

## 1<sup>st</sup> Ward State of the Ward

### Executive Summary:

Between June 2022 and May 2023, approved zoning map amendments within the 1<sup>st</sup> Ward could create 41 new housing units, approximately 7 of which are affordable (17% affordable units). Additional zoning ordinances included an Aldermanic map amendment to bring a non-conforming single unit residence into compliance with the zoning ordinance.

During this period of time, Alderman La Spata and the 1<sup>st</sup> Ward office also continued to support the Additional Dwelling Unit Ordinance, which resulted in proposals for 76 new or legalized units of housing during its first year in the Ward and 54 new or legalized units of housing during its second year; continued to oversee successful zoning change proposals to rehab existing multi-unit residences in West Town and Logan Square; lead Connected Communities Ordinance advocacy, to expand Transit-Served Location bonuses tied to affordable housing production; supported the Chicago Department of Planning and Development Milwaukee Avenue Urban Identity Study program (ongoing as of May 2023); and continued to use 1<sup>st</sup> Ward data to refine development policy priorities.

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### **1<sup>st</sup> Ward Office: State of the Ward (written May and June 2022)**

The following document is a State of the Ward report, specifically focusing on community-based zoning and infrastructure processes for the 1<sup>st</sup> Ward. This report will feature a summary on the Committee on Zoning, Landmarks, and Building Standards; 1<sup>st</sup> Ward zoning cases approved at the Committee between June 2022 and May 2023; a basic summary of built environment policy developments in the last year; a brief follow-up from previous State of the Ward documents; and a basic summary of community meeting efforts between June 2022 and May 2023.

#### **Committee on Zoning, Landmarks, and Building Standards**

Reviewing citywide data from the Committee on Zoning, Landmarks, and Building Standards, if ordinances that pass City Council are broadly construed as “development,” development slowed between June 2022 and May 2023, as compared to June 2021 through May 2022. This should not be surprising for several reasons: the development jump in 2021 – 2022 might be attributed to pent-up demand for development lending and construction efforts following the absolute worst periods of the COVID-19 pandemic; the Federal Reserve consistently and aggressively raised interest rates, making construction lending *and* sale lending more difficult; and, supply chain disruptions for numerous materials, including concrete materials, and labor unrest within certain supply chains caused construction costs to increase substantially and made it more difficult to develop or redevelop properties with certainty.

In addition to these industry factors, it must be hypothesized that uncertainty pertaining to the 2023 elections; the Ward remapping process implemented in May 2023; and the consistent resignations of numerous City Council members may have slowed the pace of development over the last year. One way to test this hypothesis would be to review zoning ordinances passed by new Ward Offices between 2023 – 2024 and compare them to the previous year (in addition to a full citywide analysis).

From June 2021 through May 2022, 372 zoning-related ordinances were recommended to pass at Committee on Zoning, Landmarks, and Building Standards, whereas from

June 2022 through May 2023, 354 zoning-related ordinances were recommended to pass at Committee on Zoning, Landmarks, and Building Standards. In sequence, the four years of Mayor Lori Lightfoot's administration produced the follow ordinance approvals for zoning matters:

- From May 2019 through May 2020, 351 zoning-related ordinances were recommended to pass at eleven meetings.
- From June 2020 through May 2021, 306 zoning-related ordinances were recommended to pass at twelve meetings.
- From June 2021 through May 2022, 372 zoning-related ordinances were recommended to pass at twelve meetings.
- From June 2021 through May 2023, 354 zoning-related ordinances were recommended to pass at eleven meetings.

For the purposes of this survey, zoning-related ordinances include aldermanic zoning map amendments; miscellaneous zoning map amendments (ex., typical redevelopment proposals submitted by private parties, the most common type of zoning ordinance); Planned Development amendments; and, ordinances to establish pedestrian streets (these are considered zoning-related ordinances because pedestrian streets establish zoning bonuses in certain scenarios).

Over the last three years, the median Ward citywide recommended approval on 13 zoning ordinances at the Committee on Zoning, Landmarks, and Building Standards. Based on the distribution of zoning changes across the City, there are roughly three groups of Wards that can be created.

Due to a City-supported redevelopment program in the 24<sup>th</sup> Ward, it should be noted that approximately 34 of the zoning ordinances passed in 2022 – 2023 for the 24<sup>th</sup> Ward were Aldermanic introductions. Citywide, approximately 68 Aldermanic zoning ordinances passed in 2022 – 2023, so the ongoing redevelopment program in 24<sup>th</sup> Ward accounted for fully half of the Aldermanic zoning ordinances that passed City Council in the last year.

Committee on Zoning: 1st Tier Ordinance Count

Ward	2021	2022	2023	Total
27	35	28	36	99
47	19	23	16	58
24	5	9	41	55
25	12	21	19	52
1	13	20	10	43
2	12	17	13	42
11	11	17	14	42
32	11	17	9	37
44	9	15	13	37
3	7	13	12	32
26	11	10	9	30

Data from COZ Summary documents, June 2020 - May 2023

Committee on Zoning: 2nd Tier Ordinance Count

Ward	2021	2022	2023	Total
28	12	9	8	29
33	8	10	8	26
12	9	5	11	25
30	5	9	10	24
42	8	5	9	22
40	8	7	6	21
29	5	8	7	20
35	11	5	4	20
45	8	6	2	16
4	1	4	10	15
46	6	4	5	15
21	4	5	5	14
6	2	7	4	13
17	5	6	2	13
37	3	5	5	13
43	7	3	3	13
48	2	7	4	13
5	2	3	7	12

