

**WORKING DRAFT**  
for Plan Commission review and discussion

**River Forest, IL**  
**AFFORDABLE HOUSING PLAN**

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## **1. INTRODUCTION**

In August 2003, the State of Illinois adopted Public Act 93-0595, the Affordable Housing Planning and Appeals Act of Illinois (“the Act”). The Act is premised on a finding that there exists a shortage of affordable, accessible, safe and sanitary housing in the State. Its purpose is to “encourage” counties and municipalities to “incorporate affordable housing within their housing stock sufficient to meet the needs of their county or community.” It requires counties and municipalities with less than 10% affordable housing to adopt an Affordable Housing Plan (“Plan”) by April 1, 2005. It also contains an appeal procedure for aggrieved developers to seek relief from local decisions that inhibit the construction of affordable housing.

As set forth in the Act, the components of a Plan include: 1) a calculation of the total number of affordable housing units that are necessary to exempt the local government from the operation of the Act (*i.e.*, the number necessary to bring the percentage of affordable housing units to 10% of the total housing stock); 2) an identification of opportunities for the development of affordable housing in the Village; 3) a specification of incentives the Village will provide to encourage the creation of affordable housing; and 4) a statement of a goal for increasing affordable housing units in the Village.

The Act identifies three alternative goals from which a municipality may select to achieve compliance. The first is to make 15% of all new residential construction or residential redevelopment within the Village affordable. The second is to increase the percentage of affordable housing within the Village from its current level to a level 3% higher. The third is to bring the percentage of affordable housing units in the Village to 10% of the total housing stock.

### **Context Limitations**

If River Forest had large areas of vacant land readily available for residential development, rather than being a fully built out, land-locked community, the Village could more easily implement an affordable housing plan that would achieve the 10% standard set forth in the Act. If large amounts of vacant land yet to be developed existed within the community, the Village could establish that at least 10% of the units must be affordable and implement this standard by adopting land use regulations which would provide a “sufficient number” of affordable units as new development came online. In the marketplace, these land use regulations would be a factor in the valuation of the land, and the cost of providing the affordable housing would be absorbed by land owners on a Village-wide basis.

However, this is not reflective of the existing character and development pattern in River Forest today. The Village is fully developed. Approximately 70% of the Village’s developable land area is zoned R1 and R2, consisting of single-family detached homes that provide the essence of River Forest’s character. Because of this character and other desirable features that have evolved over the Village’s 139-year history, real estate in River Forest, when available, is very expensive. There are few, if any, single family detached homes in River Forest that meet the Act’s definition of affordable housing.

The relatively high value of land in River Forest makes it impractical to achieve the goal of this Plan by creating new affordable single-family detached dwellings. Rather, the only conceivable way of achieving the Plan’s goal is to create new affordable units as part of multi-family and mixed-use development. (In this Plan, the term “multi-family and mixed-use development” refers to a development that includes a number of separate living quarters such as apartments or condominiums.) Moreover, even in such development, it may well be necessary to limit the number of affordable units to, for example, 15% to 20%, because experience elsewhere has shown that, aside from specialized housing for senior citizens

and persons with disabilities, a larger percentage of affordable housing units might make the project unsound from both a financial and social perspective, when the goal of such a development should be more aligned with a mixed-income approach, rather than characterized as a “affordable housing development”. And finally, appropriate sites in the Village for multi-family and mixed-use development, as established by the Village’s Zoning Ordinance and Comprehensive Plan, are limited, and the pace of development of multi-family units, even in a receptive financial and regulatory environment, is relatively slow.

This Plan takes these unique circumstances into account. It does not ignore economic realities. The goal of this Plan must be recognized as a goal to be pursued in good faith, not a quota to be achieved at all costs. Moreover, fairness requires that any economic burden of providing affordable housing should be shared broadly by all Village residents, not imposed narrowly on persons who happen to own property suitable for this use.

## **2. THE AFFORDABLE HOUSING NEED**

### **As Defined by the Act**

The Act defines the need for affordable housing by establishing a standard that 10% of a municipality’s total housing stock should be affordable. Municipalities that already meet this standard or achieve it after the effective date of the Act are “exempt” from the Act. In addition, municipalities with populations under 1,000 (almost half of all Illinois municipalities) are exempt.

