



NAPERVILLE CITY COUNCIL WORKSHOP – INCLUSIONARY ZONING ORDINANCE CASE STUDIES & KEY PARAMETERS

June 21, 2021



VISION
ECONOMICS
STRATEGY
FINANCE
IMPLEMENTATION

Chicago-based consultancy working with the public & private sectors in a range of disciplines

- Real estate, economic & community development
- Market analysis & real estate economics
- Development strategy & planning
- Public-private partnerships & implementation

PROJECT TEAM

FRAN LEFOR ROOD
Senior Vice President



LANCE DORN
Vice President



ELENA CAMINER
Associate



duncan | associates

Consultancy with offices in Chicago and Austin working with local governments in two primary areas:

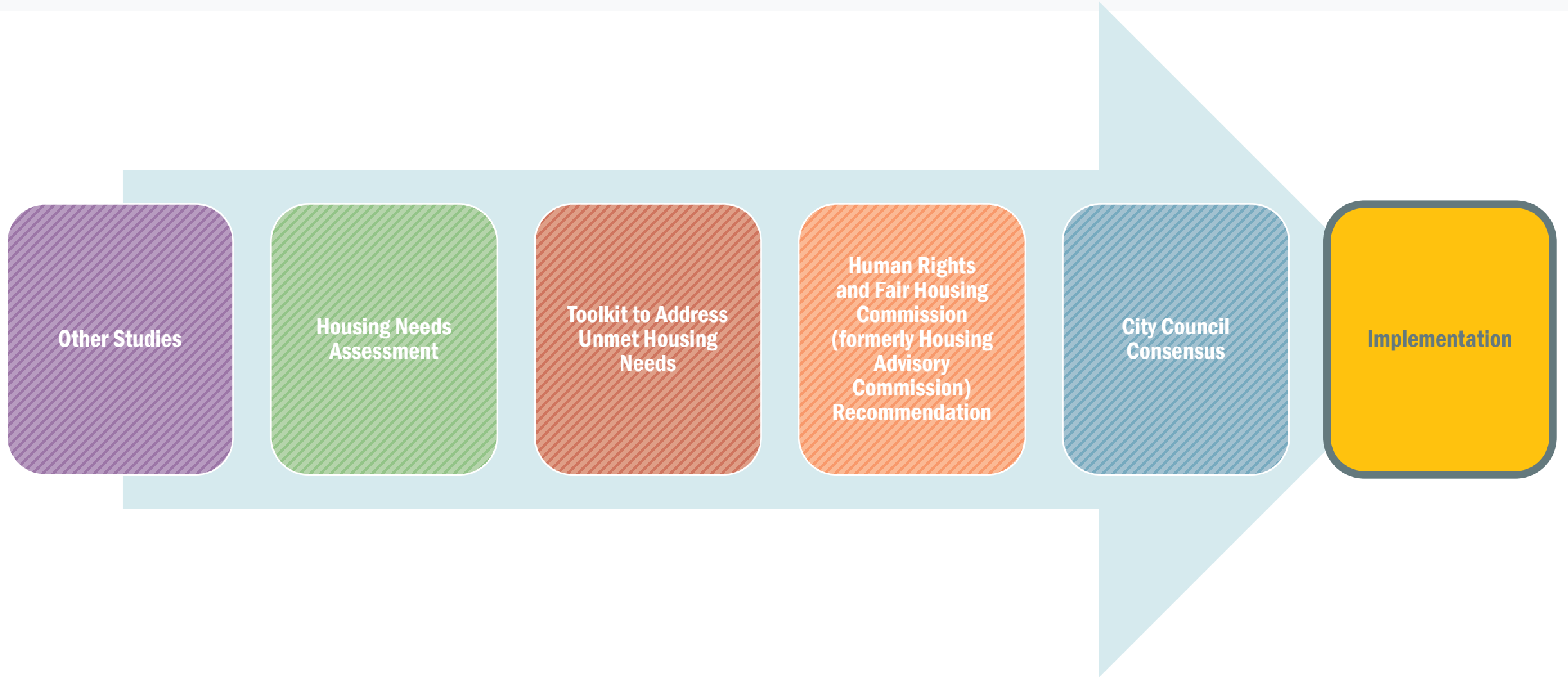
- Revising zoning and development regulations
- Preparing impact fee studies

KIRK BISHOP
Principal



ADDRESSING NAPERVILLE'S UNMET HOUSING NEEDS

Naperville has taken a series of actions toward implementing strategies to address housing needs



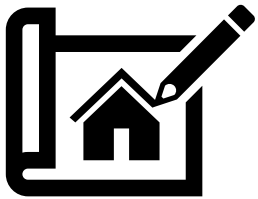
RECOMMENDATIONS TO COUNCIL

Recommended by the Human Rights & Fair Housing Commission



PRESERVE EXISTING HOUSING

- Develop plan to preserve naturally-occurring affordable housing
- Identify additional resources to assist populations with special housing needs
- Establish revolving rehabilitation loan fund targeted to low-income seniors



FINANCING/STAFFING INFRASTRUCTURE

- Establish housing trust fund targeted towards veterans, seniors, special housing needs populations & first responders in purchasing a home
- Create housing-specific staff position(s) within city or non-profit organization



DEVELOP HOUSING

- Develop working relationships with affordable housing developers
- Develop strategy to leverage publicly-owned land
- Implement an inclusionary zoning ordinance (IZO)

