

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

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

1. Introduction
2. The Affordable Housing Need
3. What is “Affordable”?
4. Potential Lands and Buildings for Affordable Housing
5. Incentives
6. The Goal

Comments on this May 1 draft

**Changes still needed to this plan:**

- Needs to recommend amending River Forest’s *Comprehensive Plan* to establish a policy of preserving existing multi-family and single family housing affordable to households with modest incomes
- Needs to recommend adoption of precise policy for TIF districts to either preserve existing multi-family and single family housing affordable to households with modest incomes or replace existing affordable housing with affordable units in new developments in the TIF districts on a one for one basis
- Needs to recommend amending zoning ordinance to establish mandatory incentivized inclusionary zoning
- Needs to recommend policy that at least 15 percent of dwelling units in all new developments that include multi-family housing be affordable to households of modest incomes
- Additional needed changes are noted in comments on the following pages

## 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 landowners 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.) 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 is recognized as a goal to be pursued in good faith, not a quota to be achieved at all costs.

Why even say this?

## 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

Having affordable housing in River Forest makes our community better for everyone, not just for those living in affordable units. The Village understands the importance of affordable housing in our community to accommodate the needs of current and future residents. Only by providing a full range of housing types at different price points, including the provision of affordable units, can the Village truly meet the housing needs of the community, for people of all ages, incomes, and abilities.

Good improvement

The Village currently provides a wide range of housing types, including single-family detached, single-family attached, duplex, multi-family (apartments and condominiums), senior facilities, and more. Both owner-occupied and rental housing exists in the Village. The Village recognizes the value of providing a diverse range of housing types to meet the needs of residents at all stages of life and across the spectrum of socioeconomic status.

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. The provision of affordable housing, including integrated supportive housing, can significantly increase the livability of the River Forest community for so many.

Good improvement

Additionally, there are persons with low or moderate incomes who work in the Village and whose residency here would enhance the overall makeup and spirit of our 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.

Change highlighted to "inclusiveness and diversity"

### 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

Missing are data on the percentages of River Forest residents who are:  
 (1) Cost-burdened (spending 30% or more of income on housing costs - 42 percent of River Forest tenants, and 25% of homeowners.  
 (2) Severely cost burdened (spending half or more of their income on housing - 23 percent of River Forest tenants)

#### 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

The snapshot is misleading - it covers up the percentages of households that are cost burdened and severely cost burdened.

#### River Forest Housing “Snapshot”

In addition, to information provided by the IHDA as shown above, income and housing information for River Forest is provided in Appendix A: River Forest “Snapshot”. This “snapshot” is intended to provide context for the River Forest community at the time this plan was being developed, based on best available data from the U.S. Census; 2014-2018 American Community Survey 5-Year Estimates.

### 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.

So while other cities and state are looking at allowing limited duplexes, etc in single family zones, River Forest won't even look at the idea?

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. **What about Lake Street????**

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

**Ignores inclusionary zoning which is the only tool that will really work in River Forest - and ignores steps to preserve the little affordable housing we have**

### 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 landowner and/or developer would pay the cost.

**Remove Zoning mandates paragraph it's an illegal approach: Constitutes taking of property without just compensation**

**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.

**Delete highlighted. Pure theory. No factual evidence to back it up**

**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.

Absurd - we need to adopt inclusionary zoning - this approach provides no certainty for developers and citizens

### Possible Additional Considerations

The Village could also consider the following possible amendments to the Village’s Zoning Ordinance:

(1) 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.

(2) 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.

(3) Explore amending the zoning ordinance to accommodate Accessory Dwelling Units (ADU) as a conditional use in the R1 and R2 zoning districts. An ADU is essentially a legal and regulatory term for secondary house or apartment that shares the building lot of a larger, primary house, either in an accessory or primary structure.

(4) Consider amending the Planned Development standards (section 10-19-3) to specifically identify consistency with the goals and policies the Affordable Housing Plan as a standard of review.

(5) It is important to note that TIF funds are eligible for the provision of affordable housing, and when appropriate, the Village should consider leveraging TIF funds to support affordable housing initiatives.

