

Notes from April 4, 2022 Human Rights and Fair Housing Commission Meeting
Voluntary Affordable Housing Program Discussion

Public Speakers

Mary Beth Nagai, DuPage Housing Alliance

- Prefers mandatory program to more quickly meet 10% AHPAA requirement
- How will program help meet 10% requirement if not all targeted incomes qualify under AHPAA?
- How many units are expected to be produced by this program?
- How long will it take to meet 1,200 additional units required per AHPAA?
- How will this program be monitored and what are the suggested goals?

Kathy Benson

- Have voluntary programs been successful in other communities? Additional affordable housing is so important and needed. How will this address those needs?

Response by Fran LeFor Rood, SB Friedman

- Regional rental will meet AHPAA requirements.
- SB Friedman has not done a projection on number of units to be created by this ordinance. However, they believe that the program will be attractive to developers given the streamlined approval process. In other voluntary communities, maybe 10-30 affordable units are produced annually. It will take a while to see meaningful results; however, this program is intended to be one part of a housing solution, not the only solution.
- Regular monitoring will be required. The City should listen to feedback from developers who do/don't participate in the program to understand the potential program issues. The program can be adjusted over time as needed.

Commissioner Questions

Commissioner Palm

- Will this ordinance be applied to vacant lots or redevelopment projects? SB Friedman response: either option would be eligible.
- Would this ordinance allow a single-family home to be torn down and replaced with a 5-unit apartment building? SB Friedman response: rezoning cannot be administratively approved by this ordinance.
- How will the 30-year deed restriction be enacted? SB Friedman response: the deed restriction will be recorded against the property.

Commissioner Kuhn

- Will the PZC recommend only one of the three income categories? SB Friedman response: all three levels will be recommended for the program.

Commissioner Bergeron

- R1 zoning would prohibit them from participating in this program because it does not allow for 5-units, correct? SB Friedman response: rezoning would not be administratively approved.

Councilman Kelly

- Can you provide additional information about the financial feasibility tests that were done? SB Friedman response: SB Friedman constructed a stabilized proforma for a market rate development typical to Naperville and reviewed baseline returns as the starting point for what a developer would have to achieve to attain financial feasibility. SB Friedman then added in the affordable units, which reduced the financial returns, and added in the financial benefit gained through the monetary incentives (i.e., removal of brick requirement; park donation reduction). SB Friedman continued to add incentives until they at minimum brought the development back to the baseline return requirement in order to make it financially feasible. The number of incentives offered per income range/% of targeted units is directly tied to the returns needed to hit the baseline.

Commissioner Kuhn

- How would the reporting/monitoring work? SB Friedman response: each developer would enter into an affordable housing agreement with the City. There is a City role of annual monitoring and compliance/reaching out to the developers. The property owner will be required to certify incomes annually.

Chairman Miller

- If an individual's income exceeds the maximum allowed, would they be required to vacate the unit? SB Friedman response: if the renter's income exceeds the maximum allowed, the renter would not be required to leave the unit mid-year, but would be required to leave at the end of their annual lease. For ownership units, the sale price of the home must remain in the affordable range, even if the individual's income increases.

Councilman Kelly

- Overall, likes program. Believes it offers an incentive to encourage developer participation. Councilman Kelly has some concerns about offering a 200% density bonus for a local rental development since it does not meet AHPAA definitions and therefore may hurt the City's ability to move towards the 10% minimum affordable requirement. SB Friedman response: the 200% increase is what is currently being granted for market-rate developments through the variance process. Therefore, it shows that the market is demanding this increase regardless. The automatic density increase ensures that at least some percentage of units will be below market rate for a 30-year period (vs. current developments that provide only market rate units).