

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

### **Executive Summary:**

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 income-limited affordable (13% affordable units); additionally, four businesses received zoning changes to facilitate their proposed land use.

During this period of time, Alderman La Spata and the 1<sup>st</sup> Ward office also developed and implemented a community process related to cannabis dispensary zoning (resulting in the successful application for the first Social Equity applicant to receive a zoning change to operate in Chicago); continued to support the Additional Dwelling Unit Ordinance, which resulted in proposals for more than 80 units of new housing in the 1<sup>st</sup> Ward in its first year; and oversaw several successful zoning change proposals to rehab existing multi-unit residences in the West Town Community Area.

This document features discussions of these matters, as well as updates on previous policy priorities in 2019 – 2020 and 2020 – 2021 State of the Ward reports.

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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 2021 and May 2022; a basic summary of built environment policy developments in the last year; a brief follow-up from the 2020 and 2021 State of the Ward documents; and a basic summary of community meeting efforts..

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

From June 2021 through May 2022, 366 zoning-related ordinances were recommended to pass at twelve meetings of the Committee on Zoning, Landmarks, and Building Standards. This is a notable increase from the previous two years:

- From May 2019 through May 2020, 351 zoning-related ordinances were recommended to pass at eleven meetings.
- From June 2020 through May 2021, 305 zoning-related ordinances were recommended to pass at twelve 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).

Estimated Committee on Zoning Items  
Top 2020 - 2021 Wards, Compared to 2021 - 2022

Ward	2020 to 2021	2021 to 2022
27	35	28
47	19	23
1	13	20
2	12	17
25	12	21
28	12	9
35	11	5
26	11	10
32	11	17
11	11	17
44	9	15
12	9	5
33	8	10
40	8	7
42	8	5
30	5	9

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 tier of Estimated Committee on Zoning Items recommended for approval between June 2021 and May 2022: 3<sup>rd</sup> Ward (13); 24<sup>th</sup> Ward (9); 29<sup>th</sup> Ward (8); 6<sup>th</sup>, 8<sup>th</sup>, and 48<sup>th</sup> Wards (7); 17<sup>th</sup>, 18<sup>th</sup>, and 45<sup>th</sup> Wards (6); and 21<sup>st</sup>, 34<sup>th</sup>, 37<sup>th</sup>, 41<sup>st</sup>, and 49<sup>th</sup> Wards (5).

**1<sup>st</sup> Ward Zoning Summary: 249 new units of housing approved (79 affordable)**

The current 1<sup>st</sup> 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 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.

There are also currently three cases that Alderman La Spata has recommended approval to the development team, but have not been submitted to City Council to complete the process; these proposals would create 3 new units of housing in additional dwelling unit deals.

**1<sup>st</sup> Ward Zoning Cases, June 2021 through May 2022**

The zoning map amendments approved between June 2021 and May 2022 follow these general land use trends and categories:

- a. **Rehabilitation and Single-Unit Residences (4):** There were several 1<sup>st</sup> Ward zoning items at City Council that pertained to rehab, addition, or expansions of single-unit, owner-occupied, or condominium spaces. These projects are at 2309

North Maplewood; 2546 West Haddon; 1733 – 1735 West Potomac; and, 1509 West Fry.

- b. **Gentle Density (7):** 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 (5):** The 1<sup>st</sup> Ward Office facilitated community review for five projects that may have otherwise qualified for Additional Dwelling Unit Ordinance approval, to add one unit: 1320 North Wicker Park; 2739 West Haddon; 1513 West Erie; 1932 North Fairfield; and 2516 West Thomas.
  - ii. **Mixed Use Development (2):** The Hollander Building was re-zoned to its original / previous zoning district, following the previous type-1 map amendment for commercial redevelopment. This proposal maintains commercial uses and proposes to add nine residential dwelling units. Additionally, the business owner at 2536 West North proposes to rehab the existing gym use, and establish residential living space on the two floors above the gym.
- c. **Transit-Served Location Zoning (2):** A proposal at 2934 West Medill intends to establish 56 two-bedroom rental units, with approximately 46 parking spaces, under the California Blue Line L transit-served location. This proposal will include 11 affordable housing units, and permission walls along the north and east elevations for longstanding art collective Project Logan.

A proposal at 1912 West Division intends to establish 7 dwelling units and one commercial space, with zero parking spaces under the Division Blue Line L and

Division Pedestrian Street location. This zoning lot is unique in that its alley access is blocked by a utility easement, and maintaining a curb cut on Division is unsatisfactory for the character of this extremely diverse business corridor and Pedestrian Street.

- d. **Correcting Unsanctioned Work (2):** Unfortunately, two property owners proceeded with construction on buildings without the adequate permits. It is especially unfortunate because these projects were rehab zoning changes that 1<sup>st</sup> ward residents typically approve. These projects occurred at 1535 North Maplewood and 1637 West Huron. In both cases, Alderman La Spata and 1<sup>st</sup> Ward Staff advocated for the City to pursue administrative resolutions of these matters, and closely followed construction issues with the Department of Buildings and Department of Law.
  
- e. **Business Zoning (4):** Four zoning map amendments were oriented solely to a change in business use, or to bring a business use into conformance with the Code. This group of projects included the City's first zoning map amendment to allow operation of a Social Equity Applicant for recreational cannabis dispensary (1212 North Ashland). Other projects included bringing an outdoor canopy into compliance with the Code at 1516 North Milwaukee (Nick's Beer Garden); and establishing an indoor-outdoor service window at 1572 – 1576 North Milwaukee (Foxtrot).
  
- f. **Ministerial Zoning (1):** One zoning map amendment concerned "ministerial" matters. At 1945 North California, a zoning map amendment was needed to bring the existing building into conformance with the Code.

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

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

Between June 2021 and May 2022, 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.

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 1<sup>st</sup> 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). This trend continued throughout the past year; it is preferable for development to follow the policies outlined by the City of Chicago, and in this case the ADU program allows additional density to be created without zoning map amendments.

It is important to encourage additional dwelling unit construction because thus far the proposed construction on building rehabilitations to establish additional units has been much cheaper than new construction. For example, the proposed construction costs for additional dwelling unit zoning proposals at 1320 North Wicker Park, 1429 North Fairfield, and 1433 North Fairfield each had ADU redevelopment costs at \$200,000 or below, which averages \$200/square foot or less for construction on a 1,000 square foot apartment to establish an additional legal dwelling unit. Most market rate proposals the 1<sup>st</sup> Ward office is currently reviewing are proposed at a cost of \$250/square foot or more.

The 1<sup>st</sup> Ward Office recommended opposition to proposals involving demolitions, including a by-right demolition permit sought at 1638 West Division (1<sup>st</sup> Ward Office

recommended by-right development); proposed demolition of multiple existing residential units at 1807 – 1809 West Augusta (six residential units proposed where four may be built by right, plus coach houses); 1416 North Maplewood (first inquiry opposed; redevelopment proposal later refined); and, 1940 North Sawyer (606 Area Predominance of the Block Ordinance allows two 2-flats).

Alderman La Spata deferred to community review in the matter of 2455 North California (proposed single unit residence, community recommends opposition); 2431 West Fullerton (proposal needs to be refined –idea of redevelopment is supported); and, 1503 West Walton (ongoing proposals, community recommends opposition).

Recently, the 1<sup>st</sup> Ward Office has provided initial feedback to include more density in certain proposals, which would produce more units of housing and potentially help future housing costs achieve a better scale with construction costs. This is in part due to the steep price of land, construction costs, and financing costs in the 1<sup>st</sup> Ward; as an illustration, instead of building three large units (ex., 1,400 square foot floorplate), building six smaller (but reasonably sized) units (ex., 700 square foot floorplate) helps to distribute the foundational construction, land, and financing costs across more units. This potentially reduces the cost-constraints per unit, and could theoretically lower the housing costs on the market. Proposals that the 1<sup>st</sup> Ward Office has most recently requested more density included: 1912 West Division (developer agreed); 1222 – 1234 North Paulina (twice; no response, twice); and, 2247 North Maplewood (to be redeveloped according to the Western Avenue Bus TOD; developer has not yet made a specific proposal). Many applicants also deny the opportunity to bring forward rehab proposals with additional dwelling units legalized through zoning map amendments; the 1<sup>st</sup> Ward Office offers to work with each applicant that reaches out to the office on rehabbing existing buildings with additional dwelling units to make those deals more feasible. Most recently, this has occurred at 1710 West Superior and 1511 West Fry (applicant prefers demolition); 1711 West Huron (ADU Ordinance eligible, no zoning change needed for additional density); and 1512 West Superior (no response).

