
Summary of City of Chicago's 2022 Proposed Changes to the TOD Ordinance

Executive Summary

1. The previous iteration of the ordinance was successful in incentivizing 150 developments between 2016 and 2018. These occurred predominantly on the north side, in neighborhoods where population was growing, rents and home prices were rising faster, and displacement pressures were high. ***Greater density and more housing units delivered--including affordable units--can help ease some of this displacement pressure.*** Expanding the area covered via the new ordinance will provide yet another tool to help in areas where displacement pressure is greatest.
2. This new ordinance brings geographic parity in terms of area covered by the ordinance in all areas of the city. Previously, more of the north side than south and west sides were covered. Now, there is relatively equal coverage. ***Approximately 29% of the City's area is now eligible for minimum parking reductions, and 8% is eligible for density boosts.*** Although these incentives work best in higher-momentum market areas, by expanding the footprint of the ordinance, we are laying a preventative foundation against displacement pressures for south and west side neighborhoods as market conditions change. The tools will already be in place to incentivize denser and more affordable development.
3. The previous ordinance is estimated to have created 75,000 jobs in just the two year period mentioned (2016-2018), and the revised ordinance will create many more. ***Our estimates suggest at least approximately 50,000 direct and indirect jobs annually can be expected to result from the ordinance.***
4. There is no reason to expect the ordinance will result in the destruction of single-family homes to create multi-family housing. Current trends are the opposite--the conversion of multi-family buildings (2 and 3-flats) in north side neighborhoods has been the prevailing trend. ***The ordinance can help make up for the loss of over 4,800 two and three flats over the past two decades.***

Summary of Proposed Changes

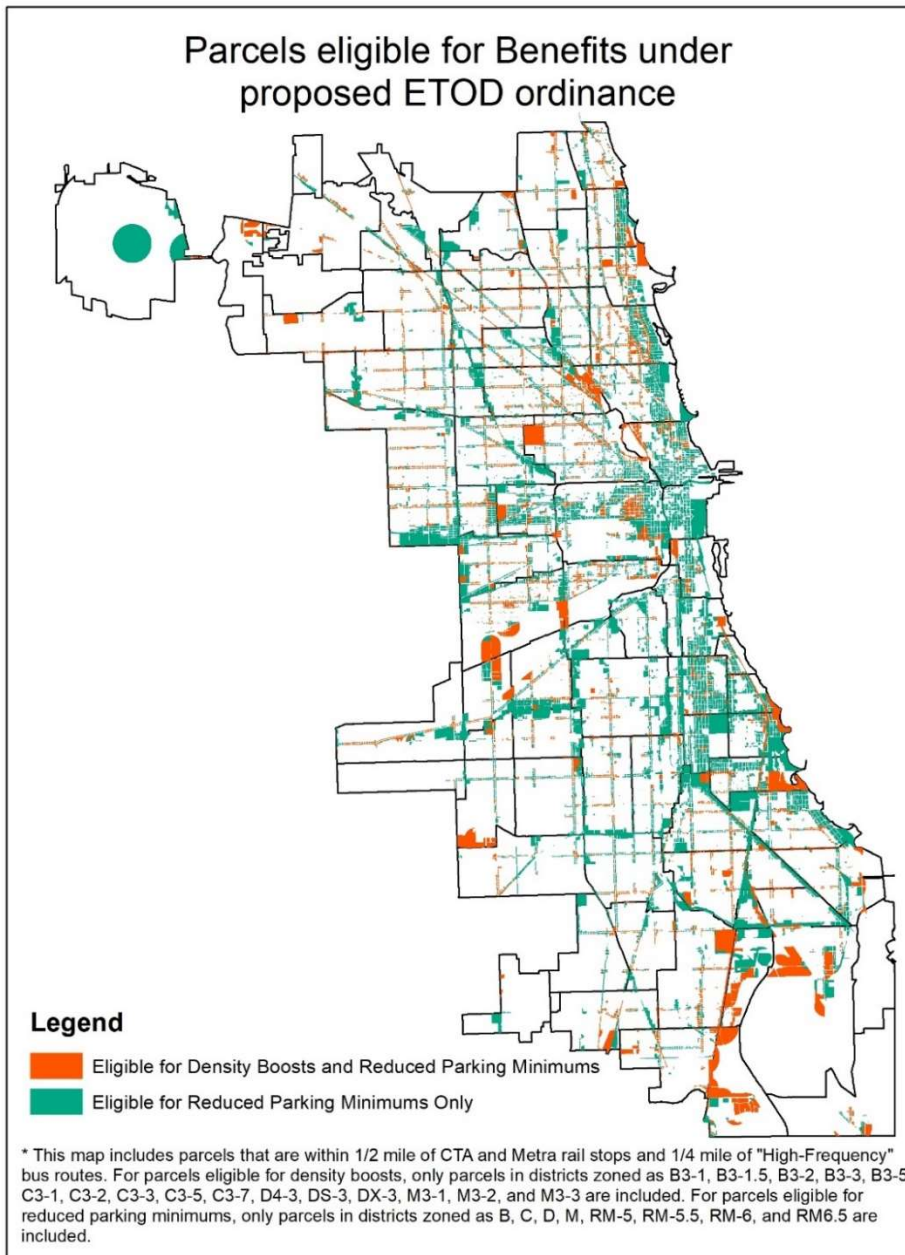
The proposed changes to the City of Chicago's TOD ordinance would greatly expand the coverage area of parcels that are eligible for incentives under the ordinance. The expansion also includes much more land on the city's south and west sides, which were not covered nearly as extensively in previous iterations. Some of the most notable changes of the ordinance include the following:

1. Extend eligibility radius to a standard $\frac{1}{2}$ mile radius near all CTA and Metra rail stations (up from $\frac{1}{4}$ mile in existing ordinance)
2. Reduce parking mandates on higher density apartment buildings near transit.
 - a. New developments on parcels zoned RM5, RM5.5, RM6, or RM6.5 and within the $\frac{1}{2}$ mile radius of transit would have the same parking requirements that currently apply to commercial and mixed-use buildings near transit, with reductions of up to 50% compared to developments not near transit, or up to 100% less with special approval.
3. Encourage ETOD along high-frequency bus corridors, including both CTA and Pace Pulse
 - a. Instead of just providing incentives to 10 high-ridership bus corridors, expand incentives to all "high-frequency" bus corridors (defined as any bus route where buses run at least every 15 minutes at mid-day, with more frequent service during peak hours).
4. Cap parking mandates within 4 blocks ($\frac{1}{2}$ mile) of CTA and Metra rail.
 - a. This would effectively place a cap on how much on-site parking can be built right next to transit, recognizing the opportunity that exists for more walkable, people-oriented developments. More specifically, this proposal would limit allowable on-site parking spaces up to 50% of the otherwise mandated minimum in new developments that are within 4 blocks (or $\frac{1}{2}$ mile) of rail stations. For example, if a mixed-use development would normally be mandated to build 150 parking spaces, this reform would place an upper limit of 75 allows on-site parking spaces (or 50% of the otherwise 100 parking space requirement)
5. Tie existing TOD density bonuses to provision of affordable housing
 - a. This would specifically require that developments provide more on-site affordable units than otherwise required by the ARO in order to access these bulk and density bonuses. This will encourage more affordable units to be built in new developments near transit.
6. Allow developments to trade parking space for affordable housing
7. End the ban on new construction of low-density multifamily within $\frac{1}{2}$ mile of CTA and Metra rail.

Land Use Impacts

The proposed ordinance would substantially increase the total square footage of eligible parcels—the area that qualifies for density bonuses and parking reductions by over 1,000%, and parking reductions alone by over 50%. Much of this expansion includes south and west side communities. Of the top 20 communities in terms of square footage that qualifies for density increases under the proposed ordinance, 11 of the 20 are majority BIPOC south and west side communities. This expanded footprint results in a lessening of the previous gap that existed between north side, and west and south side communities in previous iterations of the TOD ordinance. Overall, 29% of the city's developable area is now eligible for minimum parking reductions, and 8% is eligible for density boosts.

	2013 TOD ordinance	2015 TOD ordinance	2022 TOD ordinance proposal	Change
Qualifies for density boosts + parking minimum reductions	13 million sq. ft.	31 million sq. ft.	402 million sq. ft.	+1,197%
Qualifies for parking minimum reductions only	86 million sq. ft.	957 million sq. ft.	1.46 billion sq. ft.	+53%



What Benefits are we Likely to See as a Result of the Ordinance?

Past Findings

The City of Chicago ETOD Working Group analyzed developments that utilized incentives related to the ordinance between 2016 and 2018 and found the following trends;

1. Of the 150 projects in TOD areas, the majority—approximately 90%—occurred in proximity to downtown and on the north and northwest sides of the city. Large swaths of the south and west side were not covered by any new developments.
2. New developments occurred in areas where car ownership was lower than areas not covered by the ordinance, and jobs per household and proximity to jobs were also shown to be higher in TOD areas. This reinforces the goal of encouraging more people to live near and use transit.
3. Areas where TOD developments occurred, compared to TOD-eligible areas where new no developments occurred, were whiter and had higher incomes and educational attainment.
4. Areas that had new developments that utilized TOD benefits saw gains in white population and losses of Black population. There were losses of Latino population in some areas with TOD projects, and gains of Latino population in others.
5. Home rental prices were increasing more in areas with TOD projects compared to TOD eligible areas with no new projects.