Data from COZ Summary documents, June 2020 - May 2023

Committee on Zoning: 3rd Tier Ordinance Count

Ward	2021	2022	2023	Total
10	3	3	6	12
31	6	4	2	12
36	4	4	4	12
8	2	7	2	11
19	4	3	4	11
50	5	4	2	11
16	6	3	1	10
18	3	6	1	10
22	2	3	5	10
34	1	5	3	9
38	3	3	3	9
9	2	4	2	8
39	2	4	2	8
41	2	5	1	8
49	2	5	1	8
20	2	1	4	7
14	3	2	1	6
23	0	2	4	6
13	0	2	3	5
7	2	2	0	4
15	1	2	1	4

Data from COZ Summary documents, June 2020 - May 2023

**1<sup>st</sup> Ward Zoning Summary for Alderman La Spata's first term:**

**290 potential housing units approved, 86 of which are income-limited affordable units (30% affordable)**

Between Alderman La Spata's May 2019 inauguration and May 2020, approved zoning map amendments within the 1<sup>st</sup> Ward could create 111 new units of housing, approximately 50 of which were affordable (45% affordable units); additionally, six businesses received zoning changes to facilitate their proposed land use.

Between June 2020 and May 2021, approved zoning map amendments within the 1<sup>st</sup> Ward could create 57 new housing units, approximately 18 of which were affordable (32% affordable units); additionally, two businesses received zoning changes to facilitate their proposed land use.

Between June 2021 and May 2022, approved zoning map amendments within the 1<sup>st</sup> Ward could create 81 new housing units, approximately 11 of which are affordable (13% affordable units); additionally, four businesses received zoning changes to facilitate their proposed land use.

Between June 2022 and May 2023, approved zoning map amendments within the 1<sup>st</sup> Ward could create 41 new housing units, approximately 7 of which are affordable (17% affordable units).

As occurred citywide, the number of 1<sup>st</sup> Ward zoning changes recommended approval at City Council declined between May 2022 and June 2023. This decline cannot solely be attributed to zoning recommendations from Alderman La Spata to the Committee on Zoning, Landmarks, and Building Standards, but also to a basic decline in overall proposals submitted to the 1<sup>st</sup> Ward Office:

- For example, between June 2021 and May 2022, Alderman La Spata recommended approval on 20 zoning ordinances; during the calendar year of 2022 recommended opposition to nine proposals; during the calendar year of 2022, 29 proposals simply lapsed for lack of information or follow-up by

developers, or were withdrawn by developers; during the calendar year of 2021, recommended opposition to seven proposals; during the calendar year of 2021, 29 proposals simply lapsed for lack of information or follow-up by developers, or were withdrawn by developers.

- By contrast, between June 2022 and May 2023, Alderman La Spata recommended approval on 10 zoning ordinances; during the calendar year of 2023, recommended opposition on seven zoning proposals; during the calendar year of 2023 (through May 2023), nine zoning proposals lapsed for lack of information or follow-up by developers, or were withdrawn by developers.

Based on this overall volume of cases, it can be estimated that between June 2022 and May 2023, development proposals to the 1<sup>st</sup> Ward Office dropped by approximately 10%; data from the election season corroborate this, as approximately 18 proposals were received between October 2021 and February 2022, whereas only 16 proposals were received between October 2022 and February 2023. While there are numerous additional construction and lending factors impacting development across the city and 1<sup>st</sup> Ward, a hypothesis could be formed that the election did reduce the number of zoning proposals submitted to the 1<sup>st</sup> Ward Office, and this hypothesis could be tested by looking at data for October – February periods in 2024 through 2026.

### **June 2022 – May 2023 1<sup>st</sup> Ward Zoning Approvals**

The zoning map amendments approved between June 2022 and May 2023 follow these general land use trends and categories:

- Rehabilitation and Single-Unit Residences (3):** There were several 1<sup>st</sup> Ward zoning items at City Council that pertained to new construction, legalizing, addition, or expansions of single-unit, owner-occupied residences. These projects are at 460 North Noble; 1863 West Race; and 1923 West Race.
- Gentle Density (4):** The majority of 1<sup>st</sup> Ward zoning cases throughout the last year have been proposals that establish what may be called “gentle density”, by

adding a unit of housing here and there, or by providing moderate-sized infill development:

- i. **Additional Dwelling Unit (3):** The 1<sup>st</sup> Ward Office facilitated community review for three projects that legalized or added an additional dwelling unit: 1433 North Fairfield; 1416 North Maplewood; and 2175 North Maplewood.
  - ii. **Mixed Use Development (1):** The existing building at 1858 West Chicago was legalized, as previous permits only admitted 10 legal dwelling units for some reason. 12 dwelling units and 2 commercial spaces exist at the property, and this zoning map amendment brings those units into conformance with the zoning ordinance. Should construction costs exceed a certain amount, this project would be subject to the Affordable Requirements Ordinance as a substantial renovation.
- c. **Transit-Served Location Zoning (1):** Two ordinances were approved at Fullerton / Washtenaw intersection, to construct two 5-story, mixed use buildings. These buildings will included 35 residential units, the majority of which are 3-bed, 3-bath or 3-bed, 2-bath units. This development will include a modest Transit-Served Location reduction in parking spaces. Additionally, this development will produce seven income-limited affordable units through the Affordable Requirements Ordinance, and 1<sup>st</sup> Ward Office also made the developer aware of additional affordable housing subsidy programs through the Cook County Assessor's Office and Chicago Housing Authority to finance the development.
- d. **Ministerial Zoning (1):** A zoning map amendment was submitted for 1912 West Division to correct an error with the previous zoning map amendment for this Transit-Served Location redevelopment. No dwelling units were counted for this

year's total; this redevelopment counts toward the 2021 – 2022 dwelling unit figure.