Continuing the topic of producing more density, the 1<sup>st</sup> Ward Office recently recommended opposition to two single-unit residence up-zoning requests. The first request was at 2123 North Point, where a zoning map amendment was proposed to add

another floor above the existing floors. The second request was at 1863 West Race, where a zoning map amendment was proposed to increase the amount of square footage and height that could be built. In both cases, additional density would be desirable land use goals in these areas; at 2123 North Point, the Additional Dwelling Unit ordinance allows the construction of a coach house by-right, establishing 700 additional square feet of living space; in the case of 1863 West Race, an initial request to use Residential Multi-Unit zoning would be agreeable if more than one dwelling unit was proposed to redevelop existing vacant land.

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; and approximately 29 lapsed or withdrawn applications in 2021; and approximately 7 lapsed or withdrawn applications in 2022 thus far (as of this writing in June 2022).

### **Congress Theater**

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 1<sup>st</sup> Ward Office hosted a meeting with the new development team, [which you can watch here](#); on Monday, April 4, 2022, the 1<sup>st</sup> 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](#).

### 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: 50 conversion units (4 income-limited affordable) and 31 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. 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.

As of June 3, 2022, the City of Chicago received applications for preapproval proposing to create 542 units of housing through the Additional Dwelling Unit program. Property owners proposed to create 368 conversion units, which are additional dwelling units within an existing building (ex., an attic or basement apartment, or some other unit within the building); 39 of these conversion units will be income-limited affordable housing. Additionally, property owners proposed to create 174 coach house units. The 1<sup>st</sup> Ward is consistently a leader in this program, along with the 47<sup>th</sup>, 35<sup>th</sup>, and 40<sup>th</sup> Wards (more than 40 units proposed); other Wards that also exhibit high demand for

this program are the 2<sup>nd</sup>, 48<sup>th</sup>, 32<sup>nd</sup>, 44<sup>th</sup>, 33<sup>rd</sup>, and 20<sup>th</sup> wards (more than 20 units proposed; see table below).

**Preapproval Applications under Additional Dwelling Unit Program**

Ward	Conversion Units	Affordable Units	Coach House Units	Total Units	Affordable Conversion %
1	50	4	31	81	8.0%
47	35	5	46	81	14.3%
35	34	1	20	54	2.9%
40	36	3	10	46	8.3%
2	24	6	11	35	25.0%
48	30	5	5	35	16.7%
32	16	2	13	29	12.5%
44	17	3	10	27	17.6%
33	18	0	7	25	0.0%
20	21	2	2	23	9.5%
21	15	1	4	19	6.7%
17	15	0	3	18	0.0%
22	13	2	4	17	15.4%
24	14	2	2	16	14.3%
6	12	3	0	12	25.0%
27	5	0	2	7	0.0%
18	6	0	0	6	0.0%
46	2	0	2	4	0.0%
3	3	0	0	3	0.0%
10	1	0	2	3	0.0%
28	1	0	0	1	0.0%

Chicago Data Portal, City of Chicago (retrieved June 6, 2022; data through June 3, 2022)

(2) Rehab projects in West Town

Recently, there has been a noticeable increase in rehabilitation proposals in the West Town Community Area. It is hypothesized that this is 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.

A good demonstration of the benefits of a rehabilitation deal is 1513 West Erie. Throughout late 2020 and early 2021, Alderman La Spata and the 1<sup>st</sup> Ward Office consistently recommended against a demolition of the existing multi-unit residence, specifically because the existing building had previously filed for a building permit to reduce density and therefore could be reconverted. The proposed demolition deal would require \$550,000 in land acquisition costs and minimum proposed \$875,000 in construction and soft costs; this results in a per-unit resale requirement of \$520,000 to \$640,000 to meet profit assumptions. Assuming a 10 percent down payment, the minimum monthly housing cost for this type of unit would be at least \$3,100, including property taxes, mortgage, and homeowners association payment.

In the autumn of 2021, a rehab buyer of 1513 West Erie proposed a zoning map amendment to restore the original density of the building. As a result of this proposal, a likely total development cost of \$750,000 or less could occur at the property, which is nearly half the total redevelopment cost of the original demolition proposal. Even with market rate rents in newly rehabbed units, a likely monthly rental cost between \$1,800 and \$2,500 would produce a housing cost savings of at least 20 percent (compared to the cheapest possible condo) to at least 50 percent (comparing the cheapest possible rent to the most expensive condo). On basic pro forma assumptions, an average of \$2,000 monthly rents for three units in the rehab project would produce an internal rate of return of at least 10%, demonstrating that a rehab project with three units could easily meet most investor-backed expectations and banking requirements. In this case, it should also easily be demonstrated that a rehab deal produces much cheaper housing than a demolition and new construction deal.