EXPLORING A POTENTIAL IZO

SB Friedman and Duncan Associates were retained to evaluate and structure and potential IZO

- Research national IZO case studies
 - Supplements previously reported regional case studies
- Conduct interviews with development community
- Assist Council in considering key decision points for a potential IZO

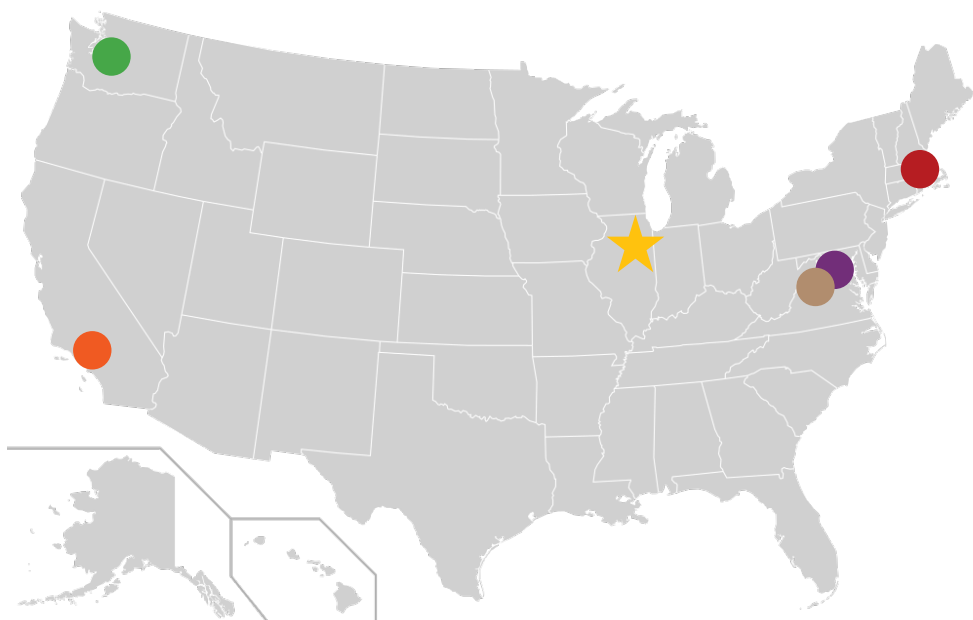
NEXT STEPS

- Conduct a financial analysis of IZO parameters on a prototypical development
- Conduct workshop with the Human Rights & Fair Housing Commission to discuss the potential IZO
- If Council decides to proceed, draft an ordinance for review

01 KEY INCLUSIONARY ZONING PARAMETERS

INCLUSIONARY ZONING IN COMPARABLE COMMUNITIES

Similar communities around the country have enacted IZOs



Population
Median HH Income
Median Home Value
IZO Adoption Year



Naperville, IL	Montgomery County, MD	Newton, MA
148,400	1,050,700	88,400
\$125,900	\$109,000	\$151,000
\$416,700	\$485,000	\$915,000
--	1974	1977

