

Chapter 16 Affordable Housing Incentive Program

6-16-1. Definitions

Where terms are capitalized within the definitions below and as set forth in this Chapter, they shall have the meaning set forth below.

APPLICATION:	Application has the meaning as set forth in Section 6-16-9 hereof.
AFFORDABLE DWELLING UNIT:	A dwelling unit that is required to be set aside for and restricted to occupancy by Eligible Households in accordance with the provisions of this Chapter 16. Affordable Dwelling Units may be either Affordable For-Sale Dwelling Units or Affordable Rental Dwelling Units.
AFFORDABLE FOR-SALE DWELLING UNIT:	An Affordable Dwelling Unit that is sold, or to be sold, and occupied by an Eligible Household as its primary residence at the rates and subject to the terms and conditions set forth herein.
AFFORDABLE HOUSING AGREEMENT (OR AGREEMENT):	An agreement which is entered into between the City of Naperville and an Owner of Affordable For-Sale Dwelling Unit(s) or the Owner of Affordable Rental Dwelling Unit(s) setting forth the requirements of this Chapter 16, as applicable, and such other provisions as may be required by the Director of Transportation, Engineering, and Development and/or the City Attorney.
AFFORDABLE RENTAL DWELLING UNIT:	An Affordable Dwelling Unit that is rented to and occupied by an Eligible Household as its primary residence at the rates and subject to the terms and conditions set forth herein.
AMERICAN COMMUNITY SURVEY:	A demographic survey program conducted by the U.S. Census Bureau.
DENSITY BONUS:	An increase in the number of dwelling units over the otherwise maximum number of dwelling units allowed in accordance with the property's underlying zoning as said increase is set forth in Section 6-16-5.
ELIGIBLE HOUSEHOLD:	A household that meets the annual income limits for Qualified Projects as provided in Section 6-16-3 herein.
HOUSING PROVIDER:	An entity approved by the City of Naperville to develop, own, manage, or otherwise facilitate the purchase of affordable units by an Eligible Household.
INCENTIVES:	Deviations from requirements of the Naperville Municipal Code which are provided to Qualified Projects in accordance with Section 6-16-6 hereof.
LOCAL MEDIAN HOUSEHOLD INCOME:	Median household income levels as reported by the most recent American Community Survey 5-Year Estimates for the City of Naperville, adjusted for household size. Rent limits will be based on maximum income limits and shall include an allowance for utilities, as categorized below: <ol style="list-style-type: none"> 1. 1-person household: studio dwelling unit 2. 2-person household: one-bedroom dwelling unit 3. 3-person household: two-bedroom dwelling unit 4. 4-person household and larger: three-bedroom dwelling unit
MARKET-RATE DWELLING UNIT:	A dwelling unit that is not set aside for or restricted to occupancy as an Affordable Dwelling Unit in accordance with the provisions of this Chapter.
MINIMUM AFFORDABLE PERIOD:	A period no less than thirty (30) years from the date of issuance of the first occupancy permit for an Affordable Dwelling Unit.
NAPERVILLE MUNICIPAL CODE (OR CODE):	The Naperville Municipal Code as amended from time to time.

OWNER:	The owner of the Qualified Project and the real property upon which the Qualified Project is located, and the owner’s successors, assigns, heirs, transferees, designees, and legal or beneficial owners.
QUALIFIED PROJECT:	A development which consists of five (5) or more new residential units in which the Owner has identified that [at least] the minimum percentage of Affordable Dwelling Units shall be set aside for occupancy by an Eligible Household for a minimum of thirty (30) years. Qualified Projects may be comprised of a Qualified Multi-Family Project; a Qualified Single-Family or Two-Family Project; or a Qualified Hybrid Project.
QUALIFIED HYBRID PROJECT:	A Qualified Hybrid Project has the meaning set forth in Section 6-16-3.3 hereof.
QUALIFIED MULTI-FAMILY PROJECT:	A Qualified Multi-Family Project has the meaning set forth in Section 6-16-3.1 hereof.
QUALIFIED SINGLE-FAMILY AND/OR TWO-FAMILY PROJECT:	A Qualified Single-Family and/or Two-Family Project has the meaning set forth in Section 6-16-3.2 hereof.
REGIONAL MEDIAN HOUSEHOLD INCOME:	Maximum annual income limits as reported by the most recent Illinois Housing Development Authority, or any successor agency, for the Chicago Region (which includes DuPage and Will Counties), adjusted for household size. Rent limits will be based off maximum income limits and shall include an allowance for utilities, as categorized below: <ol style="list-style-type: none"> 1. 1-person household: studio dwelling unit 2. 2-person household: one-bedroom dwelling unit 3. 3-person household: two-bedroom dwelling unit 4. 4-person household and larger: three-bedroom dwelling unit

