

ORDINANCE

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

WHEREAS, On April 19, 2024, the City Council approved SO2024-0007838 (the “Bond Ordinance”), which authorized bonds in a combined aggregate amount of \$1,250,000,000 in General Obligation Bonds and Sales Tax Securitization Corporation Obligations, the proceeds of which will be used for various affordable housing and community development purpose; and

WHEREAS, Other cities across the country utilize various forms of social housing to ensure their residents have safe and stable affordable housing options, including Cambridge, MA, Atlanta, GA, and Montgomery County, MD; now, therefore

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

SECTION 1. The above recitals are incorporated herein and made a part hereof.

SECTION 2. The Chicago Social Housing Corporation.

(a) *Establishment.* The City of Chicago is hereby authorized to create a new wholly owned subsidiary not-for-profit corporation or benefit corporation to be known as the Chicago Social Housing Corporation (“Corporation”). The Chief Financial Officer, Treasurer, the Comptroller of the City, and the Corporation Counsel (each, an “Authorized Officer”) are each authorized and directed to take such steps as may be necessary to establish the Chicago Social Housing Corporation (“Corporation”) and to enable the Corporation to become duly organized and qualified as an Illinois not-for-profit or benefit corporation.

(b) *Purpose.* The purpose of the Corporation is to enhance the availability of safe and stable affordable housing options throughout the City by acquiring, developing, and operating social housing developments and administering the Social Housing Program authorized by this ordinance, as described in Exhibit A.

(c) *Governance.* The affairs of the Corporation shall be managed by a Board of Directors (the “Board”). The Board shall have the power and authority to do or perform all acts or functions not inconsistent with this ordinance. The Board shall consist of seven members with five ex officio members and two members appointed by the Mayor in accordance with this section. Unless otherwise specifically provided in this ordinance, no Board member shall serve on the board of the Fund or on the Advisory Council.

(1) *Ex Officio Members.* The Chair of the Committee on Housing and Real Estate, or a member of such committee designated by the Chair, shall be an ex officio member of the Board and shall serve as the chair of the Board. The remaining four ex officio members shall be: (i) the Chair of the Committee on Zoning, Landmarks, and Building Standards, or a member of such committee designated by the Chair; (ii) the Commissioner of Housing, or their designee; (iii) the Commissioner of Planning and Development, or their designee; and (iv) a member of the Committee on Economic, Capital, and Technology Development designated by the Chair of such committee. The terms of the ex officio members shall coincide with their terms of public office.

(2) *Appointed Members:* Two members shall be appointed as follows: the Advisory Council shall submit a list of five recommended Board members to the Mayor. Such recommended Board members shall have substantial expertise and experience in one or more of the following areas: affordable housing development; general real estate development; affordable housing advocacy; real estate finance; and property management. The Mayor's appointments shall be subject to approval by the City Council. Appointed members of the Board shall serve for a term of three years, and may be re-appointed by the Mayor, subject to approval by the City Council. Each member appointed pursuant to this subsection (c) will serve until their successor is duly qualified and appointed. In the event of any vacancy in the position of any appointed member, such vacancy shall be filled using same procedure as described in this subsection (c). Any appointment and associated City Council approval of members subsequent to the appointment of the initial members shall occur within one year of any vacancy created. Members will not receive a salary for their service on the Board but may be compensated for reasonable out-of-pocket expenses.

(d) *Powers and duties.* The Corporation shall have the following powers and duties:

(1) All of the general powers set forth in the provisions of applicable law, together with the power to solicit and receive grants, financing, contributions and bequests for any corporate purpose, the power to maintain a fund or funds of real or personal property for any corporate purpose, the power to acquire real or personal property for any corporate purpose, and the power to form subsidiary entities for any corporate purpose; provided, however, that the Corporation shall not have the power to engage in any activities which are not in furtherance of its purposes as set forth in this ordinance. The Corporation shall have the right to exercise such other powers as now are, or may be, conferred by law upon a corporation organized for the purposes set forth in this ordinance, or that are necessary or incidental to the powers so conferred, or conducive to the furtherance thereof.

(2) The Corporation may execute and deliver any and all documents, instruments, and agreements that may be required in connection with performing such duties and obligations and receiving such benefits in connection with its stated purpose, subject to approval of the Advisory Council and as outlined in this ordinance and in Exhibit A. The Corporation is authorized to enter into one or more agreements with public or private entities, including financial institutions, for the purpose of furthering the intent of this ordinance, subject to approval of the Advisory Council.

(3) Subject to City Council approval, and approval of the Corporation Counsel for form and legality, the Corporation is hereby authorized to negotiate, execute, and deliver such agreements as may be necessary or advisable in connection with the Social Housing Program, as authorized by this ordinance. All such agreements shall include a requirement to comply with the City's then-current: (A) certification eligible business participation programs, including any applicable minority-owned business enterprise program, women-owned business enterprise program, disadvantaged business enterprise program, veteran-owned business enterprise program, or business enterprises owned or operated by people with disabilities program; (B) bid incentives and apprentice utilization programs; (C) City and project area resident work hour requirement; and (D) requirements to pay prevailing wage.

