

Quick reference

AFFORDABLE REQUIREMENTS ORDINANCE (ARO)

The Affordable Requirements Ordinance (ARO) is a planning tool used to support the preservation and creation of affordable housing in Chicago. **The ARO requires new residential construction to set aside 10% of new units as affordable housing ("ARO units").**

WHAT IS "AFFORDABLE"?

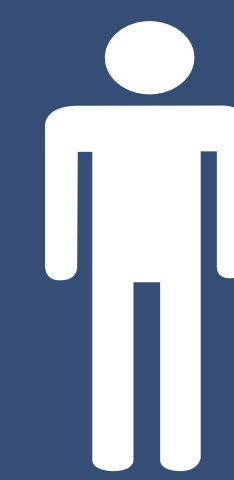
The City calculates affordable rent for ARO units by assuming that each household:



Spends no more than **30%** of their income on rent and utilities



Earns no more than **60%** of the Area Median Income



Sleeps **1.5** people per bedroom

In 2019, the City set the affordable rent at \$936 for a studio and \$1,391 for a three bedroom unit.

WHEN DOES THE ARO APPLY?

The ARO applies when a residential housing project will create 10 or more **new units** AND either:

The project requires a zoning change

OR

The land was purchased from the City

OR

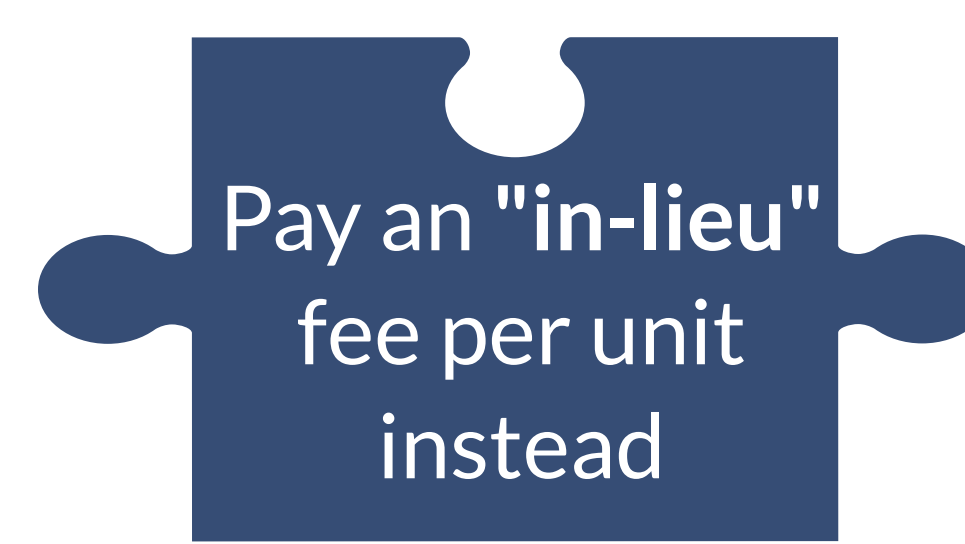
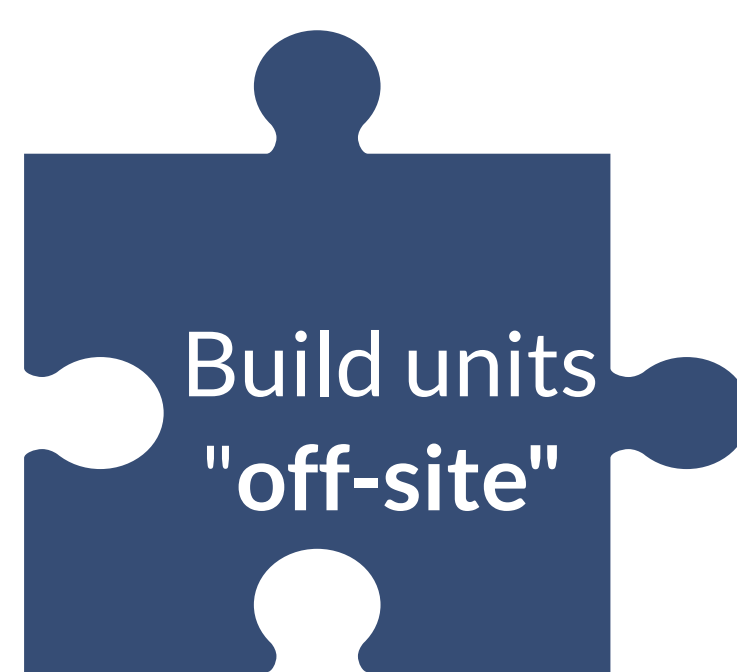
The city is providing financial assistance (e.g. TIF funding)



This raises the requirement for affordable units to 20%

WHERE DO THE UNITS GO?