(2) Should including facilitate conversion to low-equity cooperative or mutual housing association

(4) Means nothing since this plan is so nebulous - need to adopt inclusionary zoning ordinance

(5) Should amend TIF districts to require no loss in number of dwellings affordable to households of modest incomes

Goal should be to exceed 10%!!

## 6. THE GOAL

Need to include  
Lake Street in #1

### 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.

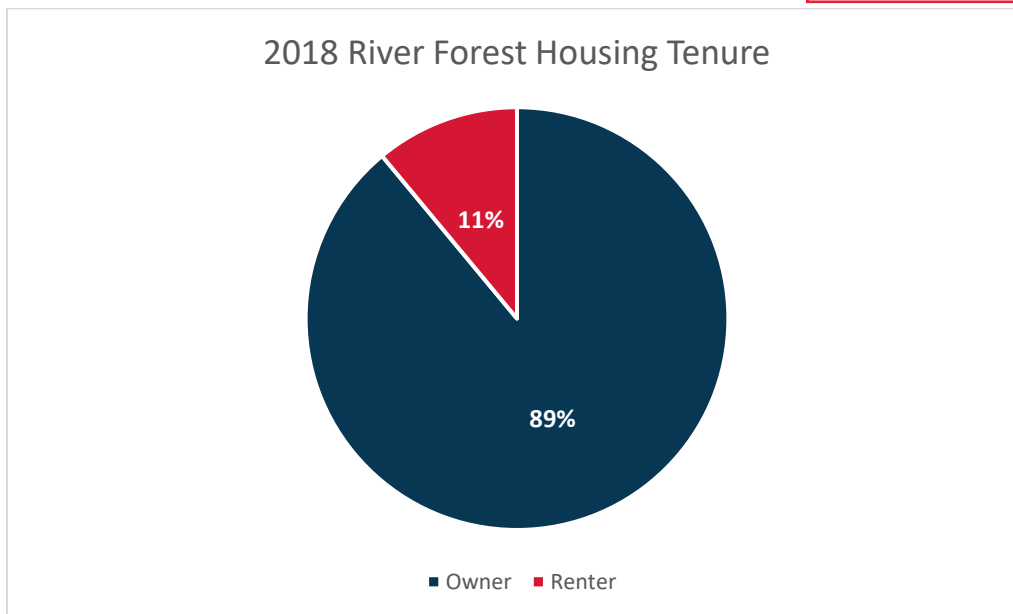
## Appendix A: River Forest Housing Snapshot

The source of the data provided in this appendix is from U.S. Census; 2014-2018 American Community Survey 5-Year Estimates.