You can read about the [1<sup>st</sup> Ward Office zoning process at the zoning website](#), and view the development [intake packet here](#).

### **Congress Theater**

**2022 Update:** There is a new ownership group purchasing the existing zoning of the Congress Theater (as of June 2021), in order to rehabilitate the theater and redevelop the space within the existing building. This new group proposes a combination of 3-to-5 retail storefronts (5,400 square feet); 14 affordable housing units (out of 20 total residential units); affordable commercial office space; and a 3,500 seat venue. On Monday, June 28, 2021, the 1st Ward Office hosted a meeting with the new development team, [which you can watch here](#); on Monday, April 4, 2022, the 1st Ward Office hosted a follow-up meeting with new updates, [which you can watch here](#).

Updates at the April 4, 2022, meeting included a discussion of removing the hotel portion of the development that was original envisioned in 2021, and adding affordable office space targeted to area non-profit organizations. The most recent Redevelopment Agreement document available to the 1st Ward Office (as of April 5, 2022) is available [here](#).

**2023 Update:** As of May 2023, the Congress Theater redevelopment program is under its City Council introduction, and there is an additional need to extend the Tax Increment Financing District by three years in order to fund the relevant and applicable construction costs for the redevelopment. [The City Clerk Office has a record and copy available of the redevelopment agreement.](#)

### **1628 West Division**

Over the last two years, the 1<sup>st</sup> Ward Office has followed permitting updates related to the proposed redevelopment at 1628 West Division, which will include a 13-story building with 121 residential units. The 1<sup>st</sup> Ward Office continues to monitor this address for permitting updates, and will communicate updates with residents as they are received.

### **Other 1<sup>st</sup> Ward Proposals**

Between June 2022 and May 2023, Alderman La Spata determined that several zoning proposals would not receive a recommendation of support at the Committee on Zoning, Landmarks, and Building Standards. Specifically, a number of zoning proposals received by the 1<sup>st</sup> Ward Office propose to demolish existing multi-unit housing without expanding the density on the zoning lot (and, sometimes, reducing the density on the zoning lot). This was the major trend in zoning denials throughout the previous year-long period, and it continued over the past year.

Additionally, over the last year, the 1<sup>st</sup> Ward Office received numerous proposals to redevelop manufacturing properties instead of adaptively reusing those properties and existing manufacturing zoning to continue to expand Chicago's employment base. Given the relationship between West Loop development pressures and the Kinzie Industrial Corridor, which is one of the City's strongest employment corridors and productive centers, Alderman La Spata recommends against redevelopment of manufacturing property in the vicinity of the corridor. This principle is extended to other areas of the Ward, in order to ensure that development patterns in the Ward are diverse, to continue to develop a diverse economy with a range of employment options for Chicago residents.

Ongoing redevelopment proposals at 1511 West Fry, 1503 West Walton, and 1931 North Whipple (now 26<sup>th</sup> Ward) were heard by the 1<sup>st</sup> Ward Office, and in all cases multi-unit housing can be established as-of-right under current zoning laws. For example, property owner at 1931 North Whipple wishes to demolish the existing multi-unit residence to establish three new construction dwelling units. However, due to the Predominance of the Block Ordinance in the 606 Area, this parcel is already zoned for a

two-unit residential building *and* a coach house, resulting in three total dwelling units permissible on the lot. Therefore, there is no need to rezone the property to establish three dwelling units, because three dwelling units may be legally established on the property. Additional demolition up-zone requests received recommended opposition at 1433 North Campbell; 2625 West Armitage; 2104 – 2108 North Western; and 1536 West Chestnut (numerous ongoing inquiries).

Two existing manufacturing buildings received negative recommendations from Alderman La Spata and the 1<sup>st</sup> Ward Office, due to the need for continued use of productive commercial and manufacturing spaces in the Ward. These proposals included an auto dealer expansion at 2501 – 2555 North Elston, and redevelopment of the manufacturing building at 1801 North Central Park. Both of these locations are no longer within the 1<sup>st</sup> Ward under the new map that went into effect in May 2023.

At 2050 – 2056 West Pierce, a zoning attorney proposed a third floor addition to the existing 4-unit townhome development. Since this location is a Transit Served-Location, a Landmark District location, and a zoning change that proposed expanding a single-unit residence without any additional density, Alderman La Spata recommended against this zoning map amendment. The property owners have found a third floor addition proposal that now fits within the existing zoning district.

The 1<sup>st</sup> Ward Office has been working on numerous zoning proposals over the years at 1239 North Wood, which is one of the most unique properties in the Ward. Recently, the site received requests to demolish and construct a large Transit-Served multi-unit residence; a hotel, restaurant, and bar concept; and numerous rehabilitation concepts. Alderman La Spata and the 1<sup>st</sup> Ward office specifically recommended against the hotel proposal, due to the residential nature of the neighborhood and the need for more housing in this area of the Ward. The potential developer proposing demolition and complete redevelopment of the site never followed up.

