

I. Background

Affordable Housing Planning and Appeals Act (P.A. 093-0595)

Public Act 093-0595 found that: there exists a shortage of affordable, accessible, safe, and sanitary housing in the State; it is imperative that action be taken to assure the availability of workforce and retirement housing; and local governments in the State that do not have sufficient affordable housing must be encouraged to assist in providing affordable housing opportunities to assure the health, safety, and welfare of all citizens of the State. Toward that end, the State has required that all municipalities that do not have at least ten percent (10%) of their housing stock designated as affordable draft an affordable housing plan. To do so, a municipality must:

1. Declare the total number of units necessary to reach 10% of all units as affordable by assessing the number of units needed to meet this threshold;
2. Establish a goal of either (1) a minimum of 15% of all new development or redevelopment to be affordable, (2) a minimum of 10% of affordable housing units within the jurisdiction, or (3) a minimum of a 3 percentage point increase in the overall percentage of affordable housing within its jurisdiction.
3. Identify land that would be appropriate for construction of affordable housing and existing structures most appropriate for conversion, rehabilitation or to be publicly-owned; and
4. Delineate potential incentives it may provide for the purpose of attracting affordable housing.

II. Model Affordable Housing Plan Guidelines

1. 10% Test

1. Assessing Units Needed to Reach Ten Percent (10%) Threshold

The list of exempt and non-exempt communities will be distributed by the Illinois Housing Development Authority (IHDA). IHDA is expected to distribute this list in late spring/early summer 2004. While we do not know the exact methodology that will be used to produce this list, we can provide information on some of the steps involved. If a community wishes to determine on its own what percent of its housing is considered affordable, the local government must:

1. Total the number of for-sale housing units in each local government that are affordable to households with a gross household income that is less than 80% of the median household income¹ within the county or primary metropolitan statistical area.² 80% of \$51,680 is \$41,344, so owner-occupied units would have to be affordable to a household earning \$41,344 per year and spending no more than 30% of its income on housing expenses (including mortgage, taxes, etc.)

¹ The 2000 Median Household Income for the Chicago PMSA was \$51,680.

² This is the language of the law. IHDA's stated policy regarding this issue is that communities within a PMSA must use the PMSA figure for comparison, while communities only within a county and not belonging to a PMSA should use the county figure for comparison.

2. Total the number of rental units in each local government that are affordable to households with a gross household income that is less than 60% of the median household income within the county or primary metropolitan statistical area. 60% of \$51,680 is \$31,008, so rental units must be affordable to a household earning \$31,008 per year and spending no more than 30% of its income on housing expenses (rent, utilities).
 - a. For example: a household earns \$2,584 per month with an annual income of \$31,008. 30% of \$2,584 is \$775.20. Therefore, rental units must rent for \$775.20 or less per month to be considered affordable.
3. Add the number of for-sale and rental units for each local government from items (1) and (2).
4. Divide the sum of (3) above by the total number of year-round housing units in the local government as contained in the latest decennial census and multiply the result by 100 to determine the percentage of affordable housing units within the jurisdiction of the local government.

If this number is less than ten percent (10%), the municipality should:

1. Calculate the total number of year-round housing units in the community, based on the decennial census, and multiply that number by ten percent (10%);
2. Take the results of item (1) and subtract the sum of the total number of for-sale and rental units that meet the affordability criteria (item 3 above) to determine the total number of affordable housing units that are necessary to achieve a minimum of ten percent (10%) affordability.

2. Goal-Setting

2. Goal-Setting: Establishing Goal of Affordability

A community must assess its ability to attain one of the goals set forth in the legislation. Areas with extremely low levels of affordable housing will have different goals than a community just shy of the ten percent (10%) threshold. In high growth areas, working toward achieving a minimum of 10% affordable units within a set timeframe may be possible. However, for other communities, establishing a goal of increasing the overall percentage in affordable units may be a more realistic way to reach the desired level of affordability.

One possible way to determine a community's goal: To determine which goal best suits a community, it may be helpful to figure out what the numerical impact of these goals are on an annual basis. To do this, first calculate the total number of new units within the community that were constructed or substantially rehabilitated within the past five years, then divide by five to obtain an average number of new units per year. This will provide a basis by which the goals of 10% affordability, 15% of new construction and redevelopment, or a 3 percentage point increase in affordable units can be met:

- a. **10%:** Once it is determined how many units are produced on average each year, communities must determine how many of these should be affordable (outpacing “nonaffordable” production) in order to reach the total number needed to achieve 10%

affordability in the community's housing stock. A community will have to consider whether it will reach the goal through either voluntary or mandatory measures. Devise a strategy to implement measures to meet this required increase in total housing units.