Really need to use actual sales data - ACS not reliable on housing value

### Key Takeaways

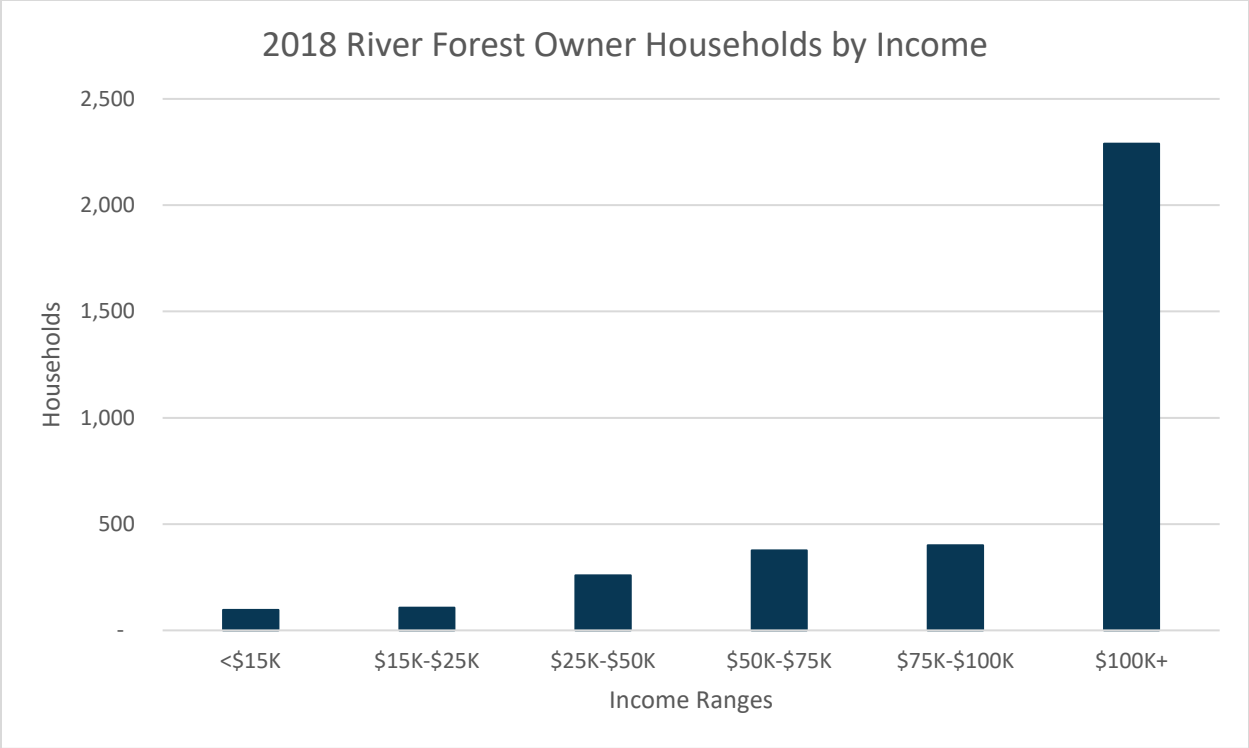
- The Village's total population is 11,064, a total decline of 108 people from 2010.
- Nearly 90 percent of River Forest's households are owner-occupied. Of the 3,528 owner-occupied households, 65 percent earn more than \$100,000 a year.
- Only seven percent of renter households earn \$100,000 annually, whereas 37 percent earn between \$50,000 and \$75,000. Huh?
- The majority of the Village's housing stock is single-family detached homes, however it is not a large majority at 66 percent. This suggests that a sizeable portion of owner-occupied housing units are multifamily condominiums. Huh?
- The median home value in the Village is \$581,900 with nearly 50 percent of households owning a home valued at \$500,000-\$1 M.
- The median gross rent in River Forest is \$1,182 per month, with 36 percent of households spending \$1,000-\$1,249 each month on rent.
- Owner-occupied households are experiencing an undersupply of market-rate, affordable housing options across nearly all income ranges, except the highest. This indicates that owner-occupied households at the lower income ranges are often spending more than thirty percent of income on housing. This indicates that owner-occupied households at the lowest income range often spends more than thirty percent of income on housing. Undersupply? Absurd!
- Alternatively, renter households are experiencing a surplus of affordable housing across most income ranges, except for the lowest and highest ranges. How is this determined?