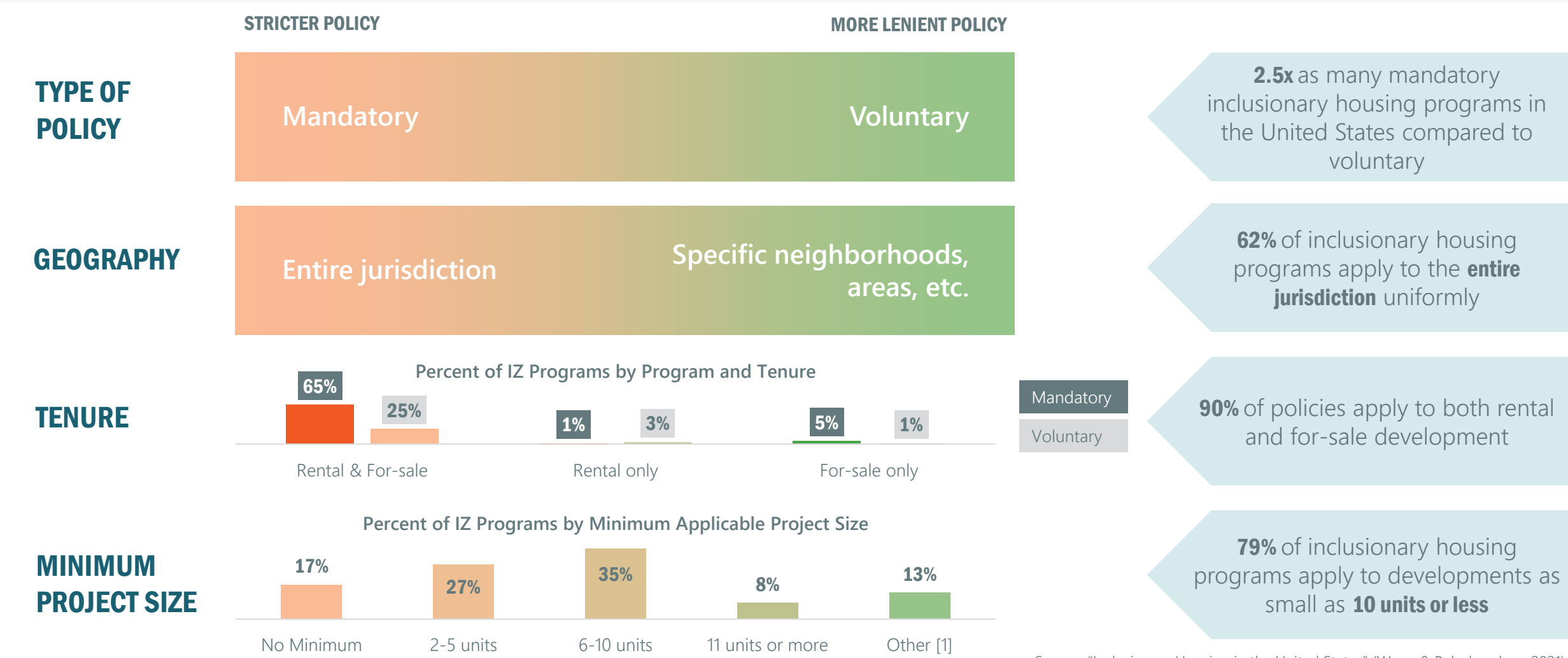


Bellevue, WA	San Marcos, CA	Arlington County, VA
148,200	96,700	236,800
\$120,500	\$79,000	\$120,000
\$809,200	\$538,000	\$705,000
1991	2000	2005

Source: "Inclusionary Housing in the United States" (Wang & Balachandran, 2021), US Census Bureau
SB Friedman Development Advisors

STRUCTURE & APPLICABILITY

Key parameters of the policy will determine the number of developments impacted by the IZO



[1] Other includes policies that use a measure other than the number of units, such as land area, to determine a threshold.

INCLUSIONARY ZONING IN COMPARABLE COMMUNITIES

Structure

	Jurisdiction	Naperville, IL	Montgomery County, MD	Newton, MA	Bellevue, WA	San Marcos, CA	Arlington County, VA
STRUCTURE	Type		Mandatory	Mandatory	Voluntary	Mandatory	Mandatory
	Geographic Criteria		Entire jurisdiction [1]	Entire jurisdiction	Specific areas	Entire jurisdiction	Entire jurisdiction
	Tenure		Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale
	Minimum Project Size		20 units	7 units	N/A	6 units [2]	Other [3]

[1] Inclusionary zoning requirements cover the entire county but vary by zoning, neighborhood, or district.
[2] Any development with six or less units required to pay a fee-in-lieu.
[3] Applicable to residential developments with planned densities greater than 1.0 FAR, such as multifamily and denser single-family homes.
Source: 2015–2019 ACS 5-Year Estimates, "Inclusionary Housing in the United States" (Wang & Balachandran, 2021)
SB Friedman Development Advisors

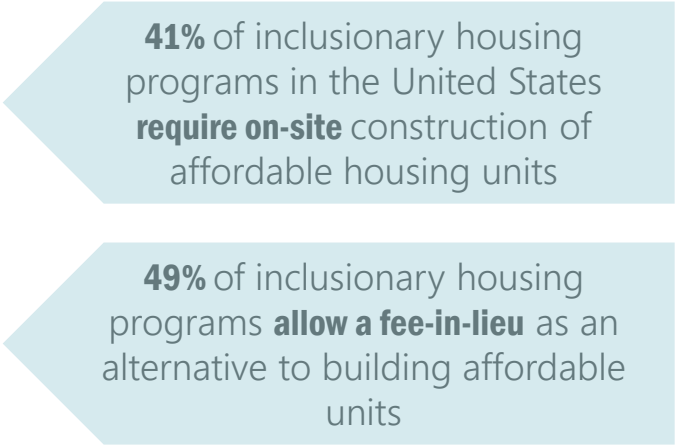
Stricter policy

More lenient policy

COMPLIANCE OPTIONS

Communities may provide development alternatives for fulfilling the inclusionary zoning ordinance

COMPLIANCE OPTIONS



INCLUSIONARY ZONING IN COMPARABLE COMMUNITIES

Compliance

	Jurisdiction	Naperville, IL	Montgomery County, MD	Newton, MA	Bellevue, WA	San Marcos, CA	Arlington County, VA
STRUCTURE	Type		Mandatory	Mandatory	Voluntary	Mandatory	Mandatory
	Geographic Criteria		Entire jurisdiction [1]	Entire jurisdiction	Specific areas	Entire jurisdiction	Entire jurisdiction
	Tenure		Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale
	Minimum Project Size		20 units	7 units	N/A	6 units [2]	Other [3]
COMP	Unit Location		On-Site or Off-Site	On-Site or Off-Site	On-Site	On-Site or Off-Site	On-Site or Off-Site
	Alternative Options		No	Fee-In-Lieu	N/A	Fee-In-Lieu, Land donation	Fee-in-Lieu

[1] Inclusionary zoning requirements cover the entire county but vary by zoning, neighborhood, or district.

[2] Any development with six or less units required to pay a fee-in-lieu.

[3] Applicable to residential developments with planned densities greater than 1.0 FAR, such as multifamily and denser single-family homes.