- b. **15%:** Alternatively, a community could examine the 15% option. If a community does not believe that it has the resources through either voluntary or mandatory measures to reach 10% affordability or to achieve a three percentage point increase in the percentage of its housing stock that is affordable, the community should consider requiring 15% of all new and redeveloped housing to be affordable based on the definitions of the Act. Models for "inclusionary" or "set-aside" ordinances exist around the country (**See Section 3B for further discussion of inclusionary zoning**).
- c. **3%:** Another option is to assess the three percentage (3%) point increase in a community's level of affordable housing. Take the total number of housing units in the community. Multiply that number by three percent (3%). This is the number of affordable units the community must create to meet the 3% goal.³ A community will have to consider whether it will reach the goal through voluntary or mandatory measures. The community must devise a strategy to phase in the appropriate number, or percentage, of total units to be constructed or rehabilitated to meet the 3% goal.

3. Planning for Affordable Housing

In order to plan for affordable housing, mayors and municipal staff members must assess the community's current and future demand for all types of housing. What will be built in the coming years? Is there enough development occurring that the community will be able to build enough affordable units to meet the 10% total or 3% increase goals? If not, the town most likely will choose the 15% goal. This section of the Model Guidelines attempts to help communities think through this process. For communities following the 10% or 3% options, they will have to identify appropriate land and buildings in the town, as discussed in Section 3A below. Towns choosing the 15% option will have to institute an inclusionary zoning policy, as discussed in Section 3B below.

3A. Identification of Land for Affordable Housing

In order for a municipality to identify land suitable for the development and/or redevelopment of affordable housing, the municipality should assess the type of housing currently available in the community and the users of this housing. A community should:

1. Calculate the total number of single-family detached and single-family attached (townhouses and duplexes) buildings, condominiums and apartments in the town.
2. Identify the land uses (commercial, residential, vacant, etc.) currently within the community.
3. Assess the ages and income levels of residents in the community.
4. Assess the ages and income levels of people who work in the community

This should lead to an analysis that determines whether the types of housing present in the community serve the senior and workforce populations that are identified in the state law. Once

³ This calculation above assumes no "nonaffordable development" is taking place. In order to achieve a full "three percentage point increase," the community must create enough affordable units to outpace nonaffordable production.

a community identifies the types of housing that is lacking and the populations (by age and income) that are underserved by the housing market, an assessment of appropriate land available within the community and its extraterritorial jurisdiction should be completed. To do this a community should:

1. Assess areas within the community where targeted populations and/or housing exists;
2. Assess areas within the community where targeted populations and/or housing does not exist;
3. Assess available land uses not designated for commercial and/or industrial development on the community's adopted Comprehensive Plan;
4. Reassess available land use designated for commercial and/or industrial development on the community's adopted Comprehensive Plan;
5. Identify and assess any publicly-owned parcels or privately-owned parcels that are good possibilities for public acquisition.
6. Identify and assess any parcels that are likely to undergo redevelopment (where affordable housing could be mixed with new market-rate development).
7. Identify and assess areas that will experience new development (where affordable housing could be mixed with new market-rate development).
8. Site areas for possible affordable housing with the following factors in mind:
 - a. Potential sites should not exacerbate areas of concentrated poverty or low-income housing (areas within a community in excess of 10% low-income households based on decennial census data).
 - b. Potential sites should have adequate infrastructure to support housing development or can be provided as part of any development
 - c. Potential sites should have proximity or access to public transportation and/or job centers.
 - d. Potential sites should have proximity (if necessary) to schools, supportive services, and/or other community assets (e.g. day care).⁴
 - e. Potential sites should provide compatibility with established land patterns and surrounding land uses.

It should be noted that, if a community adopts an approach that includes "inclusionary zoning," it will be identifying all areas in the community that allow for development over a certain size as good sites for some affordable housing. Adopting an inclusionary housing ordinance simplifies the process of specifying particular parcels and allows a community to identify general areas where developments will be covered by the inclusionary housing program.

3B. Inclusionary Zoning

This policy may be used especially in communities which choose to follow the goal that 15% of development and redevelopment will be affordable. See Attachment 1 for a Model Inclusionary Zoning Ordinance.

⁴ Not all of the "affordable housing" created by these local efforts will require proximity to "social services" per se. For example, a teacher, police officer, or firefighter earning 80% of the area median income will not require "social services" any more than any other market-rate resident. An elderly affordable housing development may need proximity to certain community assets (recreation, restaurants, library, medical, etc.) but not others (schools, day care, job training, etc.).

