

1st Ward State of the Ward

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Executive Summary

While the number of zoning changes approved by City Council across the City of Chicago has declined over the last two years, City Council has approved 30 zoning changes in the 1st Ward. Since Alderman La Spata's inauguration, new cases have included proposals to create 168 new housing units (68 of which are proposed affordable units), and establish eight new businesses with new zoning districts. The 1st Ward Office has established a community-based zoning review process to assess new applications for zoning changes, and with this process in place Alderman La Spata has recommended support for 13 zoning changes between June 2020 and May 2021.

Alderman La Spata and the 1st Ward Office have also been working on proposed amendments to the planned development at 1628 West Division (121 new units, 13 story building). There is also a new prospective owner of the Congress Theater, who proposes to take over the existing planned development zoning with a new redevelopment agreement with the City of Chicago.

1st Ward Office: State of the Ward (written June and July 2021)

The following document is a State of the Ward report, specifically focusing on community-based zoning and infrastructure processes for the 1st Ward. This report will feature a summary on the Community on Zoning, Landmarks, and Building Standards; 1st Ward zoning cases approved at the Committee between June 2020 and May 2021; a basic summary of built environment policy developments in the last year; a brief follow-up from the 2020 State of the Ward; and a basic summary of community meeting efforts during the pandemic.

New Report Items

Committee on Zoning, Landmarks, and Building Standards

Citywide, from June 2020 through May 2021, 305 zoning-related ordinances were recommended to pass at 12 meetings of the Committee on Zoning, Landmarks, and Building Standards. This is a decline from 485 zoning-related ordinances recommended to pass in 14 meetings from May 2018 through April 2019, and 351 zoning-related ordinances recommended to pass in 11 meetings from May 2019 through May 2020. 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).

Estimated Committee on Zoning Items
Top 2019 - 2020 Wards, Compared to 2020 - 2021 Committee on Zoning

Ward	May 2019 to May 2020	June 2020 to May 2021
27th Ward	34	35
11th Ward	27	11
44th Ward	20	9
47th Ward	17	19
1st Ward	17	13
26th Ward	17	11
32nd Ward	17	11
30th Ward	14	5
2nd Ward	13	12
25th Ward	12	12

Committee on Zoning, Landmarks, and Building Standards (COZ)
 Published Summary Reports, Office of the City of Chicago Clerk

In addition to the Wards included in the table above, the following Wards were in the top third of Estimated Committee on Zoning Items recommended for approval between June 2020 and May 2021: 28th Ward (12 zoning items); 35th Ward (11); 12th Ward (9); and the 33rd, 40th, and 42nd Wards (8 zoning items each).

1st Ward Zoning Summary: 168 new units of housing approved (68 affordable)

The current 1st Ward office now has a longer timeframe through which zoning deals can be analyzed and compared, year over year.

Between Alderman La Spata's May 2019 inauguration and May 2020, approved zoning map amendments within the 1st 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 1st Ward could create 57 new units, approximately 18 of which were affordable (32% affordable units); additionally, two businesses received zoning changes to facilitate their proposed land use.

1st Ward Zoning Cases, June 2020 through May 2021

The zoning map amendments approved between June 2020 and May 2021 follow these general land use trends and categories:

- a. **Adaptive Reuse (1):** A proposal at 2120 North Mozart intends to establish 22 affordable housing units at the Humboldt Park United Methodist Church. The site is currently improved with 10 affordable housing units at the Church complex.
- b. **Gentle Density (7):** Approximately six projects fit the description of “gentle density,” in which the new zoning map amendment either does not increase the density of a parcel (1928 West Race, 1533 – 1535 West Fry, and 1512 West Ohio), or simply adds a small number of units to a parcel (1349 West Ancona single-unit residence on a vacant lot; 650 North Wood converted a commercial space to a residential unit; 1358 West Ohio two-unit condos on a vacant lot; 2101 – 2103 West Chicago proposes to add approximately three units in a rehabilitation of the existing buildings on premises).
- c. **Transit-Served Location Zoning (1):** A proposal at 1317 – 1335 North Western intends to establish 38 condominium units, with approximately 32 parking spaces, under the City’s bus route (Western Ave. bus) transit-served location policy. This proposal will include six affordable condo units placed in the Chicago Community Land Trust.

- d. **Business Zoning (2):** Two zoning map amendments were oriented solely to a change in business use, including the Ward’s first cannabis dispensary proposal within the 1914 – 1924 West Chicago complex. The other business-oriented zoning map amendment was to establish an indoor/outdoor service use for a pick-up window at 1576 North Milwaukee.

- e. **Ministerial Zoning (2):** Two zoning map amendments concerned “ministerial” matters. At 2948 – 2954 West Armitage, Parson’s lot was returned to its original zoning designation, to complete its original community process. At 1701 West Division, a zoning map amendment brought the existing rehabilitated building into conformance with the Municipal Code.