6-16-2. Purpose

The purpose of the Affordable Housing Incentive Program (hereinafter “AHIP”) is to encourage the production and availability of affordable housing in the City by providing Density Bonuses and Incentives for developments that set aside dwelling units that are affordable for low- or moderate-income households, as defined herein, for the Minimum Affordable Period of thirty (30) years.

6-16-3. Qualified Project

A property must be able to be improved with a minimum of five (5) or more new residential dwelling units, based on the property’s underlying zoning allowances, to participate in the AHIP. A Qualified Project shall be entitled to receive a Density Bonus as set forth in Section 6-16-5 and the Incentives as set forth in Section 6-16-6 herein. When calculating the number of dwelling units allowed on a property, Density Bonus dwelling units shall not be counted in determining whether a property meets the 5-dwelling minimum and any fractional (decimal) result shall be disregarded. For projects consisting of more than one phase, each phase shall be evaluated as a separate project for purposes of determining the minimum required affordable unit set aside and eligibility for Density Bonus as set forth in Section 6-16-5 and the Incentives as set forth in Section 6-16-6 herein. Qualified Projects include a Qualified Multi-Family Project, a Qualified Single-Family and/or Two-Family Project, and a Qualified Hybrid Project as described below. A development may, in its entirety, constitute a Qualified Project, or may include Qualified Projects only in one or more phases.

1. **Qualified Multi-Family Project:** Five (5) or more new townhome, apartment or condominium units in which the Owner agrees to set aside at least 10% of the total project dwelling units shall be set aside for and restricted to occupancy by households earning no more than 60% of the Regional Median Household Income or no more than

60% of the Local Median Household Income for the Minimum Affordable Period of thirty (30) years.

2. **Qualified Single-Family and/or Two-Family Project:** Five (5) or more new single-family or duplex units in which the Owner agrees to set aside at least 10% of the total project dwelling units for and restricted to occupancy by households earning no more than 100% of the Local Median Household Income for the Minimum Affordable Period of thirty (30) years.
3. **Qualified Hybrid Project:** A combination of Qualified Multi-Family Project and/or Qualified Single-Family and Two-Family Project. A Qualified Hybrid Project shall be entitled to receive the Density Bonuses provided in Section 6-16-5:1 and the Incentives provided in Section 6-16-6 for proposed multi-family units, and the Density Bonuses provided in Section 6-16-5:2 and the Incentives provided in Section 6-16-6 for proposed single-family and/or two-family units.

6-16-4. Compliance with the Code and Applicable Regulations

Except for the Density Bonuses and Incentives specified in this Chapter, a Qualified Project shall be reviewed for compliance with all applicable provisions of the Code, including but not limited to the Engineering Design Manual, the Citywide Design Guidelines, and applicable building and fire codes and local amendments thereto, as any of the foregoing may be amended from time to time.

6-16-5. Density Bonuses

1. **Qualified Multi-family Projects.** A Qualified Multi-Family Project is automatically eligible to receive a Density Bonus of up to 200%. Notwithstanding the maximum number of dwelling units permitted as a result of this Density Bonus, the required percentage of units that shall be set aside as Affordable Dwelling Units shall be based on the actual number of units to be constructed.