Non-exempt municipalities must establish a goal to pursue the 10% standard. According to the *Affordable Housing Planning and Appeal Act: 2018 Non-Exempt Local Government Handbook*, River Forest provides only 340 affordable units out of its year-round total units of 3,788, for an overall affordable housing share of 9.0%. This number fails to meet the minimum 10% affordable units of the total housing stock. According to the AHPAA Handbook, River Forest requires an additional 39 affordable units to comply with the 10% standard.

### **As Defined by the Community**

The Village understands the importance of affordable housing in the community to meet the needs of current and future residents. The population of the Village is aging, and some older residents with fixed or diminishing incomes may wish to continue living among their family and friends but in housing commensurate with their means. Non-resident parents of current residents may wish to move to the Village to be close to their adult children during their golden years. Our community also includes persons with disabilities whose incomes and resources limit their housing options.

Additionally, there are persons with low or moderate incomes who work in the Village and whose residency here would enhance the overall spirit of community. While the Village lacks the ability to accommodate all such persons and potential residents with affordable housing needs, it intends to continue to address these needs by increasing the number of affordable units, in the manner set forth in this Plan.

### 3. What is “Affordable”?

According to the Illinois Housing Development Authority (IHDA) website, affordable rental and owner-occupied units are as follows for the Chicago Metro Area (including River Forest):

#### Owner Occupied Affordability Chart for Chicago Metro Area

	2018 Income Limit (80% AMI)	Affordable Purchase Price
1 person	\$47,400	\$131,667
2 person	\$54,200	\$150,556
3 person	\$60,950	\$169,306
4 person	\$67,700	\$188,056
5 person	\$73,150	\$203,194
6 person	\$78,550	\$218,194
7 person	\$83,950	\$233,194
8 person	\$89,400	\$248,333

#### Affordable Rental Units for Chicago Metro Area

	2018 Affordable Rent Limits for HH @ 60% AMI
0 bedroom	\$889
1 bedroom	\$952
2 bedroom	\$1,143
3 bedroom	\$1,320
4 bedroom	\$1,475
5 bedroom	\$1,625

### 4. POTENTIAL LANDS AND BUILDINGS FOR AFFORDABLE HOUSING

It is highly unlikely that any new, rehabbed or existing single-family detached home in the R1 or R2 zoning districts would ever meet the definition of “affordable,” unless it were in some way subsidized by government or a not-for-profit entity. Even if there were several such subsidized units, this approach will not effectively address the need for additional affordable housing in the Village and is not the approach adopted by this Plan. Accordingly, this discussion is limited to types of housing that could reasonably include affordable living arrangements.

The best opportunities for creating additional affordable housing are primarily on properties along the Village’s perimeter corridors (Madison Street, North Avenue, and Harlem Avenue), and possibly other locations that are designated as appropriate for multi-family and mixed-use development by the River Forest Comprehensive Plan.

Each site that presents itself will require careful review through the Planned Development process, involving a public hearing with the River Forest Development Review Board. Ultimately, any such

development would need to be approved by the Village Board of Trustees and would need to be in the community's best interests.

## 5. INCENTIVES

### The Options

Because of the high value of land in River Forest, it is likely that any new ownership or rental units, to be affordable, will be sold or rented at a below-market rate. When affordable housing is sold or rented at a below-market rate, someone must pay the differential. Stated differently, an owner or developer must have an offsetting financial incentive to sell or rent property at a below-market rate. Where will the value come from to compensate the owner or developer for the differential? Before identifying the preferred incentives, it is useful to examine possible sources of this value.

**Zoning mandates:** The Village could adopt a zoning regulation that requires developers of multi-family buildings to set aside a certain percentage of the units for affordable housing. This would be an extreme form of "incentive." The Village government would incur no cost in this approach. However, there would be a cost. It would be reflected immediately in a lower value for the land covered by the regulations since the development potential has been diminished. The land owner and/or developer would pay the cost.

**Zoning bonuses:** The Village could provide "zoning bonuses" for buildings incorporating a certain percentage of affordable units. These bonuses would be in the form of relaxations to height, setback, parking, and similar regulations. Again, the Village government would incur no cost in providing this type of incentive. However, the regulations being relaxed were presumably adopted for the protection of the community, especially the neighboring property owners. Allowing more intense development therefore may adversely affect the character of the neighborhood and possibly diminish the value of the neighboring properties, and the neighboring property owners would bear the cost. However, it is possible that "bonuses" could be provided through the Planned Development Process without adversely affecting neighboring properties.

