

ORDINANCE

WHEREAS, The City of Chicago (the "City") is a home rule unit of government pursuant to Article VII, Section 6(a) of the 1970 State of Illinois Constitution and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, The City has determined that a shortage of affordable housing available to low- and moderate-income households is harmful to the health, prosperity, economic stability and general welfare of the City; and

WHEREAS, Protecting such naturally occurring affordable housing is critical to protecting vulnerable households from displacement; and

WHEREAS, Two particular areas in the City are experiencing high levels of gentrification and displacement of vulnerable households: the area adjacent to the 606 trail and the Pilsen neighborhood; and

WHEREAS, The area adjacent to the 606 trail is a transit-rich neighborhood that has experienced significant change due to a major public investment in a neighborhood amenity, and Pilsen is a transit-rich neighborhood that has experienced significant change due to its proximity to downtown jobs and cultural vibrancy; and

WHEREAS, With respect to the 606 area, the Institute for Housing Studies at DePaul University estimates the area lost almost sixty 2- to 6-flat residential buildings to redevelopment as single-family homes between 2013 and 2018, representing hundreds of vulnerable households displaced by the elimination of such unsubsidized and naturally occurring affordable housing; and

WHEREAS, The Institute for Housing Studies has further found that while prices for 1- to 4-unit buildings in areas vulnerable to displacement in the 606 trail area west of Western Avenue were 30 percent below the citywide average in 2012, they were double the citywide average in 2018, creating significant difficulties for low- and moderate-income households with respect to housing affordability; and

WHEREAS, With respect to the Pilsen neighborhood, census tract data from the American Community Survey show that between 2013 and 2018, the Lower West Side Community Area, in which Pilsen is the main neighborhood, was the only Community Area in Chicago that registered both an increase of more than 15% in median household income from households earning below \$50,000 and an increase of more than 10 percentage points in adults with four-year college degrees, which are two primary indicators of gentrification; and

WHEREAS, The American Community Survey also reveals that the Pilsen neighborhood lost nearly 16,000 Latino residents between 2000 and 2019; and

WHEREAS, It is in the public interest to protect vulnerable households in the 606 trail area and the Pilsen neighborhood from displacement by assessing a surcharge on demolitions of dwelling units within the boundaries defined in Sections 17-7-580 and 17-7-590 of the

Municipal Code of Chicago; and

WHEREAS, The City implemented a Demolition Surcharge pilot in the 606 area and Pilsen neighborhood with O2021-746 in March of 2021, and extended this pilot with O2022-885 in March of 2022; and

WHEREAS, Since the Demolition Surcharge pilot was implemented, Department of Housing analysis shows that the number of demolition permits issued has fallen in both the 606 area and Pilsen neighborhood, but that some demolitions have continued; and

WHEREAS, Research shows that other municipalities, such as Highland Park, Evanston, and Northbrook have demolition surcharges between \$10,000 and \$15,000 per permit; and

WHEREAS, This surcharge is authorized under the City's home rule powers, as well as the Illinois Municipal Code, 65 ILCS 5/1-1-1 et seq. (particularly Section 11-42-1 of the Illinois Municipal Code, 65 ILCS 5/11-42-1); now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are incorporated herein and made a part of this ordinance, which shall be known as the Demolition Permit Surcharge Ordinance.

SECTION 2. On March 24, 2021, the City Council of the City of Chicago passed an ordinance, referenced as O2021-746, published on pages 28494 through 28498 of the Journal of the Proceedings of the City Council of the City of Chicago for that date ("the Demolition Permit Surcharge Ordinance"). On March 23, 2022, the City Council of the City of Chicago passed an ordinance amending SECTION 3 of O2021-746, referenced as O2022-885, published on pages 45493 through 45496 of the Journal of Proceedings of the City Council for that date. SECTION 3 of the Demolition Permit Surcharge Ordinance, initially passed on March 24, 2021 is hereby further amended by deleting the language stricken through and by inserting the language underscored, as follows:

SECTION 3. This ordinance shall take full force and effect on April 1, 2021 and shall expire and be repealed of its own accord, without further action by the City Council, on ~~April 1, 2024~~ December 31, 2024. This ordinance shall apply to permits applied for on and after the effective date as well as permits applied for before the effective date, but which have not been issued by such date.

SECTION 3. Section 2-44-135 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

2-44-135 Demolition Permit Surcharge Ordinance.

(Omitted text is not affected by this ordinance)

(g) *Duration.* The surcharge required under this section shall be in effect through ~~April 1, 2024~~ December 31, 2024. At least 150 days prior to such date, the Department of Housing shall submit to the City Council Committee on Housing and Real Estate a written

report identifying the amount of revenue generated under this section; its observed effect on development activity in the applicable pilot area; and any other information that the Committee may require.

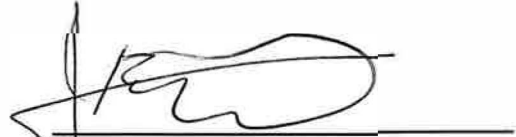
(h) *Rules.* The Commissioner is authorized to promulgate rules necessary or appropriate to implement this section.

(i) *Application of Uniform Revenue Procedures Ordinance.* Whenever not inconsistent with the provisions of this section or whenever this section is silent, the provisions of the Uniform Revenue Procedures Ordinance, Chapter 3-4 of this Code shall apply and supplement this section.


SECTION 4. This ordinance shall take effect upon its passage and approval.



Daniel La Spata, Alderman
1st Ward



Byron Sigcho-Lopez, Alderman
2nd Ward



Jessie Fuentes, Alderman
26th Ward



Carlos Ramirez-Rosa, Alderman
35th Ward