As always, numerous residents, attorneys, realtors, and developers reached out to the 1<sup>st</sup> Ward Office for development proposal, but did not complete the community process. The 1<sup>st</sup> Ward Office provides each inquiry with a development intake packet, and a community zoning process flyer. Some applicants choose not to move ahead with their inquiry, and these cases are listed on the [1<sup>st</sup> Ward zoning website](#). In 2019, the

1<sup>st</sup> Ward Office had approximately 23 lapsed or withdrawn applications; approximately 22 lapsed or withdrawn applications in 2020; approximately 29 lapsed or withdrawn applications in 2021; approximately 29 lapsed or withdrawn applications in 2022; and approximately 9 lapsed cases as of May 2023. Next year's report will show a very high number of withdrawn cases in 2023, due to the change in Ward Maps (impacting seven additional zoning proposals in the Ward, including several zoning proposals that received recommended approval, which are now considered withdrawn).

### *Policy Updates Involving the Built Environment*

Over the last year, there are several policy items that Alderman La Spata and the 1<sup>st</sup> Ward Office have worked on that pertain to the built environment.

- (1) Additional Dwelling Unit program: 72 conversion units (4 income-limited affordable) and 58 coach house units proposed in the 1<sup>st</sup> Ward

The City Council debated an Additional Dwelling Unit program throughout the second half of 2020, passing the program into law at the end of 2020. The ADU program went into effect in May 2021; **residents can learn more about the program** from the Department of Housing and Department of Buildings, and residents can search their property on the **City of Chicago Zoning Map** (click on your property address, and look for "ADU AREA" district name). Alderman La Spata lobbied the Mayor's Office and City Departments for inclusion of the entire 1<sup>st</sup> Ward in the ADU districts, and continues to lobby for the expansion of the program. Under the new Administration, there is now a citywide expansion of the program under consideration at City Council. When residents reach out to the 1<sup>st</sup> Ward Office, staff provide support to residents and support the program; 1<sup>st</sup> Ward staff will help to assemble City resources and will periodically reach out to Department staff to advocate for residents when needed.

It is now possible to assess two full years of the ADU program, so this report will include an analysis of citywide preapproval applications that are divided by year. As of May 31, 2023, data from the City, residents across Chicago proposed to develop or legalize 839 units of housing through preapproval applications, with 55 of those dwelling

units required to be income-limited affordable. Between 2021 – 2022, residents proposed 520 dwelling units (37 affordable), and between 2022 – 2023, residents proposed 319 dwelling units (18 affordable). In the 1<sup>st</sup> Ward, residents proposed 76 dwelling units (3 affordable) in the first year of the program, and 54 dwelling units (1 affordable) in the second year.

Summary of Additional Dwelling Unit Ordinance Preapproval Applications,  
2021 - 2022 and 2022 - 2023

Ward	Year One		Year Two		All Units
	All	Affordable	All	Affordable	
47	77	5	64	4	141
1	76	3	54	1	130
35	53	1	30	1	83
40	44	3	35	7	79
32	25	1	27	1	52
2	35	6	16	1	51
48	35	5	11	0	46
44	24	3	13	1	37
33	24	0	11	0	35
20	23	2	8	1	31
21	19	1	9	0	28
17	18	0	8	1	26
22	17	2	9	0	26
24	16	2	7	0	23
6	11	3	2	0	13
27	6	0	3	0	9
18	6	0	2	0	8
46	4	0	4	0	8
10	3	0	4	0	7
3	3	0	2	0	5
28	1	0	0	0	1
All Wards	520	37	319	18	839

Data are from Chicago Data Portal, as downloaded May 31, 2023

Summary of Additional Dwelling Unit Ordinance Preapproval Applications.  
2021 - 2022 and 2022 - 2023

Ward	Year One			Year Two		
	ADU	Affordable	Coachhouse	ADU	Affordable	Coachhouse
47	33	5	44	20	4	44
1	47	3	29	25	1	29
35	34	1	19	11	1	19
40	34	3	10	25	7	10
32	14	1	11	16	1	11
2	24	6	11	5	1	11
48	30	5	5	6	0	5
44	17	3	7	6	1	7
33	17	0	7	4	0	7
20	21	2	2	6	1	2
21	15	1	4	5	0	4
17	15	0	3	5	1	3
22	13	2	4	5	0	4
24	14	2	2	5	0	2
6	11	3	0	2	0	0
27	4	0	2	1	0	2
18	6	0	0	2	0	0
46	2	0	2	2	0	2
10	1	0	2	2	0	2
3	3	0	0	2	0	0
28	1	0	0	0	0	0
All Wards	356	37	164	155	18	164

Data are from Chicago Data Portal, as downloaded May 31, 2023

In each of the last two years, property owners' demand to legalize, rehab, or build new housing units through the Additional Dwelling Unit program outpaced demand for new housing units through the 1<sup>st</sup> Ward zoning change process. This is worth noting because zoning changes often require an extended period of time for community review, feedback collection, City Department consultation by both applicant and Ward office, City Council submittal and approval, and complicated financing and construction processes. By contrast, the Additional Dwelling Unit program does not require City

Council approval, which reduces or eliminates the extent to which a property owner needs community process for their new unit of housing. This development process should therefore be much more streamlined than a zoning change process, because the property owner is solely required to conduct City consultation and financing and construction processes.

This housing and development typology is a useful tool for the 1<sup>st</sup> Ward Office, because when residents wish to redevelop a portion of their property with an additional dwelling unit, the 1<sup>st</sup> Ward Office can simply describe the City process and help coordinate contact with the City Departments if needed. Thus, new dwelling units can be developed relatively quickly, and the number of legal dwelling units within the 1<sup>st</sup> Ward can expand in a much less disruptive manner than typically seen via demolition-oriented redevelopment schemes.

Policy Summary: Alderman La Spata will continue to support the citywide expansion of the ADU ordinance, and as of May 2023, the 1<sup>st</sup> Ward Office is working with numerous additional offices to host an event on ADUs.