The biggest takeaway of these findings is not that the ordinance caused any of these trends, but that the greatest demand for utilizing the TOD ordinance was in areas where more market activity, and displacement pressure is occurring. In other words, it was reflective of existing market trends, and occurred in areas where there is greater need to preserve affordable housing opportunities for lower-income residents. However, it also illustrates that the development impacts of the ordinance, at least early on (2016-2018), were limited to north side areas with higher displacement pressures.

Future Benefits: Jobs

It is difficult to project, with finite accuracy, the precise economic impact will result from the expanded incentive footprint. However, it is very likely that the Connected Communities ordinance will, conservatively, continue the momentum of direct and indirect job creation due to new developments that utilize its development incentives. It is estimated that development projects in transit-served locations (qualifying for TOD benefits) have created, on average approximately 15,000 jobs each year over the past five years.¹ By some economic estimates, each construction job helps create an additional 2.26 indirect jobs. Applying such a multiplier to Chicago's development trends, ***we can expect roughly 50,000 jobs created each year*** as a result of the ordinance (15,000 construction and 35,000 indirect).²

¹ MPC analysis of Chicago developments that went before the Planning Committee

² [Updated employment multipliers for the U.S. economy | Economic Policy Institute \(epi.org\)](#)

Will the 2022 Proposed TOD Ordinance Changes Bring More Equitable Changes and Development?

There is some evidence that the TOD ordinance has resulted in greater density of development areas where home sale and rental prices are increasing. Adding more supply of housing units eases the price and displacement pressures. New housing units, and in particular affordable units that have been created in TOD areas provide more opportunity for low-income residents of color to live in areas with greater access to jobs where market conditions are making it more difficult to do so. The proposed changes to the ordinance will likely continue to ease market pressures in high displacement areas by limiting the loss of units that occur in two and three-flat deconversions, and incentivizing more developments of these buildings, adding housing additional supply. Thus, the ordinance is likely to have positive impacts in places where lower-income BIPOC residents are likely experiencing displacement pressures.

The ordinance has the potential to reduce development costs across the city, which should lead to more development opportunity around transit in every Chicago neighborhood. In addition, revamps to the building and plumbing codes should help stabilizing rising development costs and make affordable housing more feasible to build.

By greatly expanding the eligibility footprint, the ordinance provides more incentives for development along transit in south and west side communities. These new incentives, when combined with other City programs such as Invest South/West, and additional development incentive programs, can help steer more investment into neighborhoods that have yet to see TOD projects occur.

Will the Ordinance Lead to Reductions in Single Family Homes or Have Other Unintended Consequences?

One of the biggest housing trends in Chicago over the past 20 years has been the deconversion of two and three-flat rental homes into single family homes. Between 2013 and 2018, Chicago lost 4,800 multifamily two and three-flats. Approximately half of these were conversions to single family homes, and largely occurred in white, north side neighborhoods where displacement pressure was already high. In communities of color, two and three-flats were more likely to simply be demolished, leaving vacant land in its place. In both of these cases, the prevailing housing transformation trend has been uni-directional—a reduction of housing units that further exacerbates affordability challenges in both BIPOC, south and west side communities, as well as predominantly white, north side communities. This is both because deconversions reduce the supply of housing units, and because two and three flat units are typically more affordable than single family homes. For example, the average monthly cost of occupying a single-family home in Chicago ranges approximately from \$2,500-\$2,600,³ compared to \$1,500 to \$1,850 for a family-sized unit in a two or three flat.⁴

The trend of deconversions began before and has continued after the original TOD ordinance was passed. The ordinance responds to this challenging trend by providing more incentives for new two and

³ Assuming median sales prices of \$330,000 for a single-family home in Chicago (source: Redfin), 3.5% down payment, and inclusive of taxes, mortgage insurance, home insurance, and mortgage cost.

⁴ MPC Analysis of CoStar data

three-flat development, which could help replace some of the units lost in the past two decades. To date, there are no research findings to suggest that the opposite trend—conversion of single-family homes to two or three-flats has happened or will happen as a result of the ordinance. It is much more difficult to convert a single-family home into a multi-family building than to deconvert a multi-family building, in part due to the fact that many deconversions do not require the structure to be completely demolished.