Inclusionary zoning requires that all new developments of a certain size include a percentage of housing affordable to low- and moderate-income households. Most programs are applied citywide and contain some basic components such as a **threshold** level of coverage (e.g. all developments of 10 or more units); a **percentage** of units that will be priced as affordable (e.g. 15% of the development); **income targets** for the populations to be served (e.g. at or below 80% of Area Median Income); and **cost offsets** that help a developer to pay for the cost of producing affordable units (e.g. density bonuses, expedited permitting, flexible zoning, or reduced parking requirements).

The affordable units are indistinguishable on the exterior from the market-rate units and most often are adjacent to, or “mixed-in” with, the market-rate housing. In some instances, in lieu of building the affordable units on site, the developer can choose to build or rehabilitate and preserve affordable housing elsewhere, or to pay a fee to the municipality so that others can build affordable housing.

When to use Inclusionary Zoning

Inclusionary zoning is a very flexible tool that can be used in both growing communities and “built-out” communities. An inclusionary zoning program ensures that the market engine that drives private residential development will also create integrated affordable units without utilizing local tax dollars. Communities experiencing a development boom can harness the power of the market to create a significant number of affordable units as the community continues to grow. Built-out communities can use an inclusionary zoning program to ensure that any future private residential development (from tear-downs of multi-family structures, redevelopment, or conversions) will create some housing affordable to low- and/or moderate-income households.

Frequently Asked Questions

Why Inclusionary Zoning?

Inclusionary zoning is a market-based tool that does not, by and large, require the use of federal, state or local tax dollars to create affordable housing. Inclusionary zoning uses “cost offsets” (density bonuses, flexible zoning, reduced parking requirements, expedited permitting, etc.) and harnesses the power of the marketplace to produce affordable homes and apartments. In the process, inclusionary zoning generates affordable homes in a mixed-income fashion, producing houses and apartments that are externally indistinguishable from market-rate housing. By creating affordable homes for seniors, entry-level workers, public employees, young professionals and families, an inclusionary zoning program can improve the quality of life for local residents, enhance local economic development efforts, reduce traffic congestion, and inhibit sprawl and disinvestment from existing neighborhoods.

Will Inclusionary Zoning Slow Development or Harm the Tax Base?

Based on documented experiences from the over 200 communities across the country with some form of inclusionary zoning, neither built-out communities nor communities with significant development potential need worry about a “chilling” effect on development or a reduction in the local property tax base. Economic analyses, national case studies, analytical reports, feasibility studies, and developer and community reaction across the county all indicate that inclusionary zoning does not stifle development, drive down property values, or hurt local tax revenues.

In some communities, the presence of cost offsets, hot local housing markets, and possible moderations in rising land prices over time (a moderation in rising land prices can occur as a result of an inclusionary program) can all help pay for the cost of producing affordable homes and apartments. In many communities, developers gain the benefits of increased predictability and certainty in the development process and, quite often, a new capacity to build for a broader segment of the housing market that is eager to purchase or rent affordable units. These benefits, coupled with the desirability of the local housing market, ensure that developers will continue to produce housing under an inclusionary zoning program.

Is Inclusionary Zoning Legal?

Despite the presence of over 200 programs nationwide, only four legal challenges to inclusionary zoning programs exist. These four cases indicate that inclusionary zoning is a legitimate use of the local zoning power. In the design of any inclusionary zoning programs, communities should: 1) justify the need for affordable housing in the community, 2) indicate how the inclusionary zoning program will address that need, 3) provide some level of cost-offsets to developers required to build affordable housing under the program, and 4) apply the program as broadly and evenly as possible.

How does a Local Government Keep Units Affordable Over Time?

The units must remain affordable for a specified amount of time through the use of deed restrictions, covenants, contractual agreements, or land trust arrangements. In addition, some programs allow the local government or designated non-profit organizations to purchase affordable units and ensure their affordability forever.

What Kind of Affordable Housing Would an Inclusionary Zoning Program Create?

In most cases, the units will be affordable to households earning at or below a certain percentage of the Area Median Income (meaning that such households will not spend more than one-third of their income on housing). For example, owner-occupied units might be affordable to households earning at or below 80% of the AMI, and rental units at 50% AMI. Thus, a family of four earning less than \$57,500 in the Chicago region would qualify for an affordable owner-occupied unit priced around \$143,000. A family of four in the Chicago region earning \$37,700 would qualify for an affordable rental unit at approximately \$943 per month, including utilities. These standards are available from HUD as well as from Business and Professional People for the Public Interest.⁵

4. Affordable Housing Policies and Incentives

Each municipality should look at general policy areas that need to be addressed to increase the supply of affordable housing. Goals should be developed that address the governmental, not-for profit, and private sector's roles in the affordable housing issue. Each community should review how key factors influence the availability of affordable housing and establish goals based on this assessment.