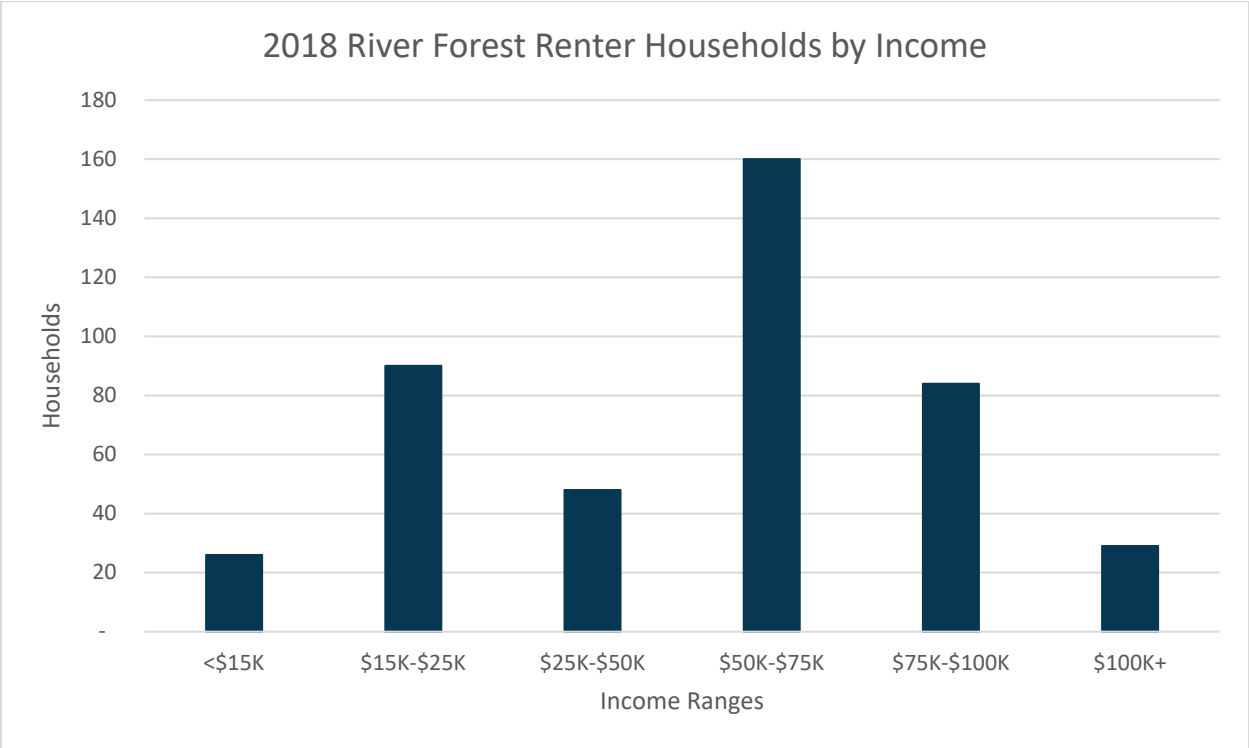
Source: U.S. Census; 2014-2018 American Community Survey 5-Year Estimates; Houseal Lavigne Associates



Where's the table showing the proportions of River Forest owner and tenant households that are cost burdened and severely cost burdened?

