



NAPERVILLE CITY COUNCIL WORKSHOP

# ADDRESSING UNMET HOUSING NEEDS

September 29, 2020



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

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## PROJECT TEAM

**FRAN LEFOR ROOD, AICP**  
Senior Vice President



**LANCE DORN**  
Vice President



- 1 Overview of Housing Needs Assessment**
- 2 HAC Recommended Strategies to Address Unmet Housing Needs**
- 3 Next Steps**

# OVERVIEW OF RECENT HOUSING-RELATED STUDIES

- **Naperville Housing Needs Assessment (SB Friedman)**
  - Evaluate whether housing stock meets current & projected needs (short term – 5 years & long term – 20 years)
  - Identify key housing-related issues & unmet needs
  - Prepare a toolkit of affordable housing strategies
- **Builds upon previous work**
  - 2017 Analysis of Impediments to Fair Housing Choice
  - Naperville Housing Action Plan (MMC, CMAP, MPC)
  - Naperville Comprehensive Plan Update (Houseal Lavigne)



**MULTIFAMILY NEIGHBORHOOD IN NORTHERN NAPERVILLE**



**HISTORIC SINGLE-FAMILY NEIGHBORHOOD EAST OF DOWNTOWN NAPERVILLE**



**RECENTLY-DEVELOPED SINGLE-FAMILY NEIGHBORHOOD IN SOUTHERN NAPERVILLE** Source: Google Earth

# HOUSING NEEDS ASