordable Housing Opportunity Fund. Downtown developments that are subject to the Affordable Requirements Ordinance (ARO) may meet their ARO requirement by purchasing a Density Bonus.

Developments with on-site units receive four square feet of market-rate bonus space for every foot of affordable housing provided. The maximum allowed bonus is 20% of base FAR in dash-5; 25% in dash-7 or -10; and 30% of base FAR in dash-12 or -16 (www.cityofchicago.org/zoning for zoning info).

Because of the high cost of downtown land, however, many exercise the in-lieu donation option. The formula for calculating the amount of that donation is here ►

Formula for Off-site Affordable Housing Zoning Bonus	
<i>Financial Contribution</i>	$= \frac{\text{Bonus floor area achieved via affordable housing bonus}}{\text{Median cost of land per buildable square foot}^*} \times 80\%$ <p style="text-align: right;"><small>*cost will be updated regularly</small></p>
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; I-55 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

HUD Median Income for Unit Type/Family Size (as of 5/2011)				
Number of Bedrooms	Assumed Family Size	60% of Median	80% of Median	100% of Median
Studio	1	\$31,680	\$42,200	\$52,600
1	1.5	\$33,930	\$45,225	\$56,350
2	3.0	\$40,740	\$54,250	\$67,600
3	4.5	\$47,040	\$62,700	\$78,150

Units must be affordable to households earning 100% of the area median income, as defined by the Department of Housing and Urban Development (HUD). Using these maximum incomes as a guide, the City defines affordable pricing for each development, based on the market price, assessments, and property taxes projected for the units. Affordable units must reflect the building’s overall unit mix.

Affordable units are typically placed in the **Chicago Community Land Trust** (CCLT), which ensures the unit’s long-term affordability. The Department of Housing & Economic Development income-qualifies purchasers/renters, and may provide marketing assistance. **For more information** contact Kara Breems (312.744.6746 or Kara.Breems@cityofchicago.org).