Multi-Family Project Example	
A.	Number of dwelling units allowed by existing zoning 10 dwelling units
B.	Maximum 200% Density Bonus $A \times 200\% = 10 \times 200\% = 20$ dwelling units
C.	Maximum dwelling units allowed in project with bonus $A + B = 10 + 20 = 30$ dwelling units
D.	Minimum Affordable Dwelling Unit set-aside $10\% \times C = 10\% \times 30 = 3$ dwelling units
E.	Maximum no. of Market-Rate Dwelling Units allowed $C - D = 30 - 3 = 27$ dwelling units

1.1. In implementing the Density Bonus described above, Qualified Multi-Family Projects shall be eligible to receive a reduction in zoning district requirements pertaining to minimum lot area per dwelling unit. Said reduction shall be calculated based upon the density proposed, but in no event shall exceed a 66.7% reduction in zoning district minimum lot area per dwelling unit.

2. **Qualified Single-family and Two-Family Projects.** A Qualified Single-Family or Two-Family Project is automatically eligible to receive a Density Bonus of up to 100%. Notwithstanding the maximum number of dwelling units permitted as a result of this Density Bonus, the required percentage of units that shall be set aside as Affordable Dwelling Units shall be based on the actual number of units to be constructed.

Single-Family or Two-Family Project Example	
A.	Number of dwelling units allowed by existing zoning 25 dwelling units
B.	Maximum 100% Density Bonus $A \times 100\% = 25 \times 100\% = 25$ dwelling units
C.	Maximum dwelling units allowed in project with bonus $A + B = 25 + 25 = 50$ dwelling units

Single-Family or Two-Family Project Example		
D.	Minimum Affordable Dwelling Unit set-aside	10% x C = 10% x 50 = 5 dwelling units
E.	Maximum no. of Market-Rate Dwelling Units allowed	C - D = 50 - 5 = 45 dwelling units

2.1. In implementing the Density Bonus described above, Qualified Single-Family and Two-Family Projects shall be eligible to receive a reduction in zoning district minimum lot area and lot width requirements. Said reduction shall be calculated based upon the density proposed, but in no event shall exceed a 50% reduction in zoning district minimum lot area and lot width requirements. In addition, Qualified Single-Family and Two-Family Projects shall be exempt from the Ninety Percent Rule regulations provided in Section 7-4-4.2.4 of the Code.

6-16-6. Incentives

1. **Menu of Incentives:** Owners of Qualified Projects may select any combination of Incentives identified in Table 6-1, up to the maximum number established in Table 6-2.

Table 6-1 Menu of Incentives

Incentive Category	Project Type	
	Multi-Family	Single-Family or Two-Family
Yards/Setbacks	Up to 50% decrease in the required width or depth of any yard or setback requirement, provided that minimum yards or setbacks may not be reduced along the entirety of any property line of a lot where any portion of the property line abuts an E1, E2, E3, R1, or R1A-zoned lot that is not part of the Qualified Project.	
Lot Coverage*	Up to 33% increase in any applicable lot coverage and building coverage limits.	
Parking	Up to a 50% decrease in residential parking requirements.	
Building Height*	Up to a 50% increase in any applicable building height limit, provided that no additional building height is permitted for that portion of a building located within 50 feet of an E, R1, or R1A-zoned lot.	3-story maximum height limit, not to exceed 35 feet
Exterior Wall Construction	An exemption from the exterior wall construction regulations of Sec. 5-2C-3 (requiring at least 50% masonry materials), provided that this exemption is not to be interpreted as allowing use of EIFS, corrugated or channeled metal, or unfinished/smooth face concrete block as an exterior building material	
Park Land Donation or Fee-in-Lieu	A 50% reduction in the applicable park land dedication or fee-in-lieu of payment requirements set forth in Section 7-3-5 of the Code.	
PUD Outdoor Common Area Requirements	Up to 20% decrease in outdoor common area requirements as required for PUDs.	