Developers can use three options alone or in combination to fulfill the ARO:



The developer **must build one-quarter** of the required ARO units, whether on-site or off-site. The rest are negotiated by city staff, the alderman and the developer.

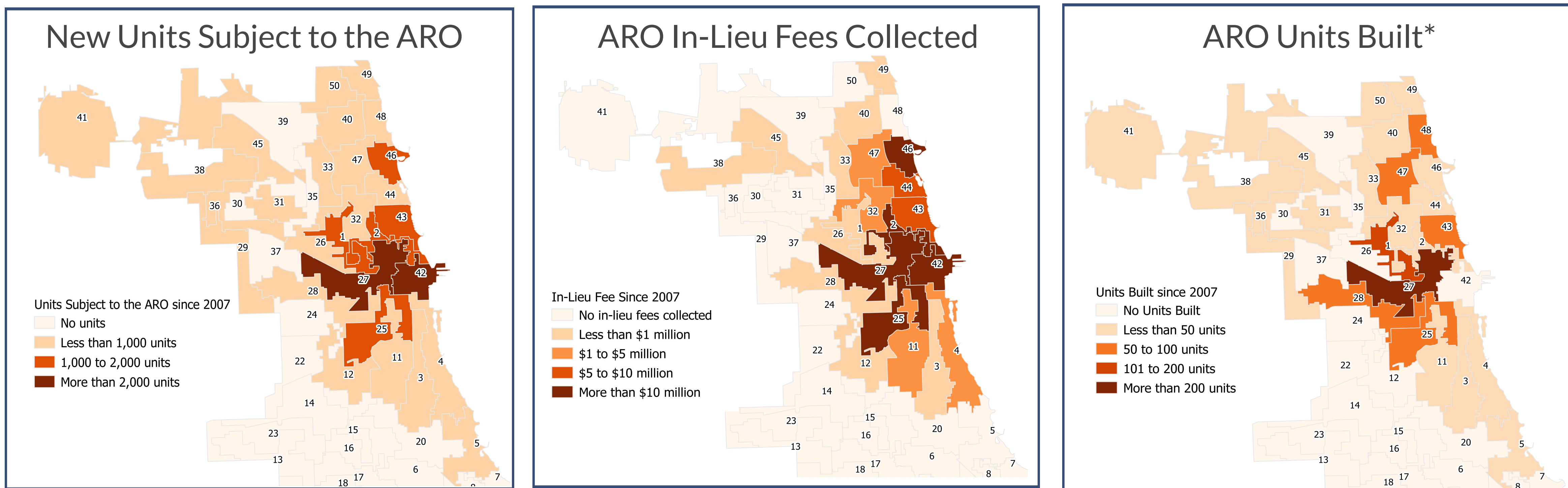


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HOW EFFECTIVE IS THE ARO?

As an **inclusionary zoning** tool, the ARO is designed to prevent developers from only serving higher income households by integrating affordable housing in higher-income and rapidly developing communities. Nearly 17,000 new units have been subject to the ARO since 2007, but their locations do not necessarily correspond to where ARO units are built. For example, the 2nd Ward, which includes parts of Lincoln Park and Wicker Park, generated over 1,000 new units subject to the ARO, but built only 13 ARO units. Wards with high numbers of new units subject to ARO tend to collect large amounts of in-lieu fees, which have increasingly been used to fund the City's housing department programs.

IMPACT OF THE ARO BY WARD FROM 2007 TO 2019



Note: 2019 refers to the first quarter of 2019.

*"Built" refers to units that were entered into affordability covenants. This number includes on and off-site units, since they are only disaggregated after 2015. This number does not reflect whether the project was actually completed.

Sources: 2009-2013 Affordable Housing Plan Quarterly Updates; 2014-2018 Chicago Five-Year Housing Plan Quarterly Updates; One Chicago: 2019-2023 Housing Plan 1st Quarter Progress Report.

Updated as of September 2019.