⁵ For more income limits, please see <http://www.huduser.org/datasets/il.html>

4A. Issues to Consider:

- **Comprehensive Plan**
 - ✓ Does the Comprehensive Plan include a section on housing?
 - ✓ Has the community adopted the Metropolitan Mayors Caucus' Housing Endorsement Criteria (**see Attachment 2**), or a similar guideline, and/or included this document as part of the Plan?
 - ✓ Does the Plan identify present and future needs, including goals related to affordable housing for households at different life stages, and the provision of special needs housing?
 - ✓ Does it take into account the housing needs of a larger region, especially trends related to a commuting workforce?
 - ✓ Does it identify barriers to the production of housing, including affordable housing?
 - ✓ Does it assess the condition of the local housing stock?
 - ✓ Does it develop strategies, programs, quantifiable goals and other actions to address the need for a range of housing options?
 - ✓ Does the Plan explore and address optimal locations for affordable housing: for example, near jobs, shopping, schools, and/or transit?
 - ✓ Does the Plan outline incentives for affordable development?

- **Community Technical Capacity**
 - ✓ Are local developers interested and able to undertake affordable housing developments in the community?
 - ✓ Are there not-for-profit housing organizations in the community or region that can assist with housing initiatives?
 - ✓ A community could bolster its technical capacity by establishing a not-for-profit affordable housing development entity, and/or supporting the participation of local developers and owners in existing trainings on the development and management of affordable housing.

- **Municipal Staff Resources:** The municipality should review its staffing to consider how it can address the requirements of PA 93-0595.
 - ✓ Does the municipality have the staff resources and expertise to plan for and/or manage housing initiatives? Responsibilities can include: creating, implementing, and monitoring adherence to an affordable housing plan; coordinating with other city agencies and staff (transportation, economic development, human services, etc.) to strengthen the affordable housing plan; meeting with housing groups; reaching out to local financial institutions; reviewing/updating the code book and comprehensive plan to analyze how they address the issue of housing; staying abreast of housing policies and programs at the state and federal level; staffing commissions; and holding hearings.

- **Creation of a Housing Commission:** To ensure the pursuit and refinement of the housing element of the Comprehensive Plan, a Commission can be formed to provide for the planning, expansion, maintenance, conservation, and rehabilitation of the local housing stock and to be responsive to needs for change in housing-related matters. See Section 5D for more information.

- **Zoning and Subdivision Ordinances**
 - ✓ Do local zoning requirements unnecessarily raise the cost of housing or does the zoning ordinance facilitate an increase in the supply of affordable housing?
 - ✓ How do the requirements of certain factors (i.e. right-of-way, materials, storage, etc.) affect housing development and prices?
 - ✓ Are there adequate provisions for multi-family housing in the ordinances?

- **Fair Housing:** Consistent with equal opportunity and affirmative action as policies of the State of Illinois, in many instances reinforced by local policies, housing plans would do well to include an affirmative marketing component, to reach out to those currently under-represented in the market. In addition, this would be an opportune time to review and update building codes so they conform to the latest accessibility requirements of the International Building Code, the ADA accessibility guidelines, and the federal Fair Housing Act.
 - It should be noted that communities receiving CDBG funds must produce an Analysis of Impediments to Fair Housing, which is a report addressing potential barriers to community diversity and equal housing opportunity. This type of document – and the issues it explores - could be useful to any community wishing to deal with fair housing concerns in a proactive and affirmative way.

- **Landlord-Tenant Ordinance:** A landlord-tenant ordinance lays out the rights and responsibilities of landlords and tenants, addressing issues such as security deposits, maintenance of the unit, and damage to the unit. Implementing such an ordinance can stabilize the relationship between the parties by clearly defining each one's obligations. A landlord-tenant ordinance can assist in the preservation of affordable housing in the community, as requiring both parties to maintain the housing well decreases the likelihood that these (generally) smaller, more affordable rental units will be lost due to neglect, decline and eventual abandonment.

4B. Affordable Housing Policies and Incentives:

- **Zoning and Subdivision Ordinances:** These can be updated to encourage affordable housing. Look for modifications that can be made which promote affordable development while providing for consistent and proper development. The following are examples of requirements and incentives that can be changed/added:
 - Inclusionary Zoning: This policy requires developers to reserve a certain percentage of new residential development as affordable to low- and moderate-income households. **For more information, see Section 3B.**
 - Density Bonuses: A density bonus is a percentage of units that a municipality permits the developer (as of right, or at the discretion of a local authority) to construct above and beyond what the zoning designation for that specific site would otherwise allow. Most cities pair density bonuses with a requirement that the developer provide a certain percentage of the development as affordable housing. For example, a community could provide a developer with one additional market-rate unit for each affordable housing unit provided in the development or subdivision. Many municipalities nationwide offer density bonuses because they can help make the production of affordable housing cost-feasible for developers, without the use of public tax dollars. Density bonuses can thus help to preserve scarce public resources for other valuable uses.