## (2) Rehab projects in West Town

Last year, there was a noticeable increase in rehabilitation proposals in the West Town Community Area. It was hypothesized that this was due to the general expense of construction projects (ex., building a standard RT-4 condo project may be at least \$160,000 more expensive now, which translates to a market-rate housing price increase of at least \$60,000 per condo); the encouragement of the Additional Dwelling Unit Ordinance; and the encouragement of rehab zoning changes from Alderman La Spata and the 1<sup>st</sup> Ward office.

More recently, this trend has continued, including ongoing zoning proposals at 2714 West St Helen; 2412 West Belden; 1416 North Maplewood; and, 2175 North Maplewood.

Policy Summary: Alderman La Spata will continue to encourage rehabilitation of existing housing, and the 1<sup>st</sup> Ward Office will continue to work with applicants to understand the economic, structural, and financial issues that make rehabilitation feasible.

### (3) Mortgage Rates and Housing Affordability

Since many zoning change requests (and new construction in general) in the 1<sup>st</sup> Ward are for home ownership opportunity (either through condos or single-unit residences), it is worth noting how the increase in mortgage rates over the last year has impacted housing affordability. The 2022 State of the Ward report studied this topic, and unfortunately the situation is worse in 2023.

In June 2021, Freddie Mac reports that the typical 30-year fixed mortgage rate was 2.98%. In May 2022, that number was 5.23%. Holding property taxes and assessments & repairs equal for both years, a \$700,000 housing unit with a \$70,000 down payment would see its monthly mortgage cost increase from \$2,649 to \$3,471. In terms of housing affordability, the household income required to afford this unit of housing would increase from approximately \$155,000 / \$160,000 to \$185,000 / \$190,000.

Based on interest rate increases, the household with an income of \$160,000 would see their affordable housing sale price drop from approximately \$700,000 to \$580,000.

In May 2023, the typical 30-year mortgage rate was around 6.4%. Holding all else equal for 2022 and 2023, a \$700,000 housing unit with a \$70,000 down payment would see its monthly mortgage cost increase from \$3,471 to \$3,940. Including property taxes and assessments, the household income required to afford this unit of housing would increase from approximately \$185,000 / \$190,000 in 2022 to \$200,000 / \$210,000 in 2023. Based on interest rate increases between 2021 and 2022, the household with an income of \$160,000 would see their affordable housing sale price drop from approximately \$700,000 to \$580,000. Now, in 2023, the affordable housing sale price for the same household would drop from approximately \$580,000 to below \$530,000.

Policy Summary: Since interest rate conditions make condominium and single-unit residence developments in the 1<sup>st</sup> Ward prohibitively expensive, the 1<sup>st</sup> Ward Office and Alderman La Spata will continue to analyze opportunities for leveraging the Affordable Requirements Ordinance to build more income-limited affordable housing in the Ward.

Follow-Up from Previous State of the Ward Reports

**Deals Falling Apart:** This issue was identified in the May 2020 “State of the Ward”, and the issue of deals falling apart, and deals being transferred, after zoning changes are granted continues to be an issue in the 1<sup>st</sup> Ward. It is not likely that the COVID-19 pandemic exacerbated this trend in any way, shape, or form, as the trend was equally prevalent before and during the pandemic. It is difficult to determine what types of policy mechanisms would allow Alderman La Spata, the 1<sup>st</sup> Ward office, and community partners to assess speculative zoning proposals that will not be implemented by an applicant, or to predict when a developer or property owner will have a change of heart about a proposed project.

It must be emphasized that zoning approval from an Alderman does not guarantee that a development will occur. For example, through community review process over numerous years, the establishment of additional dwelling units at 1111 North Western never advanced, despite a lack of opposition and encouragement from the Ward Office to continue to community process; the same issue occurred at 1839 – 1841 North Albany, where a proposed redevelopment of a vacant side lot received successful community review for a new 3-flat, but the property owner decided not to move forward with the deal (as of May 2023). In the recent years, zoning cases that received positive community processes (and in some cases, even recommended approval of a zoning change) that have not yet moved forward with zoning map amendments are 1746 North California (additional dwelling unit); 1111 North Western (ground floor commercial to residential); 2621 West Homer (additional dwelling unit); 1837 North Albany (rehabilitation); 1839 – 1841 North Albany (new three flat); 1638 West Ohio (additional dwelling unit); 1304 West Ohio (additional dwelling units); 1923 North Lawndale (additional dwelling unit).

Over the last four years, there are numerous zoning ordinances for which Alderman La Spata recommended approval at City Council and formally passed City Council, which have not yet been built or fully under permit. For zoning changes that are at least a year old, here are projects that have City Council approval for their zoning change that have yet to be built, permitted, or under permit review (as of May 2023, to the best of the 1<sup>st</sup> Ward Office's knowledge): 2940 West Lyndale; 3601 West Cortland (original proposal); 1510 North Talman; 2209 North Campbell; 2418 – 2428 North Milwaukee (The Hollander; twice); Teachers Village Chicago; and 2101 – 2013 West Chicago. Adding in approximately six ministerial zoning changes, zoning changes bringing existing buildings into conformance, and voluntary downzone ordinances, there were approximately 45 1<sup>st</sup> Ward zoning changes that concerned redevelopment between May 2019 – May 2022; this means that nearly 20% of approved development in the 1<sup>st</sup> Ward was not built, or has yet to be built.