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

Other 1st Ward Proposals

Between June 2020 and May 2021, 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 1st 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).

Some of these cases also proposed demolitions of existing multi-unit housing within the City of Chicago’s Additional Dwelling Unit pilot areas, which contradicts the City’s policy to encourage the gentle expansion of density on those zoning lots (either through the construction of a coach house, or rehabilitating or creating an accessory dwelling unit within the existing multi-unit structure). In cases where a zoning map amendment is proposed within an Additional Dwelling Unit (ADU) pilot area, the 1st Ward Office informs the applicant that the City will allow them to build an additional unit of housing without a zoning map amendment (which is arguably the purpose of the ADU

program, because the zoning process is then streamlined and easier to complete for the applicant).

Alderman La Spata deferred to comments from community review in the case of a proposal at 1437 North California, in which community feedback demanded more affordable housing (applicant withdrew project); 1503 West Walton (demolition and up-zone opposed for three condos); 1513 West Erie (demolition and up-zone opposed by community); and, 1428 North Bell (community opposed an addition to a single-unit residence). Additionally, a redevelopment proposal at 1911 North Francisco did not receive community review because an applicant wanted the Alderman's approval prior to community review.

As always, numerous residents, attorneys, realtors, and developers reached out to the 1st Ward Office for development proposal, but did not complete the community process. The 1st 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 **1st Ward zoning website**. In 2019, the 1st Ward Office had approximately 23 lapsed or withdrawn applications; approximately 22 lapsed or withdrawn applications in 2020; and approximately 11 lapsed or withdrawn applications in 2021 thus far (through June 2021).

1628 West Division

Since taking office, Alderman La Spata has worked on the Planned Development at 1628 West Division, first through the outreach and concerns raised by the Wicker Park Committee, and now with the Departments of Law and Planning and Development. Since late summer 2019, the Planned Development has been subject to a lawsuit from Vermilion, the developer of the adjacent project (Case 2019-CH-09565; Case 2019-CH-06958). To the best of the knowledge of the 1st Ward Office, the legal aspect of this Planned Development continues, as the plaintiff is appealing the Judge's order to dismiss with prejudice (you can follow the record at the Clerk of the Circuit Court of Cook County).

In May 2020, Alderman La Spata introduced an Ordinance proposing to re-zone the Planned Development to its underlying district; as of March 2021, there will

be no downzoning of the property. The development team continues to work on their proposed building through an Administrative Adjustment procedure with the Department of Planning and Development, and Alderman La Spata and the 1st Ward office continue to work with the development team, the Department of Planning and Development, and the Department of Law. The updated development proposal will maintain the original density of the proposal, while shifting the height, bulk, massing, and design of the building.

Congress Theater

As of June 2021, there is a new ownership group purchasing the existing zoning of the Congress Theater, 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; hotel space; 14 affordable housing units; 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**.

Policy Updates Involving the Built Environment

Over the second half of 2020 and into early 2021, Alderman La Spata and the 1st Ward Office worked on three policy proposals that pertain to the built environment:

- (1) Citywide Additional Dwelling Unit program
- (2) 606 Area Predominance of the Block ordinance
- (3) 606 Area Demolition Surcharge pilot ordinance

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 1st Ward in the ADU districts, and continues to lobby for the expansion of the program.

Upon taking office in 2019, Alderman La Spata continued work on a proposal to reduce the impact of demolitions surrounding the Bloomingdale Trail / 606 Trail. Alderman La Spata and the 1st Ward staff worked with City Departments and the Mayor's Office throughout 2019 and 2020 on this policy proposal, and completed numerous research items **on the impact of demolitions along the Trail**. In the winter of 2020 – 2021, the Mayor introduced two ordinances that answered these policy demands:

- (a) One ordinance outlines a 606 Impact Area surrounding the trail, and establishes criteria for assessing the prevailing density on each block. Once the predominance of the block is assessed, it is possible to assess whether a block features a majority of multi-unit housing, or single-unit housing. Where single-unit residences prevail, property owners may establish a single-unit residence; where multi-unit residences prevail, property owners may establish a multi-unit residence. **You can read the Ordinance here** (read SO2020-6206).
- (b) The other ordinance outlines a 606 Impact Area surrounding the trail, and establishes criteria for assessing a demolition surcharge pilot within this area (the pilot expires April 2022). The surcharge is assessed on the number of dwelling units existing on a zoning lot, and proceeds from the surcharge will be applied to affordable housing efforts. **You can read the Ordinance here**.

In concert, these ordinances provide many 1st Ward property owners with the opportunity to expand density by building a coach house or additional dwelling unit; or, on blocks that have a prevailing majority of multi-unit dwellings, to make it easier to build a 2-unit dwelling. In areas where the ADU pilot overlaps the 606 area, some property owners may have the ability to more easily establish a two unit dwelling with a coach house, depending on zoning lot specifics. In general, Alderman La Spata supports the preservation of existing housing while also adding gentle density (such as ADUs) in order to maintain a diverse range of housing stock, a diverse range of

affordable housing options, and to maintain or expand the existing density of 1st Ward neighborhoods.