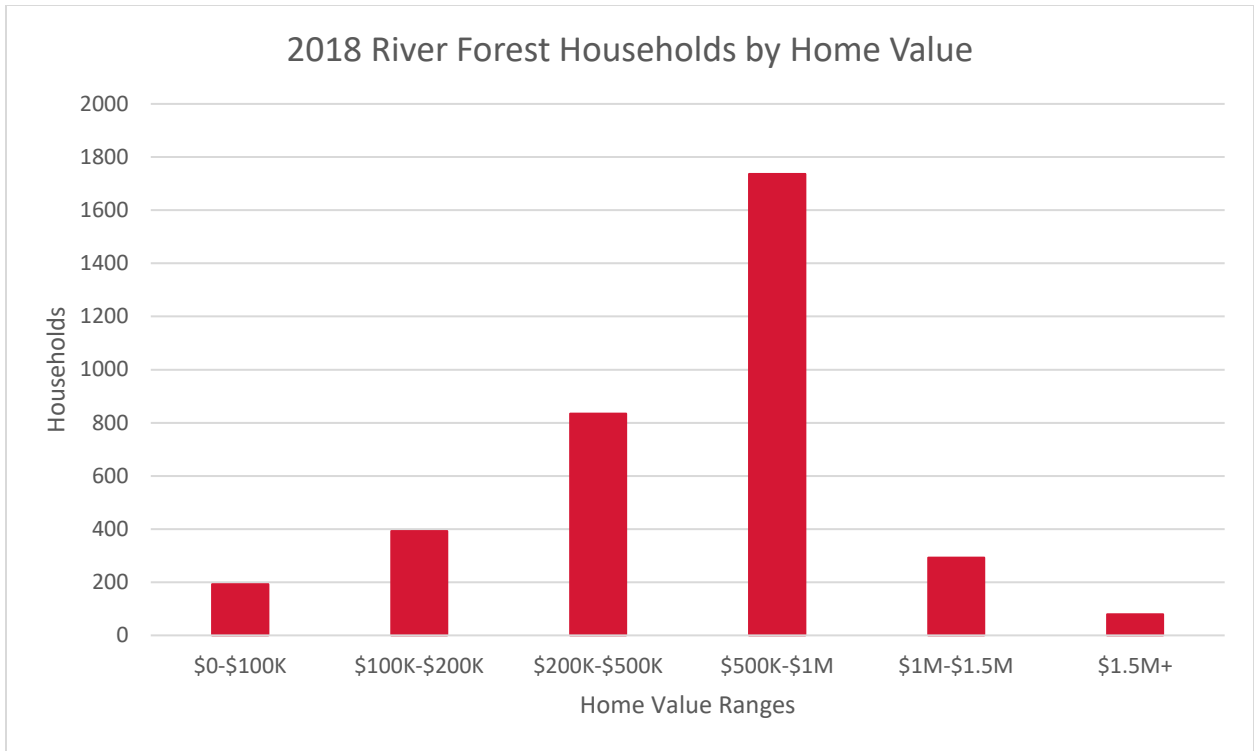


Source: U.S. Census; 2014-2018 American Community Survey 5-Year Estimates; Houseal Lavigne Associates



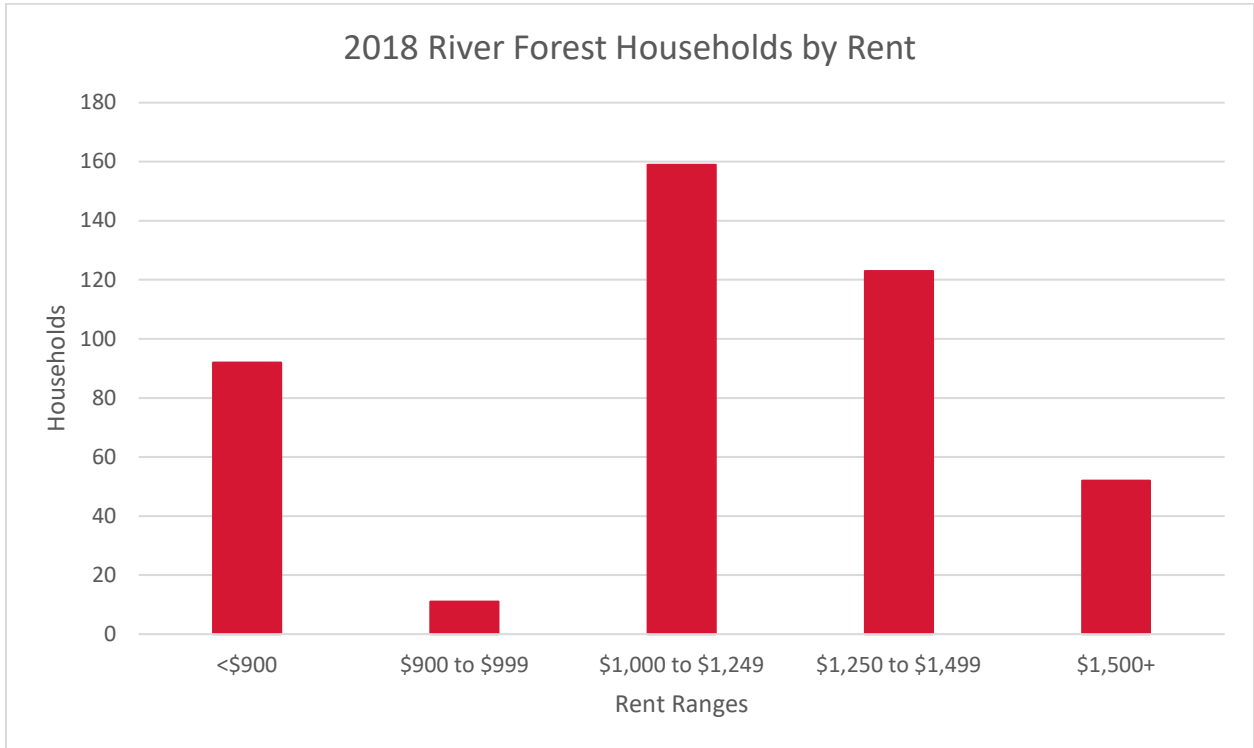
Source: U.S. Census; 2014-2018 American Community Survey 5-Year Estimates; Houseal Lavigne Associates

ACS not reliable on home value - few people know the actual value of their homes.  
We need to use actual sales data from Multiple Listing Service



Source: U.S. Census; 2014-2018 American Community Survey 5-Year Estimates; Houseal Lavigne Associates

However, tenants know exactly how much rent they pay each month.