Figure 3. Parcels and Area Qualifying for Density Bonuses and Parking Minimum Reductions by Community Area

Community Area	Number of parcels	Sq. Ft.	Sq. Mi.
ALBANY PARK	475	3,672,856	0.13
ARCHER HEIGHTS	238	6,473,990	0.23
ARMOUR SQUARE	108	464,687	0.02
ASHBURN	234	2,293,321	0.08
AUBURN GRESHAM	448	3,017,793	0.11
AUSTIN	1,288	9,629,457	0.35
AVALON PARK	226	1,945,867	0.07
AVONDALE	639	2,950,598	0.11
BELMONT CRAGIN	1,093	5,786,042	0.21
BEVERLY	90	773,185	0.03
BRIDGEPORT	224	940,778	0.03
BRIGHTON PARK	595	4,250,105	0.15
BURNSIDE	79	2,484,118	0.09
CALUMET HEIGHTS	221	1,872,999	0.07
CHATHAM	651	7,110,564	0.26
CHICAGO LAWN	293	2,632,209	0.09
CLEARING	39	146,426	0.01
DOUGLAS	87	2,542,369	0.09
DUNNING	513	5,380,809	0.19
EAST GARFIELD PARK	438	5,466,410	0.20
EAST SIDE	11	435,861	0.02
EDGEWATER	334	4,866,902	0.17
EDISON PARK	68	406,317	0.01
ENGLEWOOD	359	2,356,222	0.08
FOREST GLEN	180	1,445,580	0.05
FULLER PARK	148	806,958	0.03
GAGE PARK	339	1,672,720	0.06
GARFIELD RIDGE	606	3,572,930	0.13
GRAND BOULEVARD	331	3,276,100	0.12
GREATER GRAND CROSSING	597	6,314,627	0.23
HEGEWISCH	228	2,593,506	0.09
HERMOSA	74	903,998	0.03
HUMBOLDT PARK	880	4,345,293	0.16
HYDE PARK	129	6,741,584	0.24

IRVING PARK	881	6,019,808	0.22
JEFFERSON PARK	376	2,999,917	0.11
KENWOOD	106	1,871,249	0.07
LAKE VIEW	1,701	13,270,655	0.48
LINCOLN PARK	894	7,944,372	0.28
LINCOLN SQUARE	667	4,223,685	0.15
LOGAN SQUARE	1,687	14,561,331	0.52
LOWER WEST SIDE	1,213	7,652,929	0.27
MCKINLEY PARK	87	650,013	0.02
MONTCLARE	96	1,365,194	0.05
MORGAN PARK	312	5,269,880	0.19
MOUNT GREENWOOD	45	534,140	0.02
NEAR NORTH SIDE	736	7,619,315	0.27
NEAR SOUTH SIDE	315	3,791,343	0.14
NEAR WEST SIDE	1,437	13,852,238	0.50
NEW CITY	764	3,702,075	0.13
NORTH CENTER	480	3,460,304	0.12
NORTH LAWNSDALE	791	5,774,652	0.21
NORTH PARK	111	2,956,627	0.11
NORWOOD PARK	246	3,185,578	0.11
OAKLAND	93	1,362,215	0.05
OHARE	46	4,320,301	0.15
PORTAGE PARK	910	6,920,329	0.25
PULLMAN	159	9,503,451	0.34
RIVERDALE	132	21,446,780	0.77
ROGERS PARK	365	5,247,660	0.19
ROSELAND	816	13,944,250	0.50
SOUTH CHICAGO	549	5,816,101	0.21
SOUTH DEERING	286	22,107,886	0.79
SOUTH LAWNSDALE	1,256	17,724,757	0.64
SOUTH SHORE	600	4,589,074	0.16
UPTOWN	542	10,838,123	0.39
WASHINGTON HEIGHTS	263	2,611,657	0.09
WASHINGTON PARK	95	803,553	0.03
WEST ELSDON	125	1,696,139	0.06
WEST ENGLEWOOD	615	3,000,292	0.11
WEST GARFIELD PARK	383	2,537,967	0.09
WEST LAWN	148	8,105,026	0.29
WEST PULLMAN	495	7,039,710	0.25
WEST RIDGE	437	4,121,789	0.15
WEST TOWN	1,882	15,929,569	0.57
WOODLAWN	325	12,132,404	0.44
Citywide	35,730	402,077,523	14.42

Figure 4. Parcels and Area Qualifying for Parking Minimum Reductions by Community Area

