MEMORANDUM

TO: Mark Franz, Village Manager

FROM: Staci Springer, AICP, Director of Community Development
Katie Ashbaugh, AICP, Planner
Adrian Diaz, Planning Intern

DATE: November 13, 2020

RE: November 16, 2020, Village Board Workshop
Affordable/Attainable Housing

Background

As the Plan Commission and Village Board have recently considered larger, mixed-use development projects in the downtown with market-rate housing, questions have arisen regarding the Village's future provisions of affordable/attainable housing. Affordable housing has been a conversation topic nationally, as the growth in home and property values have outpaced the growth of household incomes. At the local level, the affordability and diversity of the existing housing stock in Glen Ellyn and available options for young professionals, older-adult residents, and middle-income households in the community have been of interest. Income limitations and other lesser-known barriers may also be preventing long-term Glen Ellyn residents from remaining in the community as they age, including but not limited to the lack of diverse housing options.

"Affordable housing" is a general term that has many different definitions which can include many different types of housing and populations. For discussion purposes, this memo specifically examines affordable housing as defined by the Illinois Affordable Housing Planning and Appeal Act (AHPAA) adopted in 2003, and will summarize policies or regulations enacted by certain comparable communities that either require or encourage the development of diverse and affordable housing. There are many different types of affordable housing. Some definitions are below; please see the Definitions, Attachment 1, for a complete listing.

Affordable Housing. Housing that has a value, cost or rental amount that is within the means of a household that may occupy moderate-income or low-income housing. In the case of owner-occupied dwelling units, housing that is affordable means housing in which mortgage, amortization, taxes, insurance, and condominium or association fees, if any, constitute no more than 30 percent of the gross annual household income for a household of the size that may occupy the unit. In the case of dwelling units for rent, housing that is affordable means housing for which the rent and utilities constitute no more than 30 percent of the gross annual household income for a household of the size that may occupy the unit. *Source: Affordable Housing Planning and Appeal Act, or PA 93-595*

Attainable Housing. There is no universal definition of attainable housing. Some identify the term as equivalent to affordable housing and yet others define it as for-sale housing that is affordable to households with incomes between 80 and 120 of the area median income. Many reports on the US

Department of Housing and Urban Development (HUD), website use the terms interchangeably. For the purposes of this memo, attainable housing is defined as equivalent to affordable housing.

Age-in-Place Housing. Diversity of affordable housing in a community that allows residents to remain in their community without losing quality of life and access to familiar community services as they age. Age-in-place and age-in-community are sometimes used interchangeably, however age-in-place is more focused on people remaining in their current homes.

Low-Income Housing. Housing that is affordable, according to the US Department of Housing and Urban Development, for either home ownership or rental, and that is occupied, reserved, or marketed for occupancy by households with a gross household income that does not exceed 50% of the area median household income. *Source: Affordable Housing Planning and Appeal Act, or PA 93-595*

"Missing Middle" Housing. A type of housing classified by both building type and income bracket of residents; consists of duplexes, townhomes, multi-plexes and other multi-family developments scaled to blend within single-family neighborhoods that are also attainable for single persons, couples, and seniors not living within a senior housing development intended for exclusively seniors.

Affordable Senior Housing. A type of affordable multi-family residential housing or housing subsidy intended for use by people of retirement age, typically benchmarked as age 65 or older, within the middle- or low- income brackets; this can include, but is not limited to, housing developments such as independent living communities, assisted living communities, and memory-care facilities for those experiencing declining memory function; may also consist of programs which subsidize housing costs for qualifying residents (age and income).

Workforce Housing. Broadly considered housing which is 'affordable' for moderate or middle income households'; specifically considered housing which is no more than 30% of the household income for those households earning 80-120% of the area median income; usually excludes households which do not qualify for housing subsidies; intended for households to live in the communities in which they work. *Paraphrased from various sources; please see Definitions attachment.*

Affordable Housing in Illinois

The AHPAA, or the Act, is intended to address the limited availability of affordable housing in many Illinois communities. The Act defines 'affordable housing stock' as year-round housing available to:

- Homebuyers at 80% of the regional median household income; and
- Renters at 60% of the regional median household income.