- Allowing accessory dwelling units, such as coach houses, in a single-family zoned area.
- Multi-family districts: Improve and/or expand the locations and allowance for multi-family residential zoning districts.
- Mixed-use: Allow for mixed residential and commercial uses in downtowns, commercial centers, and commercial corridors, with housing interspersed or above commercial uses.
- Allowing flexible zoning for requirements in lot size, floor area ratio, parking or setbacks can help developers to build more affordable units while reducing the need for additional subsidies.
- Use Changes: If a community has too much land zoned for industrial, corporate or retail use or what the market demands, such land can be rezoned to include residential options.
- **Building/Rehabilitation Code Changes**
 - Flexible Rehab Codes – Sometimes rehab codes at the local level are arbitrary and cost-prohibitive. Municipalities should determine when buildings must meet new construction standards based on the nature of the work to be done (and its effect on safety) instead of the cost of the work. Municipalities should standardize the process through clear, “cookbook-like” steps and not make rehab too cost prohibitive.
- **Private Sector Involvement**: To leverage private sector involvement in pursuing housing solutions, the first step is to explore whether the local community’s workforce can or does live there. Employers reduce turnover costs and increase their appeal to new employees when there are quality housing options affordable to the local workforce, as this choice enables many employees to devote more time to their work, families and communities. Communities benefit from increased local investment and a more stable housing stock, while shorter commutes reduce stress on transportation infrastructure and the environment.
 - Employer-Assisted Housing (EAH) is a general term to describe a variety of ways in which employers can support housing options for their workforce. EAH programs provide would-be homebuyers with down payment assistance.
 - Municipalities can act as leaders to other employers by providing EAH for municipal employees. Communities in need of redevelopment strategies can offer EAH to their employees to boost local investment. Towns in high job growth areas can help their employees live in those communities with expensive housing markets. For communities with residency requirements, EAH programs provide an incentive to accompany the mandate and help recruit new employees. Governments with high turnover may find that an EAH benefit improves retention. Communities from across the region (including St. Charles, Riverdale and Evanston) have begun EAH programs.
 - Governments can also provide incentives to encourage local employers to develop EAH programs by contracting with a community-based housing organization to administer the program and provide the housing counseling, so employers only invest in down payment assistance, rental subsidies or Individual Development Accounts. Municipalities can also target existing housing programs (first time homebuyer or rehab) to employees of local companies and/or otherwise partner existing first-time programs with employer initiatives. Governments can also provide financial incentives to

employers to invest in EAH, expanding the resources available throughout the State, to boost the buying power of workers looking to buy homes in the community. Over 21 regional employers have already instituted or committed to EAH programs, including industrial companies (System Sensor), corporations (Allstate), hospitals (Northwest Community Healthcare, the University of Chicago), and Universities (the University of Chicago, Illinois Institute of Technology). The State already provides tax credits to participating employers and matching funds (for employer down payment assistance) to participating, income-eligible employees.

- The Regional Employer-Assisted Collaboration for Housing (REACH) can be a valuable resource for communities or businesses interested in beginning an EAH program. By using REACH, a network of nonprofit housing experts around the six-county region, a company does not have to administer its program in-house. REACH partners work directly with homebuyers, providing credit counseling and other assistance through the home buying process, to save the employer the administrative costs. For more information, contact the Metropolitan Planning Council.
- **Property tax abatements** (PA 93-0316; or, in Cook County, Class 9): Reducing property assessments reduces property taxes. To qualify for property tax abatements, housing may have to meet specific requirements, such as including a certain number of affordable units.
- **Waiver of Developer Donation Fees:** A developer's required donation fees to schools and park districts might be waived. An assessment of the type of housing proposed must accompany any support for waiver of fees to other taxing bodies.
- **Community Reinvestment Act (CRA):** The CRA requires banks with at least \$250 million in assets to play an active role in community and economic development. This includes their lending and investing services. Therefore, local banks can become a partner in a community's affordable housing efforts. For example, CRA programs have helped to create or re-finance senior housing, special needs housing, battered women's shelters, and single-family homes in the Chicago area.
- **Expedited Permitting Process:** An expedited permitting process saves a developer money by allowing construction to begin on the site sooner, which brings units to market at a faster pace. Most municipalities only offer this expedited process to developments that contain a certain percentage of affordable housing units. This provides an incentive to developers to propose housing with an affordable component and also helps to provide cost savings to the developer.
- **Community Land Trust:** A community land trust can be created to acquire and hold land to provide affordable access to land and housing within the community. A community land trust, typically a non-profit organization, receives land as gifts or uses public or private funds to acquire land. Quite often, a community may use revenues from its trust fund to acquire land for a community land trust. A community land trust has the ability to keep its housing units affordable forever.