**Dedicated taxes and fees:** The Village could adopt a tax or a fee, the proceeds of which would be utilized to create financial incentives in the form of subsidies for the development of affordable housing. For example, a "teardown tax" could be levied on the act of demolishing an existing structure and failing to replace it with affordable housing. Other ideas, like dedicated condominium conversion fees, new construction fees, and an increased real estate transfer tax, would have a similar narrow financial impact, focused on individual property owners involved in these activities.

**Village subsidies:** The Village could provide financial incentives for the development of affordable housing by direct subsidies. For example, the Village could participate in a project by acquiring property and reselling it to a private developer for multi-family housing that includes affordable housing units. Because the acquisition cost may be higher than the subsequent resale price (given the affordable housing requirements accompanying the resale), the cost in this case is borne by the taxpayers at large through whatever tax resources the Village utilizes. Techniques with a similar broad cost sharing impact are property tax abatements, financing assistance through municipal bonds or low cost loans, reduced fees for permits and services (e.g., zoning and building permits, or water/sewer fees), and outright grants.

**Subsidies through a not-for-profit entity:** The Village could sponsor or assist in the creation of a not-for-profit affordable housing entity that would seek funds from a variety of sources (*e.g.*, grants from private foundations, contributions from individuals and corporations, revolving loans) and either engage in development activities itself or provide incentives for others.

### **The Preferred Incentives**

This Plan adopts the policy of spreading the cost of affordable housing broadly, rather than placing the cost on targeted landowners or those involved in specific activities. Accordingly, this Plan does not adopt **zoning mandates or dedicated taxes and fees** as methods for creating incentives for affordable housing. Instead, this Plan adopts zoning “bonuses” as a means of encouraging and accommodating developers to include affordable housing units in new multi-family buildings, as follows:

First, developers coming to the Village with plans for multi-family buildings will need to seek zoning approval of their projects as Planned Developments and will have the opportunity to include affordable housing units in their plans. The Planned Development process, already part of the Zoning Ordinance, provides the Village with a degree of flexibility regarding development standards that may be sufficient to make it attractive for developers to include affordable housing units without diminishing the value of neighboring properties.

### **Possible Additional Considerations**

The Village could also consider possible amendments to the Village’s Zoning Ordinance to allow for taller and more dense development in designated commercial/mixed-use areas, consistent with the recommendations of the Comprehensive Plan, in order to better accommodate possible inclusion of affordable housing as part of new development.

The Village could also explore possible strategies and means with which to preserve and enhance existing affordable housing in the Village, such as possible funding or programs aimed at assisting with upkeep, maintenance, and improvements to identified properties.

## **6. THE GOAL**

### **The Goal of this Plan**

This Plan adopts the goal of bringing the percentage of affordable housing units in the Village to 10% of the total housing stock. This goal will be pursued by: 1) protecting and enhancing the existing affordable housing that currently exists in the Village, primarily the multi-family residential along the Village’s perimeter corridors, and 2) concentrating attention on new multi-family and mixed-use buildings and providing developers of such buildings the opportunity of including affordable housing units. While this plan focuses on multi-family and mixed-use buildings, other affordable living arrangements could possibly be added to the Village’s housing stock as the number of group homes, accessory living units, and specialized senior housing units increase in the ordinary course to meet a growing need. Overall, it is believed that concentrating on maintaining and improving the existing affordable housing and focusing on new multi-family and mixed-use buildings, in a manner consistent with the Comprehensive Plan and Zoning Ordinance, is a reasonable approach for pursuing the goal of bringing the percentage of affordable housing units in the Village to 10% of the total housing stock.

### **The Alternative Goals Allowed by the Act**

This Plan does not adopt the Act's alternative goal of increasing the affordable housing stock in the Village by 3.0%, for the following reason. This goal would require the Village to increase the affordable housing stock from its current 9% to 12%, or from 340 units to 455 units, or by a total of 115 additional units. The Village can conceive no reasonable way in which this number of new affordable housing units could be provided in the foreseeable future. For example, to increase the number of affordable housing units by 115 in multi-family or mixed-use buildings consisting of 15% affordable units, it would take a total of 766 units in new multi-family buildings to achieve this goal. This number of new units would increase the Village's total housing stock by 20%.

The other alternative goal in the Act, making 15% of all new residential construction or residential redevelopment within the Village affordable, is rejected because of its potential impact on the single-family residential market and the existing economic realities of the land value for single-family residential land in River Forest. The strategy of this plan is to focus on creating the opportunity for affordable housing as a component of multi-family and mixed-use development.