The Act requires that local governments with a population of over 1,000 people must have at least 10% year-round housing stock that meets the above affordability criteria. Those communities that meet the requirement are referred to as exempt. Local governments that do not meet this requirement are considered non-exempt. The Illinois Housing Development Authority (IHDA) determines which local governments are not in compliance with the Act every 5 years. If a local government has less than 10% affordable housing stock as determined by the IHDA, they are then required to submit an affordable housing plan to the IHDA within 18 months of being notified of non-compliance. The Act does not require that local governments enact regulations or other policies to fulfill the objectives of their affordable housing plan or come into compliance with the state requirement. The IHDA also does not penalize local governments for non-compliance.

Is Glen Ellyn Exempt or Non-Exempt?

The 2018 Report of Statewide Local Government Affordability is the most recent list prepared by the IHDA as required by the Act. To perform its analysis, the IHDA used data from the 2016 American Community Survey (ACS) 5-year Estimate generated by the U.S. Census Bureau. For the Chicago-Naperville-Elgin Metropolitan Statistical Area (MSA) in which Glen Ellyn is located, the area median income is $63,327. For the boundaries of the MSA, please see the attached MSA map. The median income for the Chicago region's MSA data is used because the IHDA wants to determine what is affordable for residents across the entire Chicago metropolitan area, as opposed to only Glen Ellyn residents whose median income is higher. Although the IHDA used the 2016 ACS median income to prepare the aforementioned 2018 report, the Chicago Metropolitan Agency for Planning (CMAP) used the 2018 ACS data to prepare Glen Ellyn's Community Data Snapshot released in June 2020. CMAP's Snapshot indicates that the median income for Glen Ellyn is $110,669, or approximately 75% higher than that of the MSA (see CMAP Snapshot attached).

The 2018 IHDA report shows that Glen Ellyn has 10,406 total year-round housing units, 1,659 of which are considered affordable, making the amount of affordable housing in Glen Ellyn 15.9%. Since the percentage of affordable housing stock exceeds the state minimum requirement, Glen Ellyn complies with the requirements of the Act and is considered exempt. The Village could lose approximately 618 affordable units and still meet the 10% requirement. Alternatively, the Village could add 6,184 market-rate units to the housing stock and still meet the requirement. To see the affordable housing percentages in other DuPage County communities, please see the Affordable Housing Share of DuPage County Communities chart attached.

Existing Conditions in Glen Ellyn

The information within this section is derived from the ESRI Business Analyst through Houseal Lavigne Associates or the 2020 Glen Ellyn Community Snapshot by CMAP.

Community Age

Glen Ellyn currently has an estimated 27,958 residents, which is projected to experience a modest growth through 2023. Of this population, nearly a third are 55-years of age or older, which is the only age cohort that is expected to grow in the next several years.

Housing Stock

Single-family detached homes account for approximately 63% of the housing types in Glen Ellyn, followed by approximately 29% for multi-family housing (apartments, condominiums, etc.) and approximately 8.2% for single-family attached homes (townhomes, duplexes, etc.). Of the existing housing stock, only approximately 13% of units are valued below $200,000. About a quarter of the existing housing stock is valued between $500,000 and $749,000. Additionally, over the next 5 years, the number of homes valued above $400,000 is projected to increase while those valued below $400,000 are projected to decrease.

Household Income

The median household income in Glen Ellyn is currently estimated at $110,669. Only incomes above $100,000 are expected to grow in the next several years, with the largest percentage increase being seen in households earning above $200,000.

Affordable Housing in the Region

DuPage County

While the Village of Glen Ellyn currently does not (and is not required to), have an affordable housing policy in place, DuPage County offers the following programs in which Village residents and landlords could participate. However, we understand there may be long wait times for this assistance.

The DuPage Housing Authority (DHA) manages the Housing Choice Voucher (HCV), program, a federally funded rental assistance program that allows income-eligible (low-income), households to rent housing. Participants must pay 30-40% of their household income, while the DHA covers the remaining balance through subsidy payments. Participants are able to remain in the housing of their choice, as long as the housing chosen is in a safe and sanitary condition and the owner/landlord is willing to participate in the program. The participants are able to move and still remain eligible for the HCV program (meaning, the program is not tied to location or a specific development).