At 1472 West Ohio, a unique opportunity for preservation presented itself on a zoning lot with an occupied two-unit coach house and two-unit front building. An applicant proposed purchasing the land, demolishing the existing structures, and establishing a three unit condo development. The 1<sup>st</sup> Ward Office recommended

opposition to Alderman La Spata for this deal, on the assumption that reducing density would increase the housing cost per unit on this site. Later in 2021, a new property owner purchased the existing buildings and pulled a permit for a full rehab project. Since the property owner did not need a zoning change, the 1<sup>st</sup> Ward Office does not have specific redevelopment details for the rehab project; however, public records on the Cook County Clerk's website suggest that the existing conditions were worthy of a \$1,000,000 loan to rehab the property.

Most recently, in spring 2022, following community opposition to a demolition proposal at 1416 North Maplewood, the property owner returned to the 1<sup>st</sup> Ward Office with a rehab zoning change proposal to add another unit to the existing property. This project is currently under review, but once again demonstrates the financial feasibility of rehabilitating existing housing within the West Town Community Area, and lowering the average housing cost per unit in the process.

### (3) Cannabis Zoning Review

The 1<sup>st</sup> Ward Office regularly received speculative cannabis zoning calls throughout 2020 and 2021, as potential cannabis dispensary applicants sought to cash in on lucrative locations within the 1<sup>st</sup> Ward. Thus, the 1<sup>st</sup> Ward Office designed several protocol for reviewing cannabis dispensary zoning changes: (a) is the applicant already under preliminary licensing issuance from the State of Illinois, or are they applying for a State License with no issuance or approval yet granted?; and, (b) how does the applicant propose to meet the State of Illinois social equity applicant programming requirements (these can be met whether or not a dispensary is owned by a social equity applicant)? Question (b) is especially important because some community groups in the 1<sup>st</sup> Ward have expressly stated that they will not recommend approval on cannabis dispensaries that are not operated by social equity applicants; however, the 1<sup>st</sup> Ward Office and Alderman La Spata cannot enforce State law, so the zoning review process in the Ward Office more generally reviews how an applicant proposes to engage with the community and meet the spirit of the social equity code.

The 1<sup>st</sup> Ward Office has also regularly reached out to Cannabis Equity Illinois, in order to better understand the industry concerns from a community perspective. Some

of this engagement has helped the 1<sup>st</sup> Ward Office understand the difficulties of owning and operating a cannabis dispensary, and how a quality operator might overcome those hurdles; additionally, some of this engagement also helped the 1<sup>st</sup> Ward Office recognize best practices in community engagement and social equity programming proposals. As a result of some of this engagement, and viewing the difficult zoning requirements for operating a cannabis dispensary, Alderman La Spata voted in favor of a Municipal Code amendment that loosened some zoning requirements to establish recreational dispensaries, such as allowing properties zoned C1 Neighborhood Commercial Districts to include dispensaries through a Special Use Permit process. The motivation here is to streamline the process for potential social equity applicants.

In 2022, Alderman La Spata recommended that City Council approve the cannabis dispensary at 1212 North Ashland, which is proposed to be operated by Green & Foster LLC, who has a State license as a social equity applicant. This proposal received substantial support from residents in the area, demonstrated through a virtual meeting and an electronic feedback collection process. In general, this location exemplifies the goals of the social equity cannabis program, Green & Foster LLC will be able to operate their cannabis dispensary in a true area of opportunity. Specifically, this location will provide one of the most transit-rich cannabis dispensary locations in the City, and activating the ground floor commercial space of this building could serve as a true gateway to the southeast Wicker Park corridor. During the Committee on Zoning, Landmarks, and Building Standards testimony to consider this zoning ordinance, it was affirmed that this was the first zoning map amendment approved for a social equity applicant in the City of Chicago.

#### (4) 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.

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.

### *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.

**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
<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:

Time Period	Data	Proposed Units	Land/Lot	Construction	Soft Costs	Average TDC	Cost / Sqft
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.

**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 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 improve 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.

### Community Meetings

Throughout the pandemic, the 1<sup>st</sup> Ward Office has continued to hear positive feedback regarding virtual engagement. Residents who do not regularly attend meetings said that they often feel more comfortable attending virtually, as do residents who may need to take care of family matters but still wish to attend meetings. For this reason, the 1<sup>st</sup> Ward office has continued a Virtual 1<sup>st</sup> Ward First Look, and Virtual Participatory Budgeting meetings. The 1<sup>st</sup> Ward Office has also used virtual outreach (ex., Google Forms), Facebook Live programming, and flyering to solicit direct resident feedback and expand the diversity of programming offered to residents; this has been most effective in cases such as 2934 West Medill (hundreds of responses were collected over several different rounds of feedback); 1212 North Ashland; and 1932 North Fairfield (1<sup>st</sup> Ward Office reached long-term residents, who would not typically attend a zoning meeting, and the Alderman was able to directly visit with them on the block).