Follow-Up from 2020 State of the Ward

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 1st 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 1st Ward office, and community partners to assess speculative zoning proposals that will not be implemented by an applicant.

Establishing the Facts: The 1st Ward Office successfully collected development packets from a variety of projects in 2020, and continues to do so in 2021. 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 1st Ward.

Based on a survey of 17 multi-unit proposals, the following construction trends emerged from 2020 onward:

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

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

On average, a 1st Ward zoning proposal will require a substantial portion of cost simply to acquire land; this issue exacerbates pressures on affordable housing in the case of proposed demolitions. Another issue pertains to townhome development styles; in certain cases, zoning map amendments propose a bulky townhome style of construction, in which a 2-to-3 story building will have less density in order to provide extremely large residences. In these cases, the per-unit development cost is typically greater than \$550,000 per unit, and a recent townhome proposal even included \$1,000,000 per unit development cost.

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

Based on typical condominium profit expectations, which applicants typically share at a minimum of 10% to 15%, but sometimes as high as 40% return on cost, the average condo proposal entering the 1st Ward office will require a sale price of \$580,000 to \$715,000 to simply meet lending expectations based on cost alone; *this is not a determination of the market values of these units*, but rather an analysis simply about how much a unit must sell for in order to meet expected profit.

Assuming a 10 percent down payment, current (summer 2021) mortgage rates, standard residential Cook County property tax rates, and \$400/month assessments or repairs, a household must earn approximately \$125,000 per year to afford a \$580,000 housing unit. With the same assumptions, a household must earn approximately \$150,000 per year to afford a \$715,000 housing unit.

Enforcing affordable housing units: The 1st 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 1st 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. Policy Summary: The 1st 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 1st Ward office continues to seek grant funding opportunities to expand office capacity related to manufacturing zoning review. 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. Policy Summary: The 1st 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.

Community Meetings

In 2020, Alderman La Spata and the 1st Ward Office had several programs of community outreach under development for the spring and summer when the COVID-19 pandemic hit. Alderman La Spata and the 1st Ward Office pivoted to a virtual community engagement program, which has mostly included 1st Ward First Look meetings, as well as Participatory Budgeting processes to develop infrastructure proposals; the 1st Ward Office also hosted three larger community meetings for development proposals, including the affordable housing proposal at 2120 North Mozart; a redevelopment proposal at 1317 – 1335 North Western; and a redevelopment proposal at 2934 – 2940 West Medill. Below is a summary of all meetings:

June 23, 2020: virtual zoning meeting on 1437 North California.

July 14, 2020: Policy meeting (Preservation & Demolition)

July 20, 2020: Participatory Budgeting workgroup

August 17, 2020: virtual zoning meeting on 1512 W Ohio.

August 25, 2020: Participatory Budgeting workgroup

August 26, 2020: Licensing meeting (liquor license across from school) for Offset BBQ

September 14, 2020: rehabilitation proposal at Humboldt Park United Methodist Church.

September 17, 2020: Infrastructure Planning Roundtable

October 28, 2020: Policy event (budget)

October 29, 2020: Participatory Budgeting workgroup

November 2, 2020: The 1st Ward Office hosted a 1st Ward First Look, for two cases: 2103 West Chicago (proposed redevelopment to create 7 total units) and 1317-1335 North Western (proposed five-story, 40 condo unit development).

November 16, 2020: Participatory Budgeting workgroup

November 24, 2020: The 1st Ward Office hosted a 1st Ward First Look for 1200 North Ashland (rooftop dining) and 2500 West Moffat (application withdrawn prior to meeting)

December 22, 2020: Participatory Budgeting workgroup

Monday, February 1, 2021: The 1st Ward office hosted a 1st Ward First Look for 1358 West Ohio.

Tuesday, March 2, 2021: community meeting on 1317 - 1335 North Western, a revised proposal to construct 38 for-sale condos.

Thursday, March 18, 2021: Policy meeting (Demolition & Preservation policy)

Tuesday, March 23, 2021: Participatory Budgeting workgroup

Monday, April 19, 2021: 1st Ward First Look for 2619 West Armitage and one ADU proposal (an application for redevelopment at 2013 N Point was withdrawn prior to the meeting)

Tuesday, April 20, 2021: The 1st Ward office hosted a virtual meeting for 1837 N Monticello and 1800 - 1804 N Monticello.

Monday, April 26, 2021: 1st Ward First Look for 2934 West Medill.

Monday, May 10, 2021: 1st ward First Look for 1503 West Walton

This list does not include the regularly scheduled 1st 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 1st Ward; and events hosted by other organizations or Wards.

Respectfully submitted,

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1st Ward Office
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10am to 6pm, Monday to Friday