Source: 2015–2019 ACS 5-Year Estimates, "Inclusionary Housing in the United States" (Wang & Balachandran, 2021)

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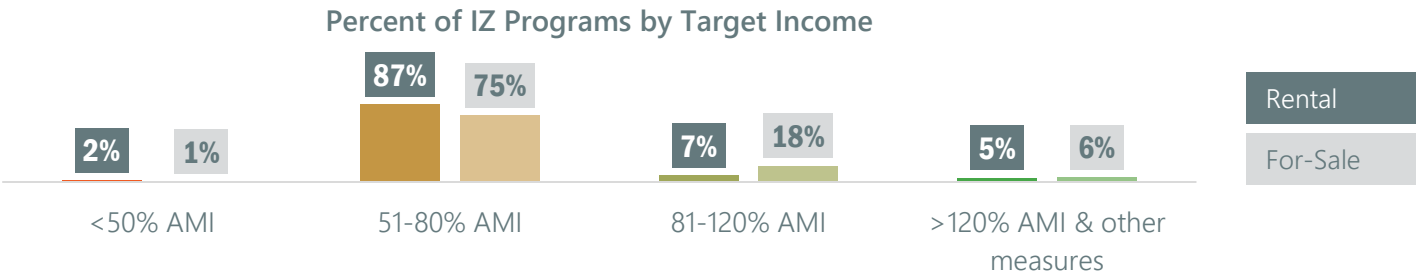
Stricter policy

More lenient policy

UNIT REQUIREMENTS

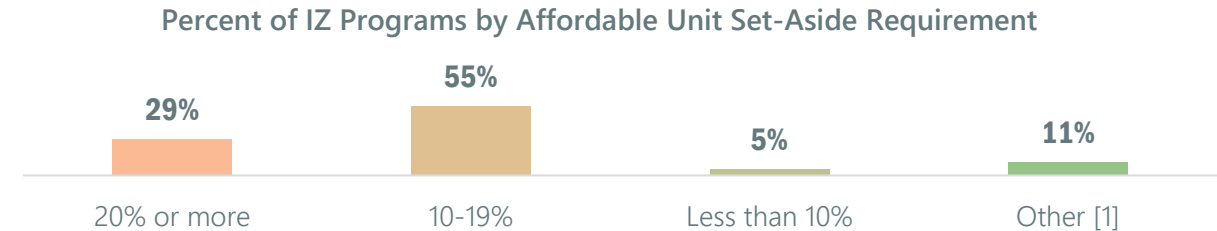
The IZO informs the quantity and type of affordable units developed

TARGETED INCOME



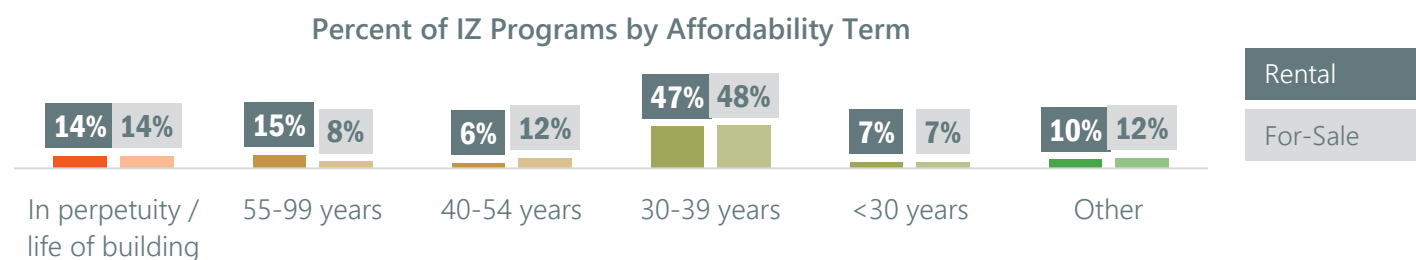
Of policies with one income requirement, the majority target **51-80% AMI households**

AFFORDABLE UNIT SET ASIDE



Nearly **70%** of inclusionary housing programs in the United States require **20% or fewer** affordable units

AFFORDABILITY TERM



Nearly **50%** of policies require an affordability term of **30-39 years** for both rental and for-sale housing

UNIT SIZE



Best practice: affordable units should reflect the community's needs

[1] Includes programs with no set-aside percentage (7% of programs) or that have a different measure for set-aside requirements (4% of programs)

INCLUSIONARY ZONING IN COMPARABLE COMMUNITIES

Unit Requirements

	Jurisdiction	Naperville, IL	Montgomery County, MD	Newton, MA	Bellevue, WA	San Marcos, CA	Arlington County, VA
COMP STRUCTURE	Type		Mandatory	Mandatory	Voluntary	Mandatory	Mandatory
	Geographic Criteria		Entire jurisdiction [1]	Entire jurisdiction	Specific areas	Entire jurisdiction	Entire jurisdiction
	Tenure		Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale
	Minimum Project Size		20 units	7 units	N/A	6 units [2]	Other [3]
COMP	Unit Location		On-Site or Off-Site	On-Site or Off-Site	On-Site	On-Site or Off-Site	On-Site or Off-Site
	Alternative Options		No	Fee-In-Lieu	N/A	Fee-In-Lieu, Land donation	Fee-in-Lieu
REQUIREMENTS	Targeted Income		<70% AMI	<80% AMI and <110% AMI (multiple requirements for larger developments)	<80% AMI	Varies	60-80% AMI
	Set Aside Percentage		12.5-15% of units	15-17.5% of units	N/A	15% of units	5-10% of gross floor area
	Affordability Term		99 years for rental 30 years for for-sale	30 years	Perpetuity	55 years	30 years for rental Perpetuity for for-sale
	Unit Size		Bedroom mix equal to market-rate units	Bedroom mix equal to market-rate units; comparable unit sizes	N/A	Bedroom mix equal to market-rate units; comparable unit sizes	Community needs

[1] Inclusionary zoning requirements cover the entire county but vary by zoning, neighborhood, or district.

