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Du Page Homeless Alliance's Suggestion for a Position Paper on Attainable Housing in the Proposed 5th Avenue Development

Naperville has an opportunity to burnish its already solid image as a progressive, forward-thinking, and "great place to live" city. It is an opportunity that should not be squandered.

Background:

At the December 4 meeting of the Naperville City Council, during discussion of Agenda Item K. 1 regarding the 5th Avenue Development, it was decided that a late January workshop for City Council would be desirable to discuss several major issues impacting the decision to go forward with Phase II of the development. Among those issues was the inclusion of attainable housing in the planned development. The Housing Advisory Commission (HAC) was asked to provide input ahead of such workshop. To facilitate a response, The Du Page Homeless Alliance has sketched out herein what a position paper might look like.

Definition:

No one thus far in the Ryan/Steering Committee process has, to our knowledge, fixed a definition to the term "attainable housing". We would suggest that such housing, in the case of rental units, consists of units for which a given family size making 60% of the Area Median Household Income (AMHI) for such family size would have to spend no more than 30% of such household income on rent. Defining attainable as anything more expensive than this standard would achieve nothing for the City in terms of its progress towards its goals contained in the most recent Analysis of Impediments study, nor in its dealings with the Illinois Housing Development Authority (IHDA).

Addressing Salient Comments Made at the December 4th Meeting:

1. City Advocate SB Friedman made the categorical statement that including attainable housing clearly is not the optimal financial use of the properties in question.
 - RESPONSE: In a vacuum, this statement is compelling. However, it ignores a few resources/tactics available to a developer that could ameliorate the "shortage" in rents/proceeds for having below-market units in the project. These would include federal Low-Income Housing Tax Credits (LIHTCs) administered by the Illinois Housing Development Authority. Since Naperville's percentage of attainable housing units (as defined above) is so far below the state's target percentage, it is considered an "Opportunity Zone", thus INCREASING the ability of a developer to win such credits in the competitive application process' scoring system. There are also other funding vehicles available to a developer from IHDA (see <https://www.ihda.org/developers/applying-for-tax-credits-for-multifamily-housing/>) to help offset the reduced rent streams for attainable units. Also, while the goal of all attainable housing is to make those units indistinguishable from the market units from the outside, the floorplans/size of the affordable units can be smaller, finishes more basic, etc. thus reducing the building costs of such units (i.e. there are 2,500 sq. ft. 3-bedroom apartments, and there are 1,100 sq. ft. 3-bedroom apartments), and the number that can be fit into the same space. Finally, in any "cost-benefit analysis", the potential cost/exposure of a failure to address Naperville's attainable housing shortage given this golden opportunity presented to the City must be taken into account.

2. The desire from Councilmen White, Anderson, and Obarski for more information on attainability:

RESPONSE 1: This is a fairly broad request and it is hard to determine exactly what information is being sought. There is no shortage of data, most of it in the 2017 AI and exhibits thereof, highlighting the shortage of attainable units in Naperville. In a separate document we lay out a rough outline for a comprehensive integration of planning for affordable and fair housing into the comprehensive planning and implementation process of the city, such integration being one of the goals of the most recent AI. In that document, we have highlighted and cited several sources of information regarding attainable housing as defined above.

RESPONSE 2: The DuPage Homeless Alliance, together with DuPage United, put together a primer presentation on Attainable Housing which was presented to a broad audience in July, 2018 at St. Thomas the Apostle Church. A handful of councilmen and HAC commissioners were in attendance, but it might be useful for Council to parse through the power point presentation at or before its workshop.

Very Pertinent Facts About This Proposed Development:

1. The proposed development surrounds the Naperville Metra station, and is also served by Pace bus routes. It is also walking distance to the vibrant Naperville downtown district which is in constant need of service and other employees; and,
2. The City owns the parcels of land that would be included in the proposed development and therefore has more control than it would normally have concerning the development's particular features, and it should be able to contractually retain such control whether the property is sold or leased as the project goes forward

Conclusion:

The HAC, having been tasked by City Council with implementing the goals and action steps documented in the AI accepted by City Council in 2017, has been diligently working on various items in such AI, including most recently the task of educating council, staff, and others on fair housing issues.

As mentioned above, also included in the action steps are longer-term goals which include working to fully integrate attainable and fair housing into the comprehensive planning and implementation process of the City.

The fact that these longer-term objectives have understandably not yet been achieved should not cause the City to miss the golden, and perhaps once-in-a-lifetime, opportunity that the 5th Avenue Development presents to achieve substantial progress on its twin goals of 1) increasing the amount of attainable (as defined) housing stock in Naperville, AND 2) increasing such stock that is accessible to public transportation.

Accordingly, the Du Page Homeless Alliance urges the commission to recommend, as others in the community have, that at least 10% of residential units that become a part of the development be attainable as defined for such unit sizes by the Illinois Housing Development Authority (the 60% AMHI threshold), and that all available tax credits, grants, and other financial assistance that is available for the construction of such units be pursued.