Source: U.S. Census; 2014-2018 American Community Survey 5-Year Estimates; Houseal Lavigne Associates

**Fails to show percentage of households that are cost burdened and severely cost burdened. How the heck is this calculated?**

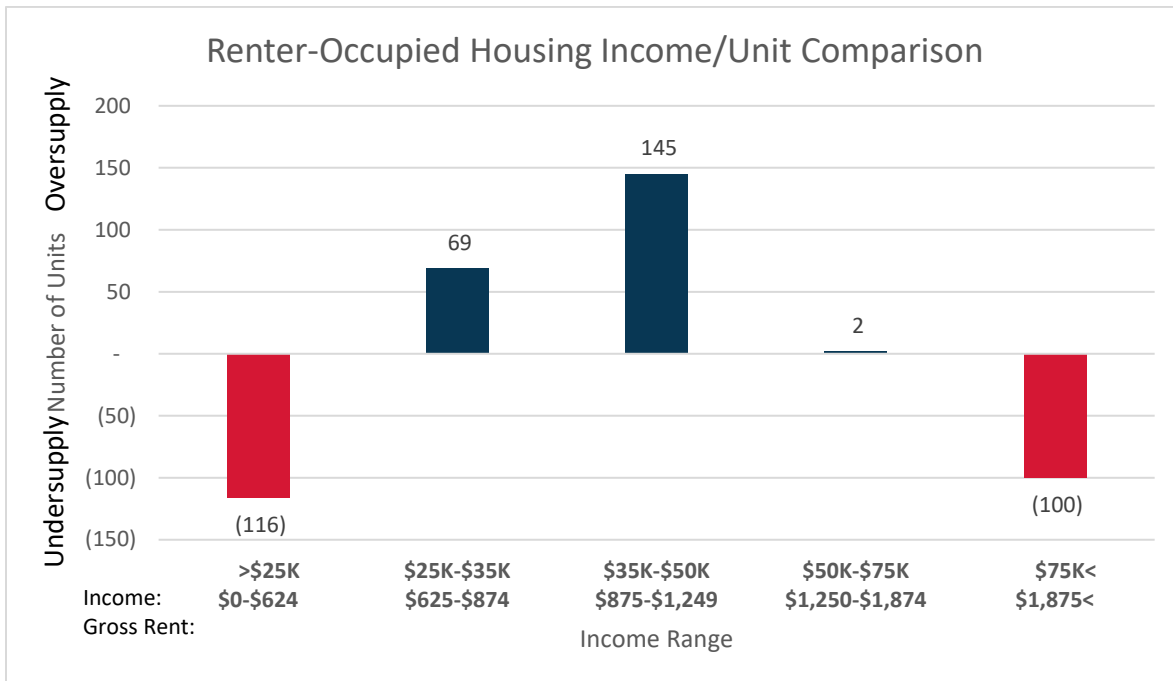
### Housing Cost Burden

For this analysis, an established benchmark of thirty percent of income allotted to housing is utilized in determining the relationship between cost and income (for both renters and owners). This relationship is used to determine the number of “affordable housing units” in the Village. The Department of Housing and Urban Development (HUD) established the 30-percent standard as a means of examining affordable housing needs across the country.



Source: U.S. Census; 2014-2018 American Community Survey 5-Year Estimates; Houseal Lavigne Associates

**If a household spends less than 30% on housing, that's a good thing and doesn't mean there is a surplus of units. Once you spend 30%, you're spending too much.**



Source: U.S. Census; 2014-2018 American Community Survey 5-Year Estimates; Houseal Lavigne Associates  
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