[2] Any development with six or less units required to pay a fee-in-lieu.

[3] Applicable to residential developments with planned densities greater than 1.0 FAR, such as multifamily and denser single-family homes.

Source: 2015–2019 ACS 5-Year Estimates, "Inclusionary Housing in the United States" (Wang & Balachandran, 2021)

SB Friedman Development Advisors

Stricter policy

More lenient policy

MECHANISMS TO OFFSET FINANCIAL IMPACTS OF IZO

Developers may receive offsetting benefits for building affordable housing by right or through negotiations

DEVELOPMENT BONUS

Zoning code permits more units, additional floor area/height, or other development bonus

57% of inclusionary housing programs in the United States offer a density bonus as an incentive

PARKING REDUCTIONS

Zoning code requires fewer parking spaces

24% of policies offer other zoning variances, such as parking reductions, modification to architecture design, etc.

PROCESS

Streamlined entitlement process to expedite approvals

13% of policies offer expedited processing

DESIGN MODIFICATIONS

Zoning code allows changes to design, materials, and other building requirements

29% of policies do NOT offer any offsetting benefits

Source: "Inclusionary Housing in the United States" (Wang & Balachandran, 2021)

INCLUSIONARY ZONING IN COMPARABLE COMMUNITIES

Mechanisms to offset financial impacts

	Jurisdiction	Naperville, IL	Montgomery County, MD	Newton, MA	Bellevue, WA	San Marcos, CA	Arlington County, VA
COMP STRUCTURE	Type		Mandatory	Mandatory	Voluntary	Mandatory	Mandatory
	Geographic Criteria		Entire jurisdiction [1]	Entire jurisdiction	Specific areas	Entire jurisdiction	Entire jurisdiction
	Tenure		Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale
	Minimum Project Size		20 units	7 units	N/A	6 units [2]	Other [3]
COMP	Unit Location		On-Site or Off-Site	On-Site or Off-Site	On-Site	On-Site or Off-Site	On-Site or Off-Site
	Alternative Options		No	Fee-In-Lieu	N/A	Fee-In-Lieu, Land donation	Fee-in-Lieu
REQUIREMENTS	Targeted Income		<70% AMI	<80% AMI and <110% AMI (multiple requirements for larger developments)	<80% AMI	Varies	60-80% AMI
	Set Aside Percentage		12.5-15% of units	15-17.5% of units	N/A	15% of units	5-10% of gross floor area
	Affordability Term		99 years for rental 30 years for for-sale	30 years	Perpetuity	55 years	30 years for rental Perpetuity for for-sale
	Unit Size		Bedroom mix equal to market-rate units	Bedroom mix equal to market-rate units; comparable unit sizes	N/A	Bedroom mix equal to market-rate units; comparable unit sizes	Community Needs
Offsetting Benefits			Density bonus, design modifications	Density bonus for additional affordable units beyond requirement	Density bonus, design modifications, parking requirements, etc.	Density bonus, design modifications, etc.	Density bonus

[1] Inclusionary zoning requirements cover the entire county but vary by zoning, neighborhood, or district.

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[3] Applicable to residential developments with planned densities greater than 1.0 FAR, such as multifamily and denser single-family homes.

Source: 2015-2019 ACS 5-Year Estimates, "Inclusionary Housing in the United States" (Wang & Balachandran, 2021)

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Stricter policy

More lenient policy

INCLUSIONARY ZONING IN COMPARABLE COMMUNITIES

Outcomes of IZOs

	Jurisdiction	Naperville, IL	Montgomery County, MD	Newton, MA	Bellevue, WA	San Marcos, CA	Arlington County, VA
COMP STRUCTURE	Type		Mandatory	Mandatory	Voluntary	Mandatory	Mandatory
	Geographic Criteria		Entire jurisdiction [1]	Entire jurisdiction	Specific areas	Entire jurisdiction	Entire jurisdiction
	Tenure		Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale
	Minimum Project Size		20 units	7 units	N/A	6 units [2]	Other [3]
COMP	Unit Location		On-Site or Off-Site	On-Site or Off-Site	On-Site	On-Site or Off-Site	On-Site or Off-Site
	Alternative Options		No	Fee-In-Lieu	N/A	Fee-In-Lieu, Land donation	Fee-in-Lieu
REQUIREMENTS	Targeted Income		<70% AMI	<80% AMI and <110% AMI (multiple requirements for larger developments)	<80% AMI	Varies	60-80% AMI
	Set Aside Percentage		12.5-15% of units	15-17.5% of units	N/A	15% of units	5-10% of gross floor area
	Affordability Term		99 years for rental 30 years for for-sale	30 years	Perpetuity	55 years	30 years for rental Perpetuity for for-sale
	Unit Size		Bedroom mix equal to market-rate units	Bedroom mix equal to market-rate units; comparable unit sizes	N/A	Bedroom mix equal to market-rate units; comparable unit sizes	Community Needs
Offsetting Benefits			Density bonus, design modifications	Density bonus for additional affordable units beyond requirement	Density bonus, design modifications, parking requirements, etc.	Density bonus, design modifications, etc.	Density bonus
Outcomes: Affordable Units and Fees-in-Lieu Collected			16,189 units	100-200 units	248 units	Not Available	276 units \$90.6M in fees collected

[1] Inclusionary zoning requirements cover the entire county but vary by zoning, neighborhood, or district.