(4) The Corporation is authorized to seek tax-exempt status from the Internal Revenue Service, if deemed desirable by the Corporation.

(5) The Corporation shall be authorized to apply for grants and donations, including donations of real property, from any public or private sources subject to approval of the Advisory Council.

(6) The Board shall review the Corporation's activities within 36 months of the effective date of this ordinance and every five years thereafter and shall provide a comprehensive report of each such review, including any recommendations to improve the Social Housing Program, to the Advisory Council, the Mayor, and City Council.

SECTION 3. The Chicago Social Housing Fund.

(a) *Establishment.* A revolving loan fund is hereby established to be known as the Chicago Social Housing Fund (the "Fund") into which applicable portions of the proceeds of bonds issued pursuant to the Bond Ordinance may be deposited in accordance with the Bond Ordinance, Section 2-32-520(r), and this ordinance. The Chief Financial Officer, Treasurer, the Comptroller, and the Corporation Counsel are each authorized and directed to take such steps, including the expenditure of duly appropriated funds, as may be necessary to provide organizational, governance, and administrative structure to the Fund as a separate legal entity. The transfer of bond proceeds to the Fund shall be conditioned upon adherence to this ordinance, the Bond Ordinance, and any applicable bond indentures or other agreements. The Fund may not issue debt on behalf of the City.

(b) *Purpose.* The purpose of the Fund is to support the development of social housing using proceeds from bonds issued pursuant to the Bond Ordinance for the "Purposes" (as defined in the Bond Ordinance), including by funding the activities of the Corporation.

(c) *Governance.* The affairs of the Fund shall be managed by a Board of Directors (the "Board"). The Board shall have the power and authority to do or perform all acts or functions consistent with this ordinance. The Board of the Fund shall consist of seven members with five ex officio members and two members appointed by the Mayor in accordance with this section. Unless otherwise specifically provided in this ordinance, no Board member shall serve on the board of the Corporation or on the Advisory Council.

(1) *Ex Officio Members.* The Treasurer, or their designee, shall be an ex officio member of the Board and shall serve as the chair of the Board. The remaining four ex officio members shall be: (i) the Chair of the Committee on Finance, or a member of the Committee on Finance designated by the Chair; (ii) the Comptroller, or their designee; (iii) the Chair of the Committee on Budget and Government Operations, or a member of such committee designated by the Chair; and (iv) a member of the Committee on Housing and Real Estate designated by the Chair of such committee. The terms of the ex officio members shall coincide with their terms of public office.

(2) *Appointed Members:* Two members shall be appointed as follows: the Advisory Council shall submit a list of five recommended Board members to the Mayor. Such recommended Board members shall have substantial expertise and experience in one or more of the following areas: oversight and management of property investments; economic development; experience with managing revolving loan funds; experience related to real estate; and real estate financing. The Mayor's appointments shall be subject to approval by the City Council. Appointed members of the Board shall serve for a term of three years, and may be re-appointed by the Mayor, subject to approval by the City Council. Each member appointed pursuant to this subsection (c) will serve until their successor is duly qualified and appointed. In the event of any vacancy in the position of any appointed member, such vacancy shall be filled using same procedure as described in this subsection (c). Any appointment and associated City Council approval of members subsequent to the appointment of the initial members shall occur within one year of any vacancy created.

Members will not receive a salary for their service on the Board but may be compensated for reasonable out-of-pocket expenses.

SECTION 4. The Social Housing Advisory Council.

(a) *Establishment and composition.* There is hereby established the Social Housing Advisory Council ("Advisory Council"), which shall consist of seven members, with five ex officio members and two members appointed by the Mayor in accordance with this section. The chair of the Advisory Council shall be one of the ex officio members determined by a majority vote of the members. Unless otherwise specifically provided in this ordinance, no Board member shall serve on the board of the Corporation or on the board of the Fund.

(1) *Ex officio members.* The five ex officio members shall be: (i) the Chair of the Committee on Economic, Capital, and Technology Development, or a member of such committee designated by the Chair; (ii) a member of the Committee on Housing and Real Estate designated by the Chair of such committee; (iii) a member of the Committee on Finance designated by the Chair of such committee; (iv) a member of the committee on Budget and Government Operations designated by the Chair of such committee; and (v) a member of the Committee on Zoning, Landmarks, and Building standards designated by the Chair of such committee. The terms of the ex officio members shall coincide with their terms of public office.

(2) *Appointed members:* Two members shall be appointed as follows: the Advisory Council shall submit a list of five recommended Board members to the Mayor. Such recommended Board members shall have substantial expertise and experience in one or more of the following areas: housing advocacy; real estate development; affordable housing development; and not-for-profit, civic, or community-based organizations. The Mayor's appointments shall be subject to approval by the City Council. The Mayor's appointments shall be subject to approval by the City Council. Appointed members of the Board shall serve for a term of three years, and may be re-appointed by the Mayor, subject to approval by the City Council. Each member appointed pursuant to this subsection (a) will serve until their successor is duly qualified and appointed. In the event of any vacancy in the position of any appointed member, such vacancy shall be filled using same procedure as described in this subsection (a). Any appointment and associated City Council approval of members subsequent to the appointment of the initial members shall occur within one year of any vacancy created. Members will not receive a salary for their service on the Board but may be compensated for reasonable out-of-pocket expenses.

