

Improving the Delivery of Affordable Housing in Chicago Ordinance 02025-0017573 (Martin)

The Challenge

Chicago faces a severe shortage of affordable housing at a time when construction costs, interest rates, and insurance expenses continue to rise. With limited public resources available, every unnecessary delay means fewer affordable homes can be built. Affordable housing stakeholders report that developments are frequently slowed by lengthy reviews, duplicative processes, and administrative hurdles that add cost and uncertainty without improving housing outcomes.

This ordinance is designed to improve how the City delivers affordable housing by increasing transparency, creating more predictable processes, and focusing oversight on meaningful project risks. By reducing delays and administrative barriers, **these reforms will help affordable housing developments move more efficiently from construction through occupancy, ensuring that limited public resources are invested in affordable housing rather than absorbed by avoidable project costs.**

What the Ordinance Does

1. Increases Transparency and Accountability

For the first time, the Department of Housing (DOH) would publicly report key performance metrics related to affordable housing development, including review timelines for waiver requests, change orders, and draw packages; the average number of days between financial closing and issuance of a Notice to Proceed; and the average number of days between the issuance of a final DOB Certificate of Occupancy and DOH permission to occupy approval.

The ordinance also requires annual reporting on affordable housing projects receiving City financial assistance, including project size, costs, location, and development timelines. These reporting requirements will provide policymakers, developers, and the public with data needed to identify bottlenecks and improve accountability.

2. Creates Greater Certainty around Project Contingency

The ordinance affirms that sponsors generally hold contingency funds during construction and clarifies that cost savings and unspent contingency may be retained by the sponsor upon project completion.

3. Establishes a More Efficient, Risk-Based Change Order Review Process

Construction change orders are a routine part of every development project and often result from unforeseen site conditions or other necessary adjustments during construction. Today, all change orders require Department review regardless of size or significance, which can delay the construction schedule and increase costs.

The ordinance maintains City oversight of significant project changes while allowing routine construction decisions to proceed more efficiently. Department review remains focused on changes that could materially affect affordability, accessibility, project scope, or the appropriate use of public funds.

Under the proposed framework, prior DOH approval would only be required for:

- **Change orders exceeding 20% of the remaining project contingency reserve or \$20,000, whichever is greater.** At the outset of a typical project, this threshold is no more than approximately **1% of the construction budget.**

- Changes affecting unit counts, unit mix, affordability restrictions, accessibility compliance, significant project amenities, or other major project features; or
- Change orders involving expenditures that are not permitted under applicable law.

4. Creates a Clear and Efficient Occupancy Approval Process

Affordable housing developments in Chicago currently require two separate approvals before residents can move in - one from the Department of Buildings (DOB) and another from the Department of Housing (DOH). As a result, completed homes can sit vacant even after receiving a Certificate of Occupancy from DOB while awaiting a second DOH approval.

These delays have real financial consequences. Delayed occupancy can postpone important milestones required by LIHTC investors and lenders, **delaying equity installments and increasing the financial risk** to affordable housing developments.

The ordinance eliminates this duplicative inspection requirement and aligns Chicago's process with state practice. Under the proposal, occupancy would be authorized once all of the following have been completed:

- A Certificate of Occupancy has been issued by the Department of Buildings;
- MOPD has submitted confirmation of its accessibility inspection and verified compliance;
- A valid Certificate of Insurance has been provided; and
- An Architect's Certificate of Substantial Completion and Punch List has been submitted.

This creates a clear, objective, and predictable occupancy process that allows affordable housing developments to welcome residents more quickly.

The Bottom Line

- **Increases transparency and accountability.** Public reporting on key performance metrics will allow policymakers, developers, and the public to better measure performance, identify bottlenecks, and improve accountability.
- **Makes better use of limited public resources.** By reducing unnecessary administrative delays, the ordinance helps ensure that limited public resources are spent building affordable housing rather than absorbing avoidable project costs.
- **Maintains strong oversight while improving efficiency.** The ordinance preserves City oversight of significant project changes while focusing Department review on meaningful project risks rather than routine construction decisions.
- **Helps deliver affordable homes more quickly.** By streamlining administrative processes and eliminating duplicative approvals, the ordinance reduces delays that keep completed homes vacant and families waiting for housing.