[2] Any development with six or less units required to pay a fee-in-lieu.

[3] Applicable to residential developments with planned densities greater than 1.0 FAR, such as multifamily and denser single-family homes.

Source: 2015-2019 ACS 5-Year Estimates, "Inclusionary Housing in the United States" (Wang & Balachandran, 2021)

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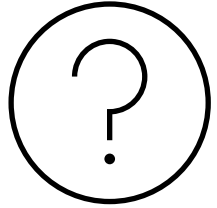
Stricter policy

More lenient policy

02 OTHER CONSIDERATIONS

FEEDBACK FROM DEVELOPMENT COMMUNITY

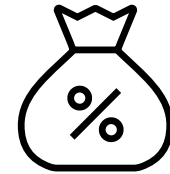
SB Friedman met with 3 market-rate developers and others from the development community



UNCERTAINTY OVER IZO
STALLS DEVELOPMENT



NEED A CONSISTENT
APPROVED POLICY



CONSIDER DEDICATED
FUNDING SOURCE FOR
AFFORDABLE HOUSING



FINANCIAL IMPACT OF AN IZO
MAY FALL ON LANDOWNERS



POTENTIAL OFFSETTING
BENEFITS: DENSITY BONUS,
IMPACT, PERMIT & REVIEW FEE
WAIVERS, BUILDING CODE
CHANGES



CONSIDER PARTNERSHIPS
WITH AFFORDABLE
HOUSING DEVELOPERS

AFFORDABLE HOUSING PROVISIONS INCLUDED IN RECENT BILL

HB 2621 approved by IL House & Senate, waiting to be signed by the Governor

- Provides assessed value (AV) reduction for certain new construction/rehab multifamily rental developments if affordable rental units provided at **60% AMI** [1]
 - 15% affordable units for 10 years: **25% AV reduction** (renewable for two additional 10-year terms)
 - 35% affordable units for 10 years: **35% AV reduction** (renewable for two additional 10-year terms)
 - 20% affordable units for 30 years in “low affordability communities” (including Naperville): **stair-stepping AV reduction** [2]
 - Years 1-3: reduction in AV equal to **100% of the incremental value**
 - Years 4-6: reduction in AV equal to **80% of the incremental value**
 - Years 7-9: reduction in AV equal to **60% of the incremental value**
 - Years 10-12: reduction in AV equal to **40% of the incremental value**
 - Years 13-30: reduction in AV equal to **20% of the incremental value**
- Changes to the Affordable Housing Planning and Appeal Act
 - Affordable housing plan must have a public hearing before it is adopted
 - IHDA can notify the Attorney General if local government does not submit affordable housing plan (or it's not in compliance), which could lead to court action

[1] Determined by HUD and published by IHDA

[2] AV reduction is above the pre-construction base, i.e. the difference between the AV in the year for which the incentive is sought and the AV for the residential property in the base year.

Source: Illinois General Assembly

AFFORDABILITY LIMITS

Housing costs are deemed affordable if they are 30% or less of a household's income

IHDA Chicago Region (includes DuPage & Will Counties)
Median Household Income (100% AMI): \$81,900 (3 person households)

Area Median Income (AMI)	Household Income	Maximum Affordable Rent	Maximum Affordable Home Cost [1]
60%	\$49k	\$1,200	\$172k
80%	\$66k	\$1,600	\$229k
100%	\$82k	\$2,000	\$286k

Naperville
Median Household Income (100% AMI): \$113,300 (3 person households)

Area Median Income (AMI)	Household Income	Maximum Affordable Rent	Maximum Affordable Home Cost [1]
60%	\$68k	\$1,700	\$237k
80%	\$91k	\$2,300	\$317k
100%	\$113k	\$2,800	\$396k

[1] The value of owner-occupied housing similarly assumes 30% of a household's monthly income is the maximum available for mortgage payments and other related housing costs. Mortgage payments are calculated assuming they account for 60% of monthly owner costs, a 30-year mortgage with a 4% interest rate.
Source: Illinois Housing Development Authority (2020 Limits), US Census Bureau 2019 ACS 5-Year Estimates, SB Friedman

03 DECISION POINTS & NEXT STEPS

KEY DECISION POINTS

Areas of discussion to help move the analysis forward



TARGETED INCOME

Who is the affordable housing for?



IZO TYPE

Would the IZO be mandatory or voluntary?



PROJECT TYPE

Should the IZO be applicable to rental and/or for-sale development?



AFFORDABLE UNIT SET-ASIDE

What percentage of units per development should be set-aside as affordable?

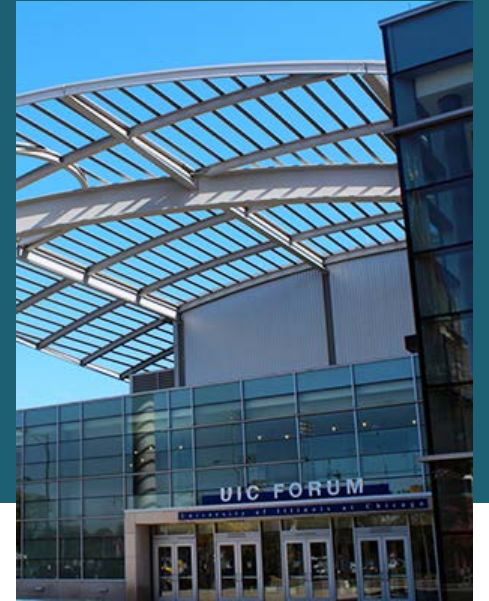


MINIMUM APPLICABLE PROJECT SIZE

Is there a minimum applicable project size?
What is it?