The DHA also manages the Project-Based Voucher (PBV) program, which operates similar to HCV in that low-income participants are responsible for 30% of household income to be applied to rent while the DHA covers the balance. However, it differs from the HCV in that participants do not get to choose the unit in which they live, rather they are placed on a wait list for specific privately owned buildings or units.

Surrounding Community Survey

The Community Development Department conducted a surrounding community survey of 23 local governments in the summer of 2020. The local governments surveyed were: Addison, Arlington Heights, Bartlett, Barrington, Batavia, Carol Stream, Clarendon Hills, Downers Grove, Elmhurst, Geneva, Glendale Heights, Hinsdale, La Grange, Lisle, Lombard, Naperville, Northbrook, Oak Brook, River Forest, Saint Charles, Western Springs, Westmont, and Wheaton. Glen Ellyn provides more affordable housing than 15 of the 23 communities surveyed. Ten of the communities have less affordable units than the state required 10%. Only 5 of those 10 have adopted an affordable housing plan as required. Only 2 of the 10 have adopted either regulations or incentives to encourage more affordable housing development (see attached Community Survey Results chart).

Eleven of the 23 local governments surveyed are considered Glen Ellyn's peer communities per the Finance Department's annual financial scorecard. Glen Ellyn provides more affordable housing than 9 of its 11 peer communities surveyed. Seven of the peer communities do not meet the state requirement for affordable units.

In conducting the surrounding community survey, we found that a few communities had adopted regulations or incentives regarding affordable housing. Regulations, as termed in this memo, are laws the local government has adopted to mandate or require developments to provide attainable housing. Incentives differ from regulations in that they are intended to encourage rather than require housing developers to incorporate attainable housing units into their projects. Three local governments surveyed have enacted regulations— Arlington Heights, St. Charles, and Wilmette. Arlington Heights, St. Charles and Geneva provide incentives for affordable housing development. A short description of those regulations and incentives are described below.

Regulations

Arlington Heights

In August 2020, Arlington Heights, an exempt local government, adopted an inclusionary housing ordinance. All developments of new single-family, duplex, or multi-family housing units are required to provide an affordable housing plan at the time of submittal to the Village for review. The Village has different minimum requirements for the number of required affordable units, based on whether the proposed development will consist of rental or owner occupied units. From these two categories, they further determine the minimum number of affordable units that must be provided and any required fees-in-lieu based on the zoning district of the property and whether or not the development is publically assisted. The Village defines 'publically assisted' as, but does not limit it to, developments that receive TIF funding or funding from the Village's Affordable Housing Trust Fund.

St. Charles

In 2016, St. Charles, an exempt local government, adopted an inclusionary housing ordinance. This ordinance requires that any residential development as defined within the code is required to incorporate affordable units. The number of required affordable units is determined by the total number of units proposed. If the applicable ratio of affordable units is not provided, a fee-in-lieu payment is required, as determined by the City Council on an annual basis. Payment of this fee-in-lieu is required before building permit issuance. Should a developer find they are not able to meet these requirements, they may present their financial hardship to the Housing Commission and City Council for consideration.

Wilmette

In 2005, Wilmette, a non-exempt community, formally adopted an Affordable Housing Consultation Procedure. The Affordable Housing Consultation Procedure consists of a meeting with the Community Development Director at least 60 days before the formal application to discuss options to incorporate affordable housing into the development with the developer. If the proposed development has at least 15% affordable units, this procedure is waived. As such, developments and their provisions for affordable housing are reviewed on an individual basis if the developer opts not to meet the aforementioned requirement.

Incentives

Arlington Heights

Arlington Heights has also incorporated policies, or trade-offs, within their regulations to incentivize affordable housing. The incentives are directly tied to the regulations, in effect giving developers a choice to either provide the required affordable units, or pay a fee-in-lieu. Smaller developments of 9 units or less are the only multi-family developments not required to provide affordable units, but must pay a linkage fee of $3,500 per market rate unit in the development. Linkage fees are intended to "link" the production of a market rate unit to the creation of an affordable unit. However, if the developer opts to voluntarily provide affordable units, the fee is not required for those units that are affordable. The trade-off for larger multi-family developments is dependent upon if the development is located within the downtown, outside the downtown, or is publically assisted. No incentives are offered for publically assisted multi-family developments.

