

# CITY OF CHICAGO

## Department of Housing

MEMO RE: Upcoming updates to the DOH  
Architectural & Technical Standards





CITY OF CHICAGO



DEPARTMENT OF HOUSING

**TO:** Chicago Affordable Housing Development Community

**FROM:** Lissette Castañeda, Chicago Housing Commissioner

**DATE:** April 16, 2024

**RE:** Upcoming updates to the DOH Architectural & Technical Standards

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*[Acronyms and other capitalized terms are defined at the end of this memo.]*

## Introduction

Since 2019, the Chicago Department of Housing has published its Architectural Technical Standards Manual (ATSM) to document design expectations, contracting requirements, and other policies for multifamily affordable housing development projects receiving funding and tax credits from the City. The policies documented in the ATSM exist to ensure high quality design and construction; protect quality of life for residents; and provide for fair, equitable, and competitive construction contracting.

In alignment with Mayor Brandon Johnson's Cut the Tape Initiative and Executive Order 2023-21, DOH is in the process of comprehensively overhauling the ATSM. Over the last 12 months, DOH staff has listened to feedback from the development community about challenges in complying with these development requirements, including by convening a steering committee of developers, architects, and general contractors to lead the development of ATSM-specific recommendations. Input has also been solicited from other stakeholders including the Chicago Housing Authority, the Illinois Housing Development Authority, and the Illinois Housing Council.

DOH expects to publish an updated ATSM in draft form in June. Today, alongside the release of the 2025 Draft QAP, DOH presents a preview of expected changes to the ATSM. In recognition that the development community will shortly begin preparing QAP applications, this memo specifically focuses on proposed changes to policies governing how developers select and engage with general contractors. The 2025 ATSM, including those changes previewed here (which are subject to revision until the final ATSM is published) will apply to projects funded by Low Income Housing Tax Credits (LIHTC) and subject to approval by DOH, beginning with those selected via the 2025 QAP.

Three categories of policy change are outlined below: (1) specific proposed changes to the ATSM that relate to GC bidding options and related requirements; (2) changes to the QAP related to GC bidding; and (3) a preview of other ATSM policies that are in the process of being developed which DOH expects to include in the release of the draft 2025 ATSM.



## CITY OF CHICAGO



### DEPARTMENT OF HOUSING

#### ATSM Update Timeline

DOH has a comprehensive agenda for updating the ATSM. Recognizing the need to provide key information to developers in anticipation of 2025 QAP applications while also thoroughly vetting critical policy changes, DOH will phase the release of ATSM updates and related policies:

- Release #1: April 15, 2025 - This memo, which addresses GC selection requirements, published in alignment with the draft 2025 QAP.
- Release #2: June 2025 - Draft 2025 ATSM, published in alignment with the finalized 2025 QAP. Feedback will be solicited via a formal public comment period and listening sessions.
- Release #3: Sept./Oct. 2025: Final 2025 ATSM, published in alignment with the release of the QAP full application round.

We hope that this phased approach will balance the need to clearly communicate policy decisions that impact the 2025 QAP cycle in a timely fashion while also allowing adequate time for DOH to consult stakeholders, develop alternative language, and consider ways these changes can complement existing policies, procedures, and priorities. We appreciate the continued collaboration with the development community and the ATSM Steering Committee as we work to improve our approach.

#### Policy Updates I: Specific Changes to GC Bidding Options

In recent years, DOH has mandated that developers select GCs via a competitive bid process with at least 3 unique responses. This requirement was implemented to utilize competition to contain project costs, promote opportunities for emerging and non-traditional general contractors, and diversify the GC ecosystem. However, both developers and GCs have consistently indicated that this requirement creates outsized challenges in project planning, compliance, and resource management.

**Beginning in 2025, the ATSM will allow developers to select general contractors prior to submitting a QAP application**, while implementing other policies as described in this document to achieve our goals.

The 2025 ATSM will permit two options for GC selection. Developers may select GCs via a formal competitive bidding process after receiving a conditional award of funding from DOH, as was required for all projects by the 2023 ATSM. Alternatively, beginning this year, developers may elect an alternative approach in which they select the GC prior to submitting an Application for financing to DOH. This approach will be subject to the following requirements:

1. Developers must include their selected general contractor in their description of their project team in their Full Project Application.
2. Developers may not change the selection of their general contractor after selection for financing without express approval of DOH as described in QAP Section IX ("Project Modifications and Revocations").



CITY OF CHICAGO



DEPARTMENT OF HOUSING

3. Developers are encouraged to identify their GC in the Preliminary Project Application stage of their application, but may alternatively identify their GC in the Full Project Application.
4. All developers, regardless of GC contracting path, will be required to include a narrative response in their Application describing the outreach and selection process they used to identify the Participants on their project team. Developers will be expected to explain why each Participant was chosen for the project team, what skills/trades/experience they will contribute, and relevant past project experience. Any developer applying with a GC preselected will be expected to document their GC selection process in this narrative. A thorough response will include a description of the GC selection process employed, including whether the developer employed a RFI, RFQ, RFP, or other open procurement tool, and motivations for the choice made, including documenting the GC's qualifications and any price commitments made.
5. Selected GCs will continue to submit a statement of qualifications with the Full Project Application, which is expected to be similar to Exhibit #3 of the 2023 ATSM but may be expanded into a formal pre-qualification database (see Item #11 below for more details).