Community Area	Number of parcels	Sq. Ft.	Sq. Mi.
ALBANY PARK	961	11,995,986	0.43
ARCHER HEIGHTS	594	15,192,886	0.54
ARMOUR SQUARE	1,145	8,649,266	0.31
ASHBURN	770	13,643,817	0.49
AUBURN GRESHAM	1,817	17,070,864	0.61
AUSTIN	3,488	41,033,227	1.47
AVALON PARK	597	9,142,650	0.33
AVONDALE	1,682	14,504,356	0.52
BELMONT CRAGIN	2,322	18,335,469	0.66
BEVERLY	488	7,269,153	0.26
BRIDGEPORT	1,552	11,897,000	0.43
BRIGHTON PARK	1,439	18,468,090	0.66
BURNSIDE	229	11,253,068	0.40
CALUMET HEIGHTS	589	11,449,549	0.41
CHATHAM	1,064	17,695,700	0.63
CHICAGO LAWN	1,101	10,123,666	0.36
CLEARING	150	1,302,192	0.05
DOUGLAS	1,539	20,140,947	0.72
DUNNING	639	11,332,457	0.41
EAST GARFIELD PARK	3,363	26,260,658	0.94
EAST SIDE	11	435,861	0.02
EDGEWATER	1,444	20,009,346	0.72
EDISON PARK	132	2,021,707	0.07
ENGLEWOOD	1,591	16,803,363	0.60
FOREST GLEN	313	3,122,883	0.11
FULLER PARK	650	10,404,556	0.37
GAGE PARK	980	14,419,586	0.52
GARFIELD RIDGE	908	11,820,737	0.42
GRAND BOULEVARD	3,750	28,508,361	1.02
GREATER GRAND CROSSING	1,915	39,203,354	1.41
HEGEWISCH	316	3,620,711	0.13
HERMOSA	493	7,303,928	0.26
HUMBOLDT PARK	2,265	29,191,359	1.05
HYDE PARK	1,243	34,649,182	1.24
IRVING PARK	1,722	15,826,026	0.57
JEFFERSON PARK	770	9,266,341	0.33
KENWOOD	1,278	21,939,558	0.79
LAKE VIEW	4,710	38,864,710	1.39
LINCOLN PARK	4,620	40,461,810	1.45
LINCOLN SQUARE	1,132	11,042,049	0.40
LOGAN SQUARE	3,269	28,274,051	1.01
LOOP	3,116	37,264,280	1.34
LOWER WEST SIDE	2,831	17,831,481	0.64
MCKINLEY PARK	825	10,923,360	0.39

MONTCLARE	287	5,776,461	0.21
MORGAN PARK	618	11,046,626	0.40
MOUNT GREENWOOD	69	2,970,745	0.11
NEAR NORTH SIDE	4,716	54,169,171	1.94
NEAR SOUTH SIDE	1,401	17,601,425	0.63
NEAR WEST SIDE	5,843	64,385,156	2.31
NEW CITY	2,188	24,806,138	0.89
NORTH CENTER	1,682	19,536,267	0.70
NORTH LAWNSDALE	2,379	24,520,505	0.88
NORTH PARK	474	11,371,779	0.41
NORWOOD PARK	383	4,947,337	0.18
OAKLAND	775	7,497,258	0.27
OHARE	52	35,213,814	1.26
PORTAGE PARK	1,436	13,623,592	0.49
PULLMAN	325	23,314,481	0.84
RIVERDALE	246	25,777,737	0.92
ROGERS PARK	828	10,825,956	0.39
ROSELAND	1,634	31,649,566	1.14
SOUTH CHICAGO	1,476	17,102,247	0.61
SOUTH DEERING	662	31,752,771	1.14
SOUTH LAWNSDALE	2,328	31,072,614	1.11
SOUTH SHORE	2,568	43,808,465	1.57
UPTOWN	1,305	18,840,436	0.68
WASHINGTON HEIGHTS	738	8,168,277	0.29
WASHINGTON PARK	1,828	22,863,403	0.82
WEST ELSDON	375	5,949,428	0.21
WEST ENGLEWOOD	1,446	13,118,216	0.47
WEST GARFIELD PARK	1,581	16,976,225	0.61
WEST LAWN	717	11,442,703	0.41
WEST PULLMAN	1,126	11,761,947	0.42
WEST RIDGE	854	7,537,884	0.27
WEST TOWN	5,445	36,059,930	1.29
WOODLAWN	2,160	44,337,450	1.59
Citywide	115,758	1,459,795,607	52.36

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