Including all 1<sup>st</sup> Ward zoning map amendments approved between May 2019 – May 2023 at City Council, and the additional favorable community processes that did not result in zoning map amendments at City Council (meaning that the 1<sup>st</sup> Ward Office expressed that Alderman La Spata would support an ordinance at City Council, but the applicant never introduced an ordinance), approximately 30% of all proposed development in the 1<sup>st</sup> Ward that received successful community process was never built (45 total ordinances passed between May 2019 – May 2022, 8 successful community review without an ordinance submitted, and another 8 projects either not being permitted or built).

Policy Summary: The 1<sup>st</sup> Ward Office will continue to use a development intake program to assess the quality of each zoning proposal, in the hopes that the valuable time our staff and residents spend on reviewing zoning proposals results in projects that are built.

**Establishing the Facts:** The 1<sup>st</sup> Ward Office successfully collected development packets from a variety of projects in 2020, and continues to do so throughout 2022. These data help staff make quality recommendations to the Alderman regarding

development options at a particular site; identify speculative or rent-seeking behavior within a proposal; and, identify projects that do not offer competitive or marketable construction estimates. By comparing data across different projects, it is possible to better understand construction dynamics and land sale patterns in the 1<sup>st</sup> Ward.

Last year, the State of the Ward reported data from 17 multi-unit proposals, demonstrating the following construction trends through May 2021:

<b><u>Average Land Acquisition Per Lot</u></b>	\$462,688.89
<b><u>Land per Unit</u></b>	\$101,103.03
<b><u>Average Development Cost Per Unit</u></b>	\$455,698.20
<b><u>Median Development Cost per Unit</u></b>	\$450,000.00

\*For the purposes of analysis, each project's zoning lot is standardized by the number of parcels available per zoning lot.

<b><u>Average Condo Sale Necessary for Profit</u></b> (10% rate of return assumed)	\$581,274
<b><u>Maximum Condo Sale Necessary for Profit</u></b> (35% rate of return assumed)	\$713,382

Over the course of June 2021 through May 2022, the 1<sup>st</sup> Ward Office successfully collected details on 16 additional deals, which demonstrate the following increases:

<b><u>Average Land Acquisition Per Lot</u></b>	\$469,851.25
<b><u>Land per Unit</u></b>	\$110,141.07
<b><u>Average Development Cost Per Unit</u></b>	\$506,666.81
<b><u>Median Development Cost per Unit</u></b>	\$425,000.00
<hr/>	
<b><u>Average Condo Sale Necessary for Profit (10%)</u></b>	\$755,512
<b><u>Maximum Condo Sale Necessary for Profit (35%)</u></b>	\$927,219

These data demonstrate a few peculiar facts that should be further explained.

- The average and maximum sale estimates are so high because of outliers, including a proposed single-unit residence at 1863 West Race (proposed construction cost of \$1,500,000 for a 4,100 square foot residence, and a land acquisition cost of more than \$585,000) and another single-unit residence proposed at 2455 North California (\$1,000,000 construction cost (4,000 square feet) and \$320,000 land acquisition). Both of these developments would require extremely high resale values to justify investment, which is what skews the development resale averages above.
- The median development cost per unit is *lower* than the previous year due to the number of rehab deals that were included in the 1<sup>st</sup> Ward zoning process over the last year. One of the benefits of adding dwelling units “here and there” through rehab deals is that the proposed construction costs are often much lower, and that’s the trend that is evident in this table.

Thus, in the last year the types of proposed zoning map amendments demonstrated more extremes, such as additional dwelling unit proposals with rehab costs per unit below \$200,000, and new luxury construction units that proposed more than \$350/square feet construction costs.

The following table directly compares the last two years of data reported:

<b>Time Period</b>	<b>Data</b>	<b>Proposed Units</b>	<b>Land/Lot</b>	<b>Construction</b>	<b>Soft Costs</b>	<b>Average TDC</b>	<b>Cost / Sqft</b>
1	17	9.3	\$461,800	\$2,475,313	\$227,668	\$397,406	\$284
2	16	7.3	\$480,830	\$2,195,375	\$333,844	\$622,757	\$353

On a per-unit basis, construction costs increased by 13 percent between these two time periods; the cost of land per standard lot increased by approximately 4 percent.

From June 2022 through May 2023, unfortunately developers opted not to complete information in as transparent a manner to the 1<sup>st</sup> Ward Office. This is disappointing because it impedes the ability of the 1<sup>st</sup> Ward Office to create substantive development policy recommendations and capture potentially speculative deals, or deals that propose distorted construction budgets (and therefore would require more expensive housing costs).

However, developers that did submit packets were generally more forthcoming than previous applicants, which suggests that developers opted for one of two extremes in submitting their applications (either no information whatsoever, or very detailed proposals). For example, a proposed demolition at 2625 West Armitage included a feasibility report for several different development alternatives, which was extremely useful for the 1<sup>st</sup> Ward Office to assess policy preferences at the site. In this case, a rehabilitation of the existing building would have produced a return on investment (ROI) around 2.7%, which demonstrated that rehabbing the existing building not only would have been feasible in terms of construction costs but also would have turned a profit for investors; a renovation that added another unit to the building would have turned a 3.8% ROI; and a demolition and new construction would have turned a 6.2% ROI. These numbers were interesting to review because they included full pro forma assumptions, and also much more realistic profit targets than many other developers provided. Ultimately, by demonstrating the profit and feasibility of a rehab deal, the 1<sup>st</sup> Ward Office

was able to find a better basis to recommend against demolition, because the recommendation could include policy goals and financial assumptions.