#### **Policy Updates II: Changes Related to GC bidding Found in the QAP Draft**

The 2025 Draft QAP has also been changed to reflect this new policy and to establish alternative approaches to achieving DOH's underlying goals of increasing opportunities for emerging vendors and managing project costs. These changes are described here for the purposes of cross reference:

6. DOH will give QAP selection preference to proposals that include Participants in the early stages of establishing affordable housing development experience. This preference will be applied comprehensively, with recognition for emerging developers, general contractors, architects, and subcontractors, as well as joint ventures established for the benefit of providing growth opportunities to emerging firms. For more information see QAP Section VIII ("Mandatory Application Components"), Sub-Section M ("Development Team").
7. Within the subset of those applications with pre-selected GCs, DOH will give QAP selection preference to proposals that include rigorous, documented GC selection processes. This preference will take into consideration clear identification of the outreach process used (e.g. Requests for Qualifications, etc.), the number of GCs engaged, the prices and qualifications of engaged GCs, and the reason(s) for selecting the chosen GC.
8. DOH will require that a change of 10% or more in total project cost or any budget line item constitutes a Project Modification from final application to closing, and will be subject to all the terms of that section including the possible revocation of tax credit allocation. For more information, see QAP section IX ("Project Modifications"), located on page 51.



CITY OF CHICAGO



DEPARTMENT OF HOUSING

### Policy Updates III: A Preview of Potential Updates for the 2025 ATSM Draft

In addition to the GC selection policy and the updates cross-referenced above that appear in the draft 2025 QAP, DOH is contemplating the following policy changes as part of the 2025 ATSM release in June:

9. Developer-GC contracting: DOH currently requires a Guaranteed Maximum Price (GMP) contract between the developer and GC, while maintaining strict oversight of contract content and change order requests. This contracting approach is unlikely to be the best fit for early contractor engagement, so DOH is investigating permitting alternative approaches to formalizing the GC-Developer relationship (e.g. Construction Manager at-risk). Changes to the GC contract requirements may also include updating the management of contingency within the contract (see #9 below).
10. Contingency management: DOH is considering alternative approaches to contingency management to better assign responsibility for this important cost management function. Possible approaches include allowing for some or all contingency to be carried in the developer-GC contract, and/or establishing a performance-based approach in which developers both stand to benefit from any savings to total project costs and are also responsible for cost overages.
11. Create a Pre-Qualified Contractor Certification Process: DOH is considering the creation of a public-facing pre-qualified vendor list for GCs in which contractors register with DOH by completing a Statement of Qualifications (similar to the 2023 ATSM's Exhibit 3; see item #5 above). This list would be intended to facilitate GC selection, provide transparent information about emerging contractors and potential joint ventures, and could lessen the application burden by decoupling the contractor qualification process from it. Eligibility criteria could include, for example: bonding capacity, financial capacity, credit score, references, and past performance. Such a process could be used to formally define emerging contractors (for example, based on balance sheets or bonding capacity).
12. Create streamlined and enhanced draw review processes: DOH is considering reducing some burdens associated with draw approvals to streamline the process for developers and contractors in good standing with the Department. DOH would likely simultaneously establish a post-project report card system to provide feedback to development teams. Negative post-project reviews would be associated with placement on an "enhanced review list", which would subject those participants to more rigorous reviews on future projects.
13. "Unbundling" subcontractor requirements: To provide increased opportunities for emerging vendors, DOH is considering requiring projects to contain more and/or smaller subcontracts. For example, the 2025 ATSM could require a percentage of project hard costs to be awarded via smaller total dollar amount subcontracts (e.g. less than \$1,000,000).



CITY OF CHICAGO



DEPARTMENT OF HOUSING

14. Removal of 3<sup>rd</sup> Party Cost Estimation Requirement: DOH is considering removing the requirement to obtain an independent construction cost estimate. DOH is currently weighing alternative approaches to evaluating cost reasonableness.
15. Defined price escalation allowance: In addition to the new QAP requirement treating a greater than 10% escalation in total project cost or any budget line item as a Project Modification (see #7), the ATSM may also document time-bound escalation allowances (e.g. a maximum increase in project price per month prior to financial closing).
16. Clearer design requirements: DOH is in the process of developing a clearer approach to communicating design requirements for developments we fund. This may also involve reconsidering certain design requirements themselves (e.g. elevator, storage area, and energy efficiency policies). Through this process DOH endeavors to make our design requirements more consistent, comprehensive, and transparent, thus reducing design phase negotiation between project teams and DOH staff.

### Next Steps

DOH staff will continue to develop the policies and policy concepts described in this memo to be included in the Draft 2025 ATSM. DOH intends to publish a complete ATSM draft for public comment in June 2025, after which DOH will host a formal public comment window.

Prior to publication of the draft, DOH invites feedback on these policy proposals through formal and informal means. If you have questions, concerns, or feedback, please reach out to DOH Policy Analyst Lauren Stott ([lauren.stott@cityofchicago.org](mailto:lauren.stott@cityofchicago.org)), Assistant Commissioner Matt Stern ([matt.stern@cityofchicago.org](mailto:matt.stern@cityofchicago.org)), or directly to me.



CITY OF CHICAGO



DEPARTMENT OF HOUSING

## Definitions

For brevity, this document uses a variety of acronyms and shorthand. Meanings are centralized here:

<b>Application</b> .....	DOH Multifamily Financial Assistance Application (refers to both Preliminary Project Application and Full Project Application unless specifically defined)
<b>ATSM</b> .....	Architectural and Technical Standards Manual
<b>DOH</b> .....	Department of Housing
<b>Full Project Application</b> .....	The entire set of required and requested documents as prescribed in the QAP and related checklist and submitted by a Sponsor to the City.
<b>Participant</b> .....	A member of the Project's development team, including general contractor, architect of record, property manager, and any joint venturer.
<b>Preliminary Project Application</b>	The entire set of documents for a Site, market, financial feasibility, and Participant review as more fully described in Section VI of the QAP.
<b>QAP</b> .....	Qualified Allocation Plan