* The % increase in lot coverage and height for projects classified as Teardown/Infill pursuant to Section 6-2-26 of this Code shall be based upon the regulations set forth in that Section.

2. **Number of Incentives:** In addition to the Density Bonus identified in Section 6-16-5, Qualified Projects are automatically eligible to receive the number of Incentives set forth in Table 6-2. Such Incentives must come from the Menu of Incentives provided in Table 6-1.

Table 6-2 Allowed Number of Incentives

Project Type	Household Income	Number of Incentives Available Based on % of Affordable Housing Units	
		10%	20%
Rental	Up to 60% Regional Median Household Income	3 ^[1]	4
Rental	Up to 50% Local Median Household Income	3	4
Rental	Up to 60% Local Median Household Income	2	3
For-Sale	Up to 80% Local Median Household Income	4	4
For-Sale	Up to 100% Local Median Household Income	2	3

Table 6-2 Notes:

[1] Projects at 60% regional AMI are eligible for property tax Incentives under an Illinois property tax Incentive program; however, said projects must include a minimum of 7 dwelling units and a minimum 15% affordable unit set-aside.

- 3. Requests for Additional Variances or Deviations.** Owners of Qualified Projects requesting variances or deviations in addition to or other than the Incentives provided in Table 6-1 and/or Table 6-2 shall be processed in accordance with the applicable variance and/or subdivision deviation procedures of the Code. The Owner shall identify which of the additional variances and/or subdivision deviations in excess of the allowances permitted through Table 6-2 are requested. Those additional variances and/or subdivision deviations shall be processed in accordance with the applicable provisions of the Code then in effect.

6-16-7. Calculations

The following rules apply to calculations performed in administering and interpreting the Density Bonus and Incentive provisions of this Chapter.

- All dwelling units within the project, including Density Bonus units, are counted when determining the number of Affordable Dwelling Units required to be set aside to qualify for a Density Bonus or Incentive. For developments consisting of more than one phase, each phase shall be evaluated as a separate project for purposes of determining eligibility for the Density Bonus set forth in Section 6-16-5 and the Incentives set forth in Section 6-16-6 herein.
- When calculating the number of Affordable Dwelling Units required to be set aside to qualify for affordable housing Density Bonuses and Incentives, any fractional result (decimal) shall be rounded up to the nearest whole number.
- When calculating the number of Density Bonus dwelling units allowed, any fractional result (decimal) shall be rounded up to the nearest whole number.

6-16-8. Procedures

- 1. Administrative Approval of Qualified Projects.** If the Zoning Administrator determines that a Qualified Project does not require action by the Planning Commission and/or the City Council pursuant to the Zoning Title provisions referenced in Section 6-3-5 of the Code, and does not involve a Request for Additional Variances or Deviations per Section 6-16-6:3 of this Chapter, the Qualified Project may be administratively approved once all required plans are found to be in technical compliance with all Code requirements and

all required fees have been paid. Following administrative approval of a Qualified Project, the Zoning Administrator shall notify the City Council.

2. **Qualified Projects Requiring Action by City Council and/or Planning and Zoning Commission.** If a Qualified Project requires action on a petition by the Planning and Zoning Commission and/or the City Council pursuant to the Zoning Title provisions set forth in Section 6-3-5 of the Code, and/or involves a Request for Additional Variances or Deviations per Section 6-16-6:3, it shall be processed in accordance with the Code. The City Council retains final decision-making authority on the petition except to the extent of required approval of certain subdivision plats. If the proposed petition is approved by the City Council, said approval shall include the requested Density Bonuses permitted in Section 6-16-5 and the Incentives permitted in Section 6-16-6.

6-16-9. Application, Timing, and Construction Standards

The application, timing, and construction standards of this section apply to Qualified Projects.