This intake packet mirrored a recent zoning meeting approach used by 1<sup>st</sup> Ward staff, which is to require developers to present alternative proposals to residents. This is a useful function for a community meeting because it gives residents an opportunity to think through what could occur on a site, and it also results in more substantive feedback because residents can more fully articulate what they do or do not like about certain development formats. The 1<sup>st</sup> Ward office will continue to implement this requirement for many development proposals.

Policy Summary: The 1<sup>st</sup> Ward office is petitioning Alderman La Spata to edit the intake form to require basic pro forma assumptions associated with 3 development alternatives.

**Enforcing affordable housing units:** The 1<sup>st</sup> Ward office has worked with development teams on a range of financing options to expand affordability within their proposals. These types of financing sources often including Chicago Housing Authority products, but if the scale of the building is large enough, the Department of Housing will work with the 1<sup>st</sup> Ward office on concept review for substantial affordable housing support. Unfortunately, since development teams often work within standard lending relationships at small construction banks, or simply do not wish to build affordable housing, it is difficult to use financing sources to entice developers to build affordable housing.

In the last year, the 1<sup>st</sup> Ward Office and Alderman La Spata have continued to advocate for expanded affordable housing financing, by encouraging the use of a new Cook County property tax abatement for on-site affordable units in developments that are larger than seven units. By using property tax abatements, property owners are able to effectively finance affordable housing units by reducing operating costs. Alderman La

Spata and the 1<sup>st</sup> Ward Office provide information about this program to each property owner or developer who reaches out to the 1<sup>st</sup> Ward.

Policy Summary: The 1<sup>st</sup> Ward office will continue to work with development teams to advocate for the benefits of including financing within their deals in order to expand the number of affordable housing units available.

**Manufacturing Zoning Review:** The 1<sup>st</sup> Ward office has previously sought grant funding opportunities to expand office capacity related to manufacturing zoning review. Unfortunately, the office was unable to successfully procure grants for additional staff capacity throughout 2020 and 2021. Additionally, Alderman La Spata has advocated to the Department of Planning and Development to create community land trust mechanisms for manufacturing buildings, in order to provide long-term manufacturing property owners an opportunity to finance rehabilitation or adaptive reuse projects; build a transition plan for future ownership that maintaining manufacturing uses; and, to bolster Planned Manufacturing Zoning Districts with financing resources.

The 1<sup>st</sup> Ward Office and Alderman La Spata recommended opposition to a zoning map amendment adjacent to the Kinzie Industrial Corridor, which would have converted an existing food manufacturing or shipping logistics facility into a large residential development (1364 – 1376 West Hubbard). This type of redevelopment adjacent to the Kinzie Industrial Corridor expands land value pressures in the area, which specifically pressures industrial properties to change their use in order to either respond to rising property taxes or achieve so-called “highest and best use.” However, the Kinzie Industrial Corridor remains a vibrant employment center with a diverse range of productive jobs, and Alderman La Spata continues to support efforts to preserve this area.

Policy Summary: The 1<sup>st</sup> Ward Office continues to recommend that manufacturing zoning districts be preserved and maintained wherever possible, and that the City improves proactive policies to retain manufacturing uses; the 1<sup>st</sup> Ward Office will

continue to recommend against rezoning manufacturing parcels and advocate in favor of preserving the Kinzie Industrial Corridor to Alderman La Spata.

### 1<sup>st</sup> Ward Guiding Principles for Zoning and Development

Following a review of each State of the Ward, and four years of administering community-based zoning processes, the following policy principles are recommended for development. To further improve transparency for new zoning change proposals, the 1<sup>st</sup> Ward office intends to publish “case review codes” with each zoning proposal to ensure that zoning proposals match development principles.

Zoning changes in the 1<sup>st</sup> Ward should generally and specifically:

**Encourage the Development of Affordable Housing.** Department of Planning and Development data demonstrate that both the Logan Square and West Town community areas have shortages of affordable housing. Zoning changes and development processes should make it easier to construct affordable housing; encourage a diverse range of housing options to allow for a diverse group of neighbors to coexist; and, discourage development formats that make housing more expensive on a per-unit basis.

*Implementation:* The 1<sup>st</sup> Ward Office can assist Alderman La Spata in the implementation of this guiding principle by collecting development data that demonstrate the likelihood that each development delivers more affordable units; support the implementation of Municipal Code amendments, including a citywide Additional Dwelling Unit program and amendments to the Connected Communities / equitable Transit Oriented Development Ordinance (passed summer 2022, Substitute Ordinance 2022-2000); encourage rehabilitation of existing multi-unit housing through zoning change processes; where appropriate, petition City Departments for funding opportunities that finance affordable housing within 1<sup>st</sup> Ward zoning changes; encourage applicants to pursue the Cook County Assessor’s affordable housing programs; where appropriate, encourage zoning change applicants to increase on-site density to increase income-limited Affordable Requirements Ordinance units on-site.

*Case Review Codes:* To ensure transparent community review, case review codes for this development principle can include: **(1) Preservation of Existing Multi-Unit Housing; (2) Additional Dwelling Unit development; (3) Transit-Served Location development (commonly called “TOD” or Transit-Oriented Development); (4) Affordable Housing Finance; and, (5) ARO Development.**

**Encourage Local Business Development.** There are numerous business corridors in the 1<sup>st</sup> Ward that are seeing a consistent influx of new businesses following the very worst stages of the COVID-19 pandemic, and in many cases, there is a diversity of uses and services coming to 1<sup>st</sup> Ward neighborhoods thanks to these developments. Zoning change and development processes should encourage the co-existence of numerous types of businesses on a corridor; offer transparency and consistent community processes to each business applicant; connect numerous stakeholders to discuss controversial matters such as Public Place of Amusement licenses; expedite business development review wherever possible; encourage the development of local businesses within existing buildings; discourage the displacement of existing businesses.

