



CITY OF CHICAGO • OFFICE OF THE MAYOR



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CITY COUNCIL PASSES TWO-YEAR EXTENSION TO 606-PILSEN DEMOLITION PERMIT SURCHARGE ORDINANCE

Extended measure will impose a surcharge on permits to demolish residential buildings, helping to maintain the existing neighborhood character and housing stock and reduce displacement

CHICAGO – City Council passed a measure today extending the 606-Pilsen Demolition Permit Surcharge Ordinance through April 1, 2024. Passed as a pilot ordinance in March 2021, the measure imposes a surcharge on permits for the demolition of buildings with residential units in the area surrounding the Bloomingdale Trail (The 606) and Pilsen areas. Together with two Anti-Deconversion ordinances passed in January 2021, these measures reduce the displacement of low- to moderate-income residents while maintaining the existing character and housing stock, specifically in two- to eight-unit buildings that often provide naturally occurring affordable housing units.

"Chicago's vibrant neighborhoods and communities have been home to thousands of proud families and small businesses for generations," said Mayor Lightfoot. "I'm proud to extend this ordinance which welcomes change in our city while preventing the displacement of long-term residents, particularly our low- to moderate income residents. I'm grateful for City Council's partnership to preserve our historic communities."

The demolition surcharge, which is \$15,000 or \$5,000 per residential unit – whichever is greater - has been applied to eight permits since April 1, 2021, generating \$120,000 in invoiced revenue and \$60,000 in collected revenue. Per the ordinance, these funds go to the Chicago Community Land Trust to support activities within these two areas.

"We are seeing that the impact of these ordinances in preserving rental units, maintaining existing neighborhood character, and creating more homeowners is significant and measurable," said Marisa Novara, Commissioner, Department of Housing (DOH). "I want to thank Mayor Lightfoot for her leadership and the entire City Council for its support in extending the surcharge ordinances in these areas."



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In the 606 Surcharge Area, there were an average of 25 demolitions per year before the pandemic, versus three in the first 11 months of the demolition surcharge policy, a decline of 88%. By comparison, demolition activity declined by an average of 42% in surrounding comparison communities. In the Pilsen Surcharge Area, there was an average of eight demolitions per year before the pandemic, versus six in the first 11 months of the demolition surcharge policy, a decline of 25%. By comparison, demolition activity declined by an average of 14% in the surrounding comparison communities. Despite the differing results between the 606 and Pilsen Surcharge areas, the ordinances have effectively slowed the loss of residential buildings while also benefiting the residents looking to become homeowners through the Chicago Community Land Trust.

"It should go without saying that development should not come at the expense of existing communities," said Daniel La Spata, 1st Ward Alderman. "With the extension of this ordinance, we will continue to work alongside community leaders and this administration to ensure development in these neighborhoods preserves their social, economic, and historic character."

"We must do everything we can to preserve affordable housing – in Pilsen and all areas where rapid growth can have the unfortunate consequences of forcing long-time residents out of their homes," said Byron Sigcho-Lopez, 25th Ward Alderman. "These ordinances taken together will ensure that Pilsen remains affordable and prevent the excessive development that causes displacement."

"I'm proud to have worked with the administration and my colleagues to extend this measure that helps ensure Chicago families can remain in their homes and thrive in their neighborhoods," said Carlos Ramirez-Rosa, 35th Ward Alderman. "I will continue to advocate on behalf of my community and for affordable housing opportunities throughout the City."

"At the heart of this initiative is the protection of housing choices for the working families of our city," said Roberto Maldonado, 26th Ward Alderman. "My fellow Council members and our partners at the City understand the urgency of this demolition surcharge plan which will help to maintain the existing neighborhood character and housing stock and reduce displacement of our working families."

The 606-Pilsen anti-deconversion and demolition surcharge ordinances are part of Mayor Lightfoot's commitment to equitable economic growth that ensures every resident can remain in their homes and share in transformative improvements occurring in their communities. Last week, the City announced the South Shore Condo-Co-Op Preservation



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Pilot Fund that will provide financial assistance to condo/co-op owner-occupants for repairs and assist Homeowner Associations in securing loans for needed maintenance.

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