Geneva

In June of 2020, Geneva adopted various incentives within their zoning and subdivision codes. These incentives are only available for eligible residential developments, as defined in their code. The units within the development must meet certain affordability criteria depending on if they are for sale or for rent. At least 15% of the total units must be considered affordable. Both financial incentives and zoning relief are available for developments meeting this criteria. Specifically, fee waivers, TIF funds, or property donation of municipally-owned property may be considered as financial incentives. In regard to zoning, a development may add one market-rate unit per affordable unit provided, up to 15% above the maximum permitted. Zoning relief from lot area, lot frontage, lot coverage, and setback requirements may also be considered.

St. Charles
St. Charles also offers 'development cost offsets', which include permit fee and school and park fee waivers as well as density bonuses for each affordable unit provided. Developers may apply to the Kane County Affordable Housing Trust Fund for financial assistance in the creation of the required affordable units.

Other Affordable Housing Tools
The local governments surveyed have employed a variety of tools to increase available affordable housing. Some of these methods include housing trust funds, the creation of housing commissions.

Housing Trust Fund
St. Charles and Arlington Heights each maintain a housing trust fund. Although St. Charles' fund is intended solely for the development of new affordable units, Arlington Heights' fund also may be used for the preservation of existing affordable units. Applications are reviewed by the Planning & Community Development Department, Housing Commission, and then Village Board for approval and distribution. The Arlington Heights Affordable Housing Trust Fund is funded in part by the fees-in-lieu paid by developments not providing the otherwise required affordable housing units.

Housing Commission
Five of the local governments surveyed have housing commissions. Housing commissions may serve as an advisory body to determine eligibility for financial assistance related to attainable housing. At the discretion of the Village Board or City Council, they also may be charged with studying the issue of attainable housing in the community, presenting potential methods to alleviate housing concerns and addressing fair housing complaints in the community. For example, the Wheaton Housing Commission manages the Senior Housing Assistance Program funded through the City's General Fund. Although this group does not necessarily encourage or incentivize the creation of new affordable housing units, the Housing Commission does review applications for seniors needing assistance funds. The St. Charles Housing Commission is responsible for reviewing developments that propose an 'alternative affordable housing plan' if the developer does not meet the affordable housing requirements.

The "Missing Middle" Housing
The decrease in availability of housing types other than single-family residential, in conjunction with the decrease in housing considered 'affordable' or 'attainable', is a trend many communities nationwide are experiencing. This has led to a divergence into a subtopic known as the "missing middle". This term refers to a housing type that is appealing to those not yet able to purchase a home, or those with other lifestyle preferences, such as ease of maintenance. Contributing to these financial circumstances and lifestyle preferences, household demographics are also changing, with an increase in cohabitating couples, single parents with children, more people choosing to remain single, an increasing senior population, and a decrease in traditional nuclear families. These populations are often among those seeking workforce housing, senior housing, and age-in-place housing, which also can fall under this

"missing middle" category. "Missing middle" housing is located in single-family neighborhoods and is attainable for middle-income households. It contains more than one dwelling unit and blends into the neighborhoods' scale and character. Duplexes, four-flats, and townhomes, as well as courtyard apartments, bungalow courts, and multiplexes (apartment complexes with more than four units), each are considered "missing middle" housing types. Accessory dwelling units, or "ADUs", are also a subgroup of the "missing middle" housing type (see attached Missing Middle Housing Examples).

Some communities allow the types of housing listed above as a permitted use rather than a special use in single-family zoning districts. This allows certain areas to continue offering the benefits of a quieter, less urban part of the community while making housing more attainable for households at different levels of income.

Accessory Dwelling Units
Accessory dwelling units are another sub-group of "missing middle" housing. These are second dwelling units on an otherwise single-family property that may take several forms, including basement units, attic units, units attached to an existing home, units above a garage, or separate stand-alone units on a property. ADUs were common historically and several older homes in the Village have pre-existing ADUs that no longer conform with the Glen Ellyn Zoning Code. ADUs are also called "accessory apartments", "mother-in-law suites" or "granny flats", and are commonly used to provide housing for seniors who want to live near their children but would still like privacy. They are also commonly used by caregivers, multi-generation households, and young adults for similar reasons. ADUs can be regulated strictly so that they create no significant visible indication that they exist on a property, or can be regulated loosely providing more flexibility in their placement.