- **Vacant, Abandoned, and Substandard Property Rehab and Sale Programs:** Many cities have created programs that acquire vacant, abandoned and substandard property in order to rehabilitate that property and produce affordable housing. This tool can be an effective method for providing affordable housing to low- and moderate-income homebuyers while simultaneously improving the quality of life of affected neighborhoods. A local government can operate this program in collaboration with a community land trust and with funds from a housing trust fund.
- **Taxes:** Counties can take steps to reduce the tax burden on affordable housing. Counties can adjust tax rates to remove heavier taxation rates on rental housing. In addition, counties can follow the lead of jurisdictions around the country by assessing affordable units that are deed restricted to stay affordable for forty or more years at their affordable sales price.
- **Utilities:** Work with utility companies to provide incentive programs for affordable housing, particularly any utilities that are controlled, influenced, or taxed by the municipality.

4C. Financing Tools

Administered on the Local Level:

- **Local Housing Trust Funds:** Housing trust funds are distinct funds established by legislation, ordinance or resolution to receive public revenues, which can only be spent on affordable housing. Fund sources can include developers, corporations, grants, municipal fees, federal and state housing dollars, etc. Administered by the local agency or department that handles federal housing programs, a housing trust fund generates a consistent stream of funds that can be used in a variety of ways to serve a variety of affordable housing initiatives. In addition, trust funds can effectively harness and leverage additional resources for affordable housing programs.
- **Community Development Block Grants:** These federal grants, available from the Department of Housing and Urban Development, fund many different programs that provide assistance to a wide variety of grantees. Some housing activities are eligible uses of funds. The Community Development Block Grant (CDBG) program provides annual grants on a formula basis to many different types of grantees. For more information, see: <http://www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm>.
- **HOME Participating Jurisdiction ("PJ") and Consortium funding:** This tool is also available via a formula grant of federal housing funds to states and local jurisdictions. Local jurisdictions are larger cities and consortia of smaller communities. HOME funds can be used for rental housing production and rehabilitation loans and grants, first-time homebuyer assistance, rehabilitation loans for homeowners, and tenant-based rental assistance. All housing developed with HOME funds must serve income-eligible households. Fifteen percent of a state or local jurisdiction's HOME funds must be set aside for use by community based non-profit organizations (called "CHDOs"). For more information, see: <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm>

- **Bond Financing:** This tool is applied to single-family (first-time homebuyer) or multi-family housing programs or developments. Bonds can be issued locally or by ceding local bond cap to IHDA, which can issue such bonds on behalf of the local government.
- **Linkage Fees:** This fee can apply to new commercial, retail and/or industrial development, under the rationale that this new development creates a need for affordable housing. The funds generated from this fee are usually directed into a housing trust fund and used to support affordable housing initiatives. The fee is based on a rate per square foot.
- **Tax Increment Financing (TIF) District:** TIFs can be created in neighborhoods designated as “conservation” or “blighted” areas. When a community creates a TIF district, the amount of tax revenue the area currently generates is set as a baseline, which will serve as the amount that the local governmental taxing bodies will receive from that area for the life of the TIF, which is 23 years. As vacant and dilapidated properties are developed, with TIF assistance, the value and tax revenue from those properties increases. The "increment" above the baseline is then captured and used solely for improvements and redevelopment activities in the TIF district.
- **Real Estate Transfer Tax:** This is a tax based on the sales price of property and is paid every time a property is sold. The real estate transfer tax, or a portion of it, can provide a steady stream of income without relying on annual budget processes. The proceeds could be dedicated to an affordable housing trust fund.
- **Demolition (Teardown) Permit Fee and Tax:** The demolition (also called teardown) permit fee and demolition tax apply to the teardown or removal of a residential structure. The demolition permit fee is applied to all demolition permits issued by the city, and the demolition tax is applied to the demolition of residential structures based on the type of residence. The demolition tax per unit is based on the type of residence. Such a mechanism could generate revenue needed to accomplish affordable housing initiatives in a community.