*Implementation:* The 1<sup>st</sup> Ward Office can assist Alderman La Spata in the implementation of this guiding principle by publishing a Business Development website that outlines common 1<sup>st</sup> Ward business review processes; reviewing Liquor Moratorium and Packaged Goods Moratorium ordinances for relevance; publicizing Public Place of Amusement license applications via flyering, newsletter communications, and any other means of communication needed; reviewing 1<sup>st</sup> Ward business corridors to conduct a “census” of existing buildings, their uses, vacancy status, and other facts; reviewing 1<sup>st</sup> Ward business corridor zoning districts for relevance; preserving existing manufacturing zoning districts and referring applicants to economic development agencies that work within those districts; and, recommending against zoning changes that displace existing local businesses.

*Case Review Codes:* To ensure transparent community review, zoning change case review codes for this development principle can include: **(6) Existing Business Zoning Change; (7) New Local Business Zoning Change; and, (8) Manufacturing Retention and Redevelopment.**

**Encourage Consistent Uses and Discourage Building Violations.** There are cases when existing buildings may need a zoning map amendment in order to bring particular features into compliance with the Municipal Code. Zoning change and development processes should recognize this reality, and offer clear and consistent review policies for quickly and effectively assessing these situations.

*Implementation:* The 1<sup>st</sup> Ward Office can assist Alderman La Spata in the implementation of this principle by working with City departments to understand and resolve complicated zoning issues; and, collecting information from property owners to help them resolve complicated zoning issues.

*Case Review Codes:* To ensure transparent community review, zoning change case review codes for this development principle can include: **(9) Municipal Code Correction.**

### **Community Meetings Summary**

**Monday, June 13, 2022** The 1st Ward hosted a Virtual First Look for 2008 - 2010 North Western and an updated proposal at 1416 North Maplewood.

**Monday, July 11, 2022** The 1st Ward hosted a Virtual First Look for 1376 West Grand.

**Wednesday, July 13, 2022** The 1<sup>st</sup> Ward office hosted a Participatory Budgeting launch meeting.

**Wednesday, July 27, 2022** The 1<sup>st</sup> Ward Office facilitated a Participatory Budgeting working group.

**Wednesday, August 24, 2022** The 1<sup>st</sup> Ward Office facilitated a Participatory Budgeting working group.

**Monday, September 19, 2022** The 1st Ward Office hosted a virtual zoning meeting on 1746 North California and a Fullerton / Washtenaw update.

**Wednesday, September 21, 2022** The 1<sup>st</sup> Ward Office facilitated a Participatory Budgeting working group.

**Wednesday, October 5, 2022** The 1<sup>st</sup> Ward Office facilitated a Participatory Budgeting working group.

**Wednesday, October 26, 2022** The 1<sup>st</sup> Ward Office hosted a neighborhood meeting about the 1628 West Division development.

**Wednesday, November 2, 2022** The 1<sup>st</sup> Ward Office facilitated a Participatory Budgeting working group.

**Monday, November 7, 2022** The 1st Ward Office hosted a virtual zoning meeting on 1839 - 1841 North Albany and 2418 North Milwaukee ("The Hollander").

**Monday, November 28, 2022** The 1<sup>st</sup> Ward Office facilitated a Participatory Budgeting working group.

**Tuesday, November 29, 2022** The 1<sup>st</sup> Ward Office facilitated a Participatory Budgeting working group.

**Monday, December 5, 2022** The 1<sup>st</sup> Ward Office facilitated a Participatory Budgeting working group.

**Wednesday, January 11, 2023** The Department of Planning and Development launched the Milwaukee Avenue Urban Identity Study. [You can watch the video at the DPD website.](#)

**Monday, January 30, 2023** The 1<sup>st</sup> Ward Office hosted a virtual 1st Ward First look on 2175 North Maplewood and an updated proposal at 2429 - 2431 West Fullerton.

**Wednesday, March 29, 2023** The Department of Planning and Development hosted a meeting for the Milwaukee Avenue Urban Identity Study. [You can see the presentation at the DPD website.](#)

**Monday, April 10, 2023** The 1<sup>st</sup> Ward Office hosted a virtual 1st Ward First Look on 1342 West Ohio and 1859 N Washtenaw / 2649 W Cortland. [The video is available via Facebook Live.](#)

**Monday, April 17, 2023** The 1<sup>st</sup> Ward Office hosted a virtual 1st Ward First Look on 1703 West Chicago and an informational presentation on community survey results on 1501 North Oakley. [The video is available via Facebook Live.](#)

**Monday, May 8, 2023** The 1<sup>st</sup> Ward Office hosted a virtual 1st Ward First Look on 2412 West Belden and 2714 West St Helen, and an informational meeting on two zoning cases that transferred from the 2nd Ward to 1st Ward in the Division / Ashland area. [The video is available via Facebook Live.](#)

This list does not include the regularly scheduled 1<sup>st</sup> Ward Youth Council; closed meetings scheduled with neighbors related to zoning proposals; construction management meetings scheduled with residents and neighborhood groups; closed meetings scheduled by neighborhood groups; other meetings scheduled by neighborhood groups and attended by the Alderman or 1<sup>st</sup> Ward staff; and events hosted by other organizations or Wards and attended by the Alderman.

Respectfully submitted,

Nicholas Zettel, AICP

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1<sup>st</sup> Ward Office

1958 North Milwaukee

10am to 6pm, Monday to Friday