<u>Village Board Action</u>
The above information is intended to be the beginning of a discussion on the topic of attainable housing in Glen Ellyn. As noted in this memo, the Village meets the state requirements for affordable housing and provides a higher percentage of affordable units than 2/3 of the communities surveyed, which include our 11 peer communities. While these statistics seem to indicate that the Village does not need to take any further action, staff realizes that there are some gaps in what the Village currently offers in terms of housing types and affordability.

There are various methods that can be enacted to either allow, require or encourage the development of attainable housing. If the Village Board would like to prioritize housing affordability in Glen Ellyn, staff would suggest doing further research into incentives to encourage attainable housing or investigating possible zoning code changes to allow accessory dwelling units or encourage "missing middle" housing that would be affordable to the local workforce and aging residents that would like to remain in the community. Since affordable housing is a broad topic and there are many different ways to increase attainable housing stock, staff is requesting the Village Board <u>to provide direction as to which, if any, specific objectives they would like to achieve regarding housing in the Village</u>. Once direction is provided, staff plans to conduct additional research and report back to the Village Board, likely early next year.

<u>Attachments</u>
1. Definitions
2. MSA Map
3. Glen Ellyn 2020 CMAP Community Data Snapshot

X:\Plandev\Code, Text, Policy Amendments\Amendments - Zoning\By Subject\Housing\Affordable Housing\3. Meeting Materials - VB\Fi nal Documents for VB\VB WS Attainable Housing Memo 11-14-20.DOCX

4. Table 1, Total Affordable Housing Share of DuPage County Communities; Table 2, Total Affordable Housing Share of Peer Communities Outside of DuPage County
5. Community Survey Results
6. Missing Middle Housing Types

Definitions

Affordable Housing: housing that has a value or cost or rental amount that is within the means of a household that may occupy moderate-income or low-income housing. In the case of owner-occupied dwelling units, housing that is affordable means housing in which mortgage, amortization, taxes, insurance, and condominium or association fees, if any, constitute no more than 30% of the gross annual household income for a household of the size that may occupy the unit. In the case of dwelling units for rent, housing that is affordable means housing for which the rent and utilities constitute no more than 30% of the gross annual household income for a household of the size that may occupy the unit. *Source: Affordable Housing Planning and Appeal Act, or PA 93-595*

Affordable Housing Development: (i) any housing that is subsidized by the federal or State government or (ii) any housing in which at least 20% of the dwelling units are subject to covenants or restrictions that require that the dwelling units be sold or rented at prices that preserve them as affordable housing for a period of at least 15 years, in the case of owner-occupied housing, and at least 30 years, in the case of rental housing. *Source: Affordable Housing Planning and Appeal Act, or PA 93-595*

Affordable Housing Plan: a plan which non-exempt Illinois local governments are required to adopt that must include the following: the total number of affordable housing units required to meet the minimum percentage of year-round affordable housing available within the exempt the local government's jurisdiction identified properties within the jurisdiction that are most appropriate for the construction of affordable housing and for the conversion to, or rehabilitation for, affordable housing (may include publicly or semi-publicly owned properties); incentives that local governments may provide for the purpose of attracting affordable housing to their jurisdiction; and a goal of a minimum of 15% of all new development or redevelopment within the local government being affordable housing; or a minimum of a 3 percentage point increase in the overall percentage of affordable housing within its jurisdiction; or a minimum of a total of 10% affordable housing within its jurisdiction. *Paraphrased from Source: Affordable Housing Planning and Appeal Act, or PA 93-595*

Age-in-Place Housing: Diversity of affordable housing in a community that allows residents to remain in their community without losing quality of life and access to familiar community services as they age. Age-in-place and age-in-community are sometimes used interchangeably, however age-in-place is more focused on people remaining in their current homes.