Administered on the State/Federal/Other Level:

- **State and Federal Tax Credit Programs:** These are available primarily to developers of affordable housing. They provide a valuable equity contribution to affordable housing proposals through the sale of tax credits to investors, thereby generating non-debt funds that can be added to the development’s overall funding.
- **Illinois Affordable Housing Trust Fund:** Administered by IHDA, this state funding source assists in the provision of affordable, decent, safe and sanitary housing for low- and very low-income households. Eligible proposals include (but are not limited to): acquisition and rehabilitation of existing housing, new construction, adaptive reuse of non-residential buildings, housing for special needs populations, and more. The Trust Fund makes loans available at less than the prevailing commercial rate.
- **Federal Housing Programs for Seniors, People Struggling with Homelessness:** Through the U.S. Department of Housing and Urban Development (HUD), developers, service providers and municipalities can apply for resources (rent subsidies, capital funds, land) to

address populations with special needs. Even resources targeted specifically for developers can be supported by local officials through planning processes and matching grant/loan programs which promote the competitiveness of local applications. See <http://www.hud.gov/groups/officials.cfm> for more updated information on programs, pending deadlines, etc.

- **Public Housing Authorities (PHAs):** These are state entities which administer the Housing Choice Voucher program and other resources for very low-income households in counties and municipalities throughout the region. PHAs operate independently from local jurisdictions unless explicit efforts are made to coordinate policies and programs, including but not limited to: (a) outreach and education to property owners and other residents on the Housing Choice Voucher, (b) human service programs available to lower-income residents, (c) renovating older public housing sites into mixed-income communities, and (d) linking homeownership programs.
- **Regional Housing Initiative (RHI):** The Regional Housing Initiative turns local housing authorities' unused Housing Choice Vouchers into new apartments. RHI pools vouchers from the Chicago, Cook County and Lake County housing authorities as financing incentives to developers whose proposals apply the Housing Endorsement Criteria to create diverse communities in the sponsoring counties. For more information, contact the Metropolitan Planning Council.

5. Communications/Public Outreach

5A. Crafting the Message – Framing the Discourse

Some important information and ideas to present:

- ✓ Background: State law (Public Act 093-0595) now mandates that communities without at least 10% of their housing stock designated as affordable must submit an affordable housing plan to the state.
- ✓ Consequently, your community is taking the opportunity to develop a thoughtful, sensible plan to create more quality affordable housing opportunities.
- ✓ “We need the people who need affordable housing.”
- ✓ The goal is to create and maintain a balanced housing stock, so that some of the most integral members of the community (seniors, young families, public servants) can continue to live and work in the town, if they so choose.

It is important to gain community support for your municipality's housing plan. Unfortunately, many negative stereotypes of affordable housing exist, often fed by images of public housing or aging and poorly maintained rental complexes. It is important to be proactive in crafting the message about what affordable housing is and who benefits. While not everyone in the community will be an enthusiastic supporter, a well-crafted message can address the most serious concerns associated with affordable housing.

Design – Design (the aesthetics or “look” of affordable housing) is often a concern, but one that is misplaced. Mental images of fifty-year old public housing can be addressed by introducing

the Housing Endorsement Criteria and by sharing images of affordable housing that has been designed or built to blend into middle and upper middle income suburbs around the county.

Impact on taxes and property values – The benefits that accrue from creating more affordable housing and expanding homeownership to more working families are more likely to enhance and expand the city’s property tax base and contribute to the long-term social and fiscal health of the city. Economic analyses, national case studies, analytical reports, feasibility studies, and developer and community reaction all indicate that affordable housing does not stifle development, drive down property values, or hurt tax revenues.

Impact on schools – New or rehabilitated affordable housing units will not only attract families with children; seniors and others will benefit from the presence of affordable units. Concerns about new children driving down test scores or depleting school resources are unfounded. The relatively small number of low-income students moving from poor school districts will not have a statistically significant impact on test scores. In fact, studies suggest that the impact tends to be that those students’ scores improve up to the norm when such a move is made.

Impact on crime – Crime is often associated with poverty, but only when the poor are concentrated in isolated areas of a community. When low-income families are mixed into the general population in well-designed and well-managed housing, crime no longer is a factor.

Impact on diversity – Diversity is a positive value for most people, and surveys show that the lack of diversity is seen as a negative factor by most suburban residents. Increased diversity should be a point of community pride.

Bring it home – The people who will benefit from affordable housing are people who already live and work in our community. Our parents, our children, our firefighters, policemen and school teachers are all people who need affordable housing. When our parents have the option of staying in the community rather than leaving when their property taxes make owning a home unaffordable, when our children have the option of returning to the community when they move out of the house, when those who work here can also live here – then we will have a better, healthier community.