**Wednesday, June 2, 2021:** Participatory Budgeting launch for \$1.5 million Ward infrastructure funds.

**Monday, June 14, 2021:** The 1st Ward office hosted a 1st Ward First Look for three proposals: 1304 West Ohio; 1638 West Ohio; 1535 North Maplewood.

**Wednesday, June 16, 2021:** Participatory Budgeting work group

**Monday, June 28, 2021:** The 1st Ward Office hosted a 1st Ward First Look for the new owner of the Congress Theater. There is no proposed zoning change at the Congress Theater; a new development team is proposing to purchase the existing Planned Development to rehabilitate the Congress Theater with a combination of 3-to-5 retail storefronts; hotel space; 14 affordable housing units; and a 3,500 seat venue.

**Wednesday, July 7, 2021:** Participatory Budgeting work group

**Wednesday, July 21, 2021:** Participatory Budgeting work group

**Wednesday, August 4, 2021:** Participatory Budgeting work group

**Wednesday, August 25, 2021:** Participatory Budgeting work group

**Monday, August 30, 2021:** The 1st Ward Office hosted a 1st Ward First Look for three cases: 1932 North Fairfield (Proposed upzoning to facilitate rehabilitation and

addition to existing multi-unit residence); 1509 West Fry Street (Proposed upzoning to facilitate rehabilitation and addition to existing multi-unit residence); and 1912 West Division (a current parking lot use that has the hardship of a utility easement in the rear of the property, which is currently owned and operated by AT&T. AT&T will not move the utility features, which blocks alley access to the property. Since this is a transit-served lot, and due to the problems associated with a curb cut on Division Street to serve a residential property, the applicant proposes to redevelop the parking lot with a four-story, 7 unit mixed use building, which includes 1 storefront, and 0 parking spaces).

**Wednesday, September 15, 2021:** Participatory Budgeting work group

**Monday, September 20, 2021:** Facebook Live: Mayor's Budget Address

**Friday, September 24, 2021:** Facebook Live: Budget hearings recap

**Monday, September 27, 2021:** The 1st Ward Office hosted a 1st Ward First Look for a proposed recreational cannabis dispensary at 1212 N Ashland.

**Wednesday, September 29, 2021:** Participatory Budgeting work group

**Friday, October 1, 2021:** Facebook Live: Budget hearings recap

**Friday, October 8, 2021:** Facebook Live, Budget hearings recap

**Friday, October 15, 2021:** Facebook Live: Budget hearings recap

**Monday, November 8, 2021:** The 1st Ward Office hosted a Virtual 1st Ward First Look for the following cases: 2516 West Thomas; 1513 West Erie; and, 1416 North Maplewood.

**Monday, November 15, 2021:** The 1st Ward Office hosted a Virtual Zoning Meeting for 2934 West Medill.

**Monday, December 6, 2021:** The 1st Ward Office hosted a Virtual 1st Ward First Look for 2536 West North; the 1st Ward staff provided an announcement about a proposed zoning map amendment to bring the existing building and business at 1516 N Milwaukee into conformance with the Code.

**Monday, January 24, 2022** The 1st Ward Office hosted a Virtual 1st Ward First Look meeting for 1111 N Western.

**Monday, February 21, 2022** The 1st Ward hosted a Virtual First Look meeting for 1320 N Wicker Park and the Fullerton / Washtenaw redevelopment proposals.

**Monday, April 4, 2022:** The 1<sup>st</sup> Ward hosted a Virtual Congress Theater update, via Facebook Live.

**Tuesday, April 12, 2022:** Facebook Live: Ward Redistricting

**Monday, April 18, 2022:** The 1<sup>st</sup> Ward hosted a Virtual First Look meeting for two additional dwelling unit proposals, and 2431 W Fullerton proposals.

**Monday, May 16, 2022:** The 1<sup>st</sup> Ward hosted a Virtual First Look for 1839 - 1841 North Albany

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

Policy Director, 1<sup>st</sup> Ward Office (Alderman Daniel La Spata)

[nicholaszettel@the1stward.com](mailto:nicholaszettel@the1stward.com)

(773) 770 – 3769

1<sup>st</sup> Ward Office

1958 North Milwaukee

10am to 6pm, Monday to Friday