(b) *Powers and duties.* In addition to the powers and duties otherwise granted to the Advisory Council under this ordinance, the Advisory Council shall:

(1) Hold regular meetings at least once each calendar quarter, provided that special meetings may be held upon the call of the chair;

(2) Advise the Corporation on how such programs may be improved and be made more equitable and transparent;

(3) Appear before any City Council committee, upon request, to provide recommendations or other testimony; and

(4) Review, recommend, assist, and approve, as applicable, the applications for, or receipt of, funds or real estate, from any private person, foundation, association, not-for-profit corporation, firm, or corporation.

SECTION 5. To the extent that any ordinance other than the Bond Ordinance, resolution, rule, order, or provision of the Municipal Code, or part thereof, conflicts with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause, or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause, or provision shall not affect any of the other provisions of this ordinance. In the event of any conflict between the provisions of this ordinance and the provisions of the Bond Ordinance and any applicable bond indentures or other agreements, the provisions of the Bond Ordinance and any applicable bond indentures or other agreements shall control.

SECTION 6. This ordinance takes effect upon passage and publication.

A handwritten signature in black ink, appearing to read 'Gilbert Villegas', with a stylized, cursive script.

GILBERT VILLEGAS
Alderman, 36th Ward

EXHIBIT A

CHICAGO SOCIAL HOUSING PROGRAM

Program Overview: The Social Housing Program (the “Program”) shall be administered by the Corporation in consultation with the Fund and the Advisory Council, subject to the terms of this ordinance. The goal of the Program is to acquire, develop, operate and finance social housing to address the permanent housing needs of persons in need of safe and stable affordable housing.

Program Objectives: The Program’s goals are to make impactful investments in permanent housing through the development of social housing, which is a type of affordable housing that is owned and management by a local government or not-for-profit organization. The Program will initially focus on developing already existing property to cut down on development costs and streamline development timelines.

Acquisition of Property: Subject to the approval of the Advisory Council, the Corporation may acquire improved and unimproved parcels for development or redevelopment, as follows:

(i) *Liens foreclosures, eminent domain, reversionary interests:* The Corporation may work with the Treasurer, Corporation Counsel, and other relevant City officials to identify and acquire properties that have liens as a result of unpaid liabilities owed to the City or uncorrected Code violations, including through the City’s eminent domain powers subject to applicable law.

(ii) *Tax Sales:* The Corporation may identify and acquire properties available for purchase at Cook County tax sales that are suitable for redevelopment as social housing.

(iii) *Partnerships with institutions for unused properties:* The Corporation may work with public and private institutions operating within the City to identify underutilized or unused properties to redevelop into social housing.

(iv) *Conveyance of City-owned property and adaptive reuse of existing City and Sister Agency facilities:* The Corporation may coordinate with relevant City departments and Sister Agencies to identify properties conducive to redevelopment as social housing that are currently owned by the City or a Sister Agency.

Development and Redevelopment of Social Housing: Subject to the approval of the Advisory Council, the Corporation may develop or redevelop improved or unimproved parcels as social housing development, as follows:

(i) *Joint ventures:* The Corporation may partner with private, for-profit, or not-for-profit developer to form a joint venture that in turn forms a subsidiary special purpose entity to develop and operate each development.

(ii) *Construction Contracts with Private Developers:* The Corporation may create a wholly owned subsidiary special purpose entity that contracts with construction companies to develop social housing developments pursuant to fixed price contracts; cost plus contracts; guaranteed maximum price contracts; or design-build contracts.

(iii) *In-house Development and Construction Unit:* Subject to the approval of City Council upon recommendation of the Advisory Council, the Corporation may establish an in-house development and construction unit.

Funding Sources: The Program shall be funded from the following sources, subject to approval of the Advisory Council and pursuant to applicable law: (i) the Fund; (ii) the Chicago Low-Income Housing Trust Fund; (iii) the Chicago Community Catalyst Fund; (iv) Community Development Block Grants; (v) tax increment financing; (vi) proceeds from other tax-exempt bonds; (vii) State and Federal tax credits, including the proceeds resulting the syndication of such tax credits; (viii) federal project-based vouchers; and (ix) other public or private loans, grants, or other funds approved by the Advisory Council.

Reporting: The Advisory Council, in consultation with Corporation and Fund, shall issue a report to City Council within one year of the effective date of this ordinance, and annually thereafter, that provides an overview of the progress of developments being developed by the Corporation and the status of the funds received and granted by the Fund.

Rules and Regulations: The Advisory Council may promulgate rules and regulations that do not conflict with this ordinance, applicable State and Federal law, the Bond Ordinance, and any applicable bond indentures or other agreements.