To address the negative stereotypes and to help build positive public message, there are a number of resources available to community leaders. There are also organizations that will help you craft the message as well as help to identify natural allies in your municipality.

5B. Assessing Current Attitudes – Identifying Stakeholders

Some communities already have experience with affordable housing and have institutions in place (such as housing commissions and grass-roots community organizations) that can and should be the starting point for the public presentation of a community housing plan. If no entity like this exists, a good first step would be to create a housing commission. This is discussed in 5D below.

The housing plan will benefit from the input and buy-in from the various organizations and interest groups in your community who have a stake in its future. A first step would be to identify those stakeholders. Here is a list of possible community stakeholders:

- Community organizations involved with housing, homeless issues, or promoting diversity/tolerance
- Faith-based groups involved with housing, homeless issues, or promoting diversity/tolerance
- Neighborhood block clubs
- Service organizations (Kiwanis, for example)
- Chamber of Commerce
- Local boards of realtors
- Local schools
- Locally active developers/homebuilders
- Local non-profit developers
- Seniors
- Municipal employees
- Employers
- Local citizen leaders

5C. Beginning the Discussion

A suggested first step would be for the municipality's village board or city council to pass a resolution that endorses the Housing Endorsement Criteria and Housing Agenda of the Metropolitan Mayors Caucus (Attachment 2 to this document). This resolution will provide guidance to municipal staff as they begin the planning process and as they reach out to gather community comment. The specific resolution passed by your municipality will reflect the particular needs of your community. An example of such a resolution is included as Attachment 3.

Furthermore, the City of Lake Forest passed a housing resolution which stresses its commitment to maintaining a diversity of housing types and encouraging the development of affordable housing units in its community. This resolution is also included in Attachment 3 for the use of communities seeking examples of such resolutions.

Facilitated meetings with key stakeholders can provide important public input and buy-in, as well as provide a forum for addressing negative stereotypes and false information. There are resources and organizations that would be available to help facilitate stakeholder meetings, and/or suggest ways municipal leaders could incorporate these stakeholders into the planning process.

5D. Creating a Housing Commission

Housing Commissions already exist in a few communities, including Arlington Heights, Chicago, Evanston, Highland Park, and Wilmette. Many other towns have a fair housing board, which addresses many overlapping issues with a Housing Commission. A community could combine the work of the two in order to decrease bureaucracy. In addition, a municipality could add housing commission duties to the responsibility of the planning commission.

A housing commission is usually composed of volunteer commissioners who are charged with promoting adequate housing for all the community's people, including low- and moderate-income families and individuals.

- A Housing Commission's mission statement can include goals such as:
 - Expanding housing opportunities for all members of the community.
 - Creating and/or maintaining sound viable neighborhoods.
 - Meeting the needs for housing by increasing the number of housing units for low- and moderate-income families.
- A Housing Commission's responsibilities can include:
 - Providing advice to the Village Board regarding housing programs.
 - Researching potential housing resources and programs.
 - Acquiring/selling property.
- Benefits to Forming a Housing Commission:
 - A Village Board has a number of complicated issues to review at a time. A body such as a Housing Commission has the ability to focus on this one issue and provide good information regarding it.
 - A Housing Commission can bring housing to the attention of the Board and public.
 - A Housing Commission can review housing proposals in light of how they coalesce with the community's goals, and suggest appropriate changes before these proposals are presented to the Board, thereby saving the Village Board some work.
- For more information on some existing Housing Commissions:
 - <http://www.cityhpil.com/govern/comm/housing.html>
 - <http://www.cityofevanston.org/Government/bcc/housing.shtml>
 - <http://www.vah.com/property/housing.html>

5E. Tools

- The Metropolitan Mayors Caucus' Housing Endorsement Criteria and Housing Action Agenda
- The Local Tools Workbook (helps to implement smart/sustainable growth, works with the Housing Endorsement Criteria)
- Housing Illinois Materials (TV and radio spots, newspaper ads and brochures)
- Housing Video produced by Metropolitan Planning Council and Metropolitan Mayors Caucus
- Publications and web resources created by Business and Professional People for the Public Interest (available online at www.bpichicago.org): *Opening the Door to Inclusionary Housing* workbook, Condensed Version of *Opening the Door to Inclusionary Housing*, and the *Affordable Housing Toolkit for the Chicago Region*.
- Staff/organizational support from local agencies (helping to provide information/data, message-framing, etc.) From Business and Professional People for the Public Interest, Housing Illinois, Metropolitan Planning Council, Metropolitan Mayors Caucus, local Councils of Government, the Campaign for Sensible Growth, and Interfaith Open Communities.