NEXT STEPS

- Conduct financial analysis of potential policy framework
- Refine parameters with continued input from
 - Human Rights & Fair Housing Commission
 - City Council
- Determine City's capacity to implement and track IZO
- Draft ordinance



221 N. LaSalle St, Suite 820

Chicago, IL 60601

312-424-4250 | sbfriedman.com

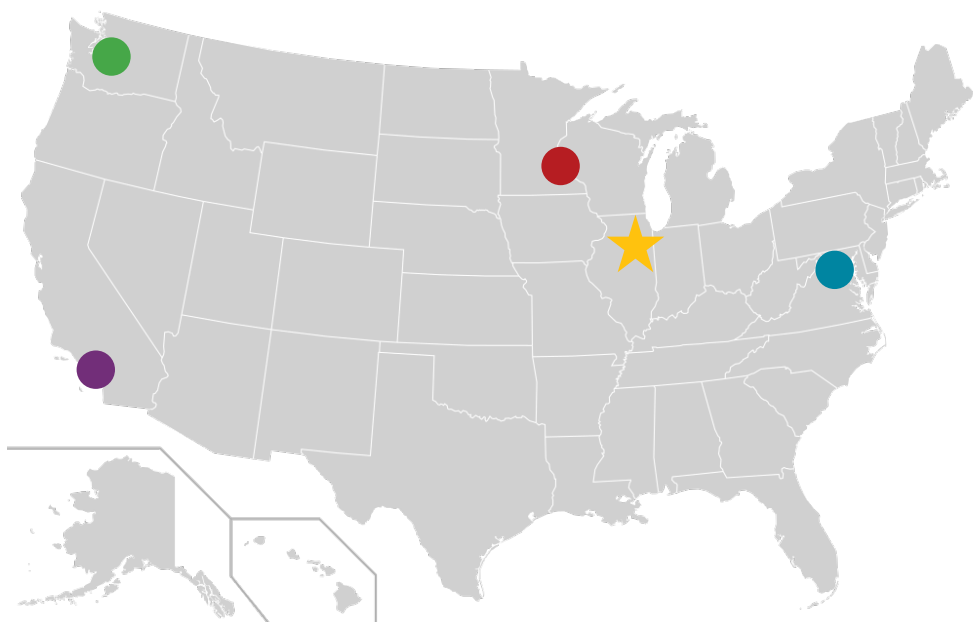
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STRATEGY
DEVELOPMENT STRATEGY AND PLANNING

FINANCE | IMPLEMENTATION
PUBLIC-PRIVATE PARTNERSHIPS AND IMPLEMENTATION

APPENDIX

VOLUNTARY PROGRAMS



Population
Median HH Income
Median Home Value
IZO Adoption Year



Naperville, IL	Bellevue, WA	Newport Beach, CA
148,400	148,200	84,500
\$125,900	\$120,500	\$127,200
\$416,700	\$809,200	\$1,898,900
--	1991	2012

Woodbury, MN	Charles County, MD
72,800	163,300
\$108,500	\$100,000
\$323,000	\$313,300
2012	2005

Source: "Inclusionary Housing in the United States" (Wang & Balachandran, 2021), US Census Bureau
SB Friedman Development Advisors

VOLUNTARY PROGRAMS

	Jurisdiction	Naperville, IL	Bellevue, WA	Newport Beach, CA	Woodbury, MN	Charles County, MD
COMP STRUCTURE	Type		Voluntary	Voluntary	Voluntary	Voluntary
	Geographic Criteria		Specific areas	Specific areas	Entire jurisdiction	Entire jurisdiction
	Tenure		Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale
	Minimum Project Size		N/A	N/A	N/A	50 units
COMP STRUCTURE	Unit Location		On-Site	On-Site	On-Site	On-Site
	Alternative Options		N/A	N/A	N/A	N/A
REQUIREMENTS	Targeted Income		<80% AMI	<80% AMI	<80% AMI	<100% AMI
	Set Aside Percentage		N/A	30%	20%	12-15%
	Affordability Term		Perpetuity	30 years	Varies	N/A
	Unit Size		N/A	N/A	N/A	N/A
Offsetting Benefits			Density bonus, design modifications, parking requirements, etc.	Density bonus, other zoning variance, unit concessions, etc.	Density bonus	Density bonus
Outcomes: Affordable Units and Fees-in-Lieu Collected			248 units	78 units	216 units	>40 units

Source: "Inclusionary Housing in the United States" (Wang & Balachandran, 2021)