1. **Affordable Housing Application Requirements.** The Owner shall submit the following information to the Zoning Administrator or their designee:
 - 1.1. A standard City development application.
 - 1.2. A general description of the proposed development.
 - 1.3. The total number of Market Rate Dwelling Units and affordable units in the proposed residential development.
 - 1.4. The number of bedrooms in each Market-Rate Dwelling Unit and each affordable unit.
 - 1.5. The square footage of each Market-Rate Dwelling Unit and each Affordable Dwelling Unit.
 - 1.6. The general location of each Affordable Dwelling Unit within the proposed residential development.
 - 1.7. The pricing schedule for each Affordable Dwelling Unit and each Market-Rate Unit.
 - 1.8. The phasing and construction schedule for each Market-Rate Unit and each Affordable Dwelling Unit.
 - 1.9. Documentation and plans regarding the exterior and interior appearances, materials, and finishes of the residential development and each of its units.
 - 1.10. A description of the marketing plan that the petitioner proposes to utilize and implement to promote the sale of Affordable Dwelling Units within the residential development.
2. **Timing of Construction.** Affordable Dwelling Units shall be constructed concurrently with the Market-Rate Dwelling Units in the Qualified Project. Building and occupancy permits for Market- Rate Dwelling Units and Affordable Dwelling Units shall be issued in accordance with the following schedule:

Market-Rate Dwelling Units (% of total units)	Affordable Dwelling Units (% of total units)
Up to 50%	At least 30%

Up to 75%	At least 60%
100%	100%

2.1. The Owner shall prepare a report documenting the building and occupancy permits that have been issued for the Market Rate Dwelling Units and the Affordable Dwelling Units which demonstrates compliance with the above. Said report shall be submitted quarterly to the Zoning Administrator in a format approved by the Zoning Administrator until issuance of the final occupancy permit for the Qualified Project.

3. Location Within Overall Development. Affordable Dwelling Units provided to comply with the Density Bonus and Incentive provisions of this Chapter must be integrated into and reasonably distributed within each dwelling unit type and throughout the Qualified Project, as Qualified Project is defined in Section [Error! Reference source not found.](#) When Affordable Dwelling Units are provided only in one or more discrete phases of a development, the Density Bonuses and Incentives provided by this Chapter are limited to the phases of the development in which the Affordable Dwelling Units will be provided and each such phase shall be separately considered a Qualified Project.

4. Unit Size

4.1. The average floor area of the Affordable Dwelling Units provided to comply with the Density Bonus and Incentive provisions of this Chapter must be at least 85% of the average floor area of the Market-Rate Dwelling Units in the Qualified Project.

4.2. The mix of unit sizes and numbers of bedrooms in the Affordable Dwelling Units provided to comply with the Density Bonus and Incentive provisions of this chapter must be an equal proportion to the mix of unit sizes and bedroom counts provided in the Market-Rate Dwelling Units, unless otherwise approved by the City Council.

5. Features and Amenities

5.1. Interior Amenities. To assist in achieving affordability, Affordable Dwelling Units provided to comply with the Density Bonus and Incentive provisions of this Chapter may have different interior finishes, amenities, and features than Market- Rate Dwelling Units, provided the interior finishes, amenities, and features are durable, of good quality, and consistent with contractor grade for new housing.

5.2. Exterior Appearance. The exterior appearance and quality of the Affordable Dwelling Units provided to comply with the Density Bonus and Incentive provisions of this chapter must be generally similar to the Market-Rate Dwelling Units.

5.3. Energy Efficiency. All mechanical equipment, plumbing, insulation, windows, and heating and cooling systems must have energy efficiency ratings that are at least equivalent to those included in Market-Rate Dwelling Units.

6-16-10. Affordable Rental Dwelling Unit Occupancy and Rental Restrictions

The provisions of this Section will be finalized for City Council consideration.

6-16-11. Affordable For-Sale Dwelling unit Occupancy and Sales Restrictions

The provisions of this Section will be finalized for City Council consideration.

6-16-12. Affordable Housing Agreements

The provisions of this Section will be finalized for City Council consideration.

6-16-13. Enforcement

The provisions of this Section will be finalized for City Council consideration.