Area Median Income: the median household income adjusted for family size for applicable income limit areas as determined annually by the federal Department of Housing and Urban Development under Section 8 of the United States Housing Act of 1937.
Source: Affordable Housing Planning and Appeal Act, or PA 93-595

Attainable Housing: There is no universal definition of attainable housing. Some identify the term as equivalent to affordable housing and yet others define it as for-sale housing that is affordable to households with incomes between 80 and 120 of the area median income. Many reports on the US Department of Housing and Urban Development (HUD), website use the terms interchangeably. For the purposes of this memo, attainable housing is defined as equivalent to affordable housing.

Community Land Trust: a private, not-for-profit corporation organized exclusively for charitable, cultural, and other purposes and created to acquire and own land for the benefit of the local government, including the creation and preservation of affordable housing.
Source: Affordable Housing Planning and Appeal Act, or PA 93-595

Housing Commission: An advisory commission formed to advise a municipal board to study the issue of affordable housing, present potential solutions on affordable housing to low and moderate income people. Different municipalities empower their boards to do different things. Some are formed to increase public awareness, or to manage housing programs.

Housing Trust Fund: a separate fund, either within a local government or between local governments pursuant to intergovernmental agreement, established solely for the purposes authorized in subsection (d) of Section 25, including, without limitation, the holding and disbursing of financial resources to address the affordable housing needs of individuals or households that may occupy low-income or moderate-income housing. *Source: Affordable Housing Planning and Appeal Act, or PA 93-595*

Inclusionary Zoning: Market-based strategy to increase affordable housing by requiring or encouraging developers to allocate a percentage of dwelling units for low- or moderate- income residents.
Source: Office of Policy Development and Research. "Inclusionary Zoning and Mixed-Income Communities." Inclusionary Zoning and Mixed-Income Communities | HUD USER, HUD USER, 2013, www.huduser.gov/portal/periodicals/em/spring13/highlight3.html.

Metropolitan Statistical Area: a geographic area as delineated by the Office of Management and Budget with at least one urbanized area of 50,000 or more inhabitants
Source: US Census Bureau. "About." Metropolitan and Micropolitan, The United States Census Bureau, 1 Apr. 2020, www.census.gov/programs-surveys/metro-micro/about.html.

"Missing Middle" Housing: A type of housing classified by both building type and income bracket of residents; consists of duplexes, townhomes, multi-plexes and other multi-family developments scaled to blend within single-family neighborhoods that are also attainable for single persons, couples, and seniors not living within a senior housing development intended for exclusively seniors.

Moderate-Income Housing: housing that is affordable, according to the federal Department of Housing and Urban Development, for either home ownership or rental, and that is occupied, reserved, or marketed for occupancy by households with a gross household income that is greater than 50% but does not exceed 80% of the area median household income. *Source: Illinois Affordable Housing Act, or PA 86-925*

Senior Housing (Affordable): A type of affordable multi-family residential housing or housing subsidy intended for use by people of retirement age, typically benchmarked as age 65 or older, within the middle- or low- income brackets; this can include, but is not limited to, housing developments such as independent living communities, assisted living communities, and memory-care facilities for those experiencing declining memory function that are typically subsidized and/or owned and managed by municipal or county housing authorities as opposed to a privately funded facility; may also consist of programs which subsidize housing costs for qualifying residents (age and income).

Very Low-Income Household: single person, family or unrelated persons living together whose adjusted income is not more than 50% of the median income of the area of residence, adjusted for family size, as such adjusted income and median income for the area are determined from time to time by the United States Department of Housing and Urban Development for purposes of Section 8 of the United States Housing Act of 1937. *Source: Illinois Affordable Housing Act, or PA 86-925*

Workforce Housing: Broadly considered housing which is 'affordable' for moderate or middle income households'; specifically considered housing which is 30 percent of the household income for those households earning 80-120 percent of the area median income; usually excludes households

which do not qualify for housing subsidies; intended for households to live in the communities in which they work.
Paraphrased from following sources: Cort, Cheryl, and Patrick McAnaney. Coalition for Smarter Growth, 2019, Making Workforce Housing Work: Understanding the Housing Needs of D.C.'s Changing Workforce. California Department of Housing and Community Development. "Income Limits." HCD, California Department of Housing and Urban Development, hcd.ca.gov/grants-funding/income-limits/index.shtml. Also from the Urban Land Institute.