REGIONAL CASE STUDIES

	Jurisdiction	Naperville, IL	Highland Park	Evanston	St. Charles	Crystal Lake	Oak Park	Arlington Heights
	Adoption Year		2001	2007	2008	2009	2019	2004
STRUCTURE	Type		Mandatory	Mandatory	Mandatory	Voluntary	Mandatory	Mandatory (voluntary from 2004-2020)
	Geographic Criteria		Entire jurisdiction	Entire jurisdiction	Entire jurisdiction	Entire jurisdiction	Specific areas	Specific areas
	Tenure		Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale	Rental & For-sale [2]
	Minimum Project Size		20 units	5 units	N/A	N/A	N/A	10 units
COMP	Unit Location		On-site or off-site	On-site [1]	On-site [1]	On-site	On-site	On-site or off-site
	Alternative Options		Fee-in-lieu, land donation	Fee-in-lieu	Fee-in-lieu	N/A	Fee-in-lieu	Fee-in-lieu
REQUIREMENTS	Targeted Income		<120% AMI (varies)	<60% AMI (rental) <100% AMI (for-sale)	<60% AMI (rental) <80% AMI (for-sale)	<60% AMI (rental) <80% AMI (for-sale)	<100% AMI	<60% AMI (rental) <80% AMI (for-sale)
	Set Aside Percentage		20%	10%-20%	5-10%	10-20%	10%	5-10%
	Affordability Term		25 years (rental) Perpetuity (for-sale)	30 years (rental) 99 years (for-sale)	Perpetuity (rental) 15 years (for-sale)	50 years	30 years (rental) Perpetuity (for-sale)	N/A
	Unit Size		Bedroom mix equal to market-rate units, units dispersed	Bedroom mix equal to market-rate units, units dispersed	Bedroom mix equal to market-rate units, units dispersed	Bedroom mix equal to market-rate units, units dispersed	N/A	Bedroom mix equal to market-rate units, units dispersed
Offsetting Benefits			Density bonus	Density bonus	Density bonus	Density bonus, zoning variations	N/A	Density bonus, fee waivers, parking requirements
Outcomes: Affordable Units and Fees-in-Lieu Collected			20 units	36 units \$2.4M in fees collected	75 units \$150K in fees collected	Not available	\$550K in fees approved	50 units \$870K in fees collected

[1] Can submit an alternative equivalent proposal of the IZO requirement.

[2] Affordable units required for rental multifamily developments with ten or more units. Any smaller rental multifamily developments, single-family developments, or for-sale multifamily developments are required to pay a fee in lieu.

Source: "Inclusionary Housing in the United States" (Wang & Balachandran, 2021)

SB Friedman Development Advisors

HB 2621 APPROVED BY HOUSE & SENATE IN LATE MAY 2021

Affordable housing provisions included in recent bill, waiting to be signed by the Governor

- New construction and qualifying rehab projects in multifamily buildings with 7 or more units would benefit from a reduction in post-improvement assessed value by agreeing to provide a specific percentage of affordable rental homes.
 - **10-year commitment of at least 15%** of units affordable at **60% AMI (determined by HUD and published by IHDA)** rents: property will receive a **reduction in assessed value by 25%**
 - Investment threshold is \$8 per square foot, adjusted annually for inflation, and improvement of 2 primary building systems
 - **10-year commitment of at least 35%** of units affordable at **60% AMI** rents: property will receive a **reduction in assessed value by 35%**
 - Investment threshold is \$12.50 per square foot, adjusted annually for inflation, and improvement of at least 2 primary building systems
 - Benefits listed above are renewable for two additional 10-year terms for a total 30-year period
 - In “low affordability communities” (such as Naperville), for a **30-year commitment of at least 20%** of units affordable at **60% AMI**:
 - Years 1-3 (year 1 is first year placed in service): property will receive a reduction in its assessed value in an amount equal to the difference between the assessed value in the year for which the incentive is sought and the assessed value for the residential property in the base year (“**incremental value**”).
 - Years 4-6: property will receive a reduction in its assessed value in an amount equal to 80% of the incremental value
 - Years 7-9: property will receive a reduction in its assessed value in an amount equal to 60% of the incremental value
 - Years 10-12: property will receive a reduction in its assessed value in an amount equal to 40% of the incremental value
 - Years 13-30: the property is entitled to a reduction in its assessed value in an amount equal to 20% of the incremental value
- COVID-19 Affordable Housing Grant Program to provide gap financing for projects receiving Federal LIHTC
 - Prioritizing disproportionately impacted areas and those located in areas of opportunity defined by IHDA
- Extends State Donation Tax Credits through 2026
 - Income tax credit equal to 50% of value of affordable housing donation (defined as up to 60% AMI for rental and 120% AMI for for-sale)
- Income based property tax assessment for LIHTC projects in Cook County (to match similar requirement in other counties in IL)
- Changes to the Affordable Housing Planning and Appeal Act
 - Unit of local government, including a home rule unit, may not regulate the activities in the Act in a manner more restrictive than State law
 - Affordable housing plan required by the Act must have a public hearing before it is adopted
 - IHDA can notify the Attorney General if local government does not submit affordable housing plan (or it's not in compliance). This could lead to court action.

2018 IHDA AHPAA AFFORDABILITY LIMITS FOR NAPERVILLE

IHDA computes affordability limits to identify affordable housing

- Chicago Region AMI: \$63,327 [1]
- Affordable Rent: \$950/month
 - $60\% \text{ regional AMI} \times 30\% \text{ of income toward housing} / 12 \text{ months} = \text{maximum monthly rent (and then subtract an allowance for utilities)}$
- Affordable Home Value: \$133,000
 - $80\% \text{ regional AMI} \times 30\% \text{ of income toward housing} / 12 \text{ months} = \text{maximum monthly cost}$
 - $\text{Max. monthly cost} - \text{average property taxes paid per year per month} = \text{maximum monthly mortgage payment}$
 - *IHDA uses citywide average for property taxes, which is likely too high for an affordable home which is reducing the maximum monthly mortgage payment*

[1] Appears to be AMI for a 2-person household in 2018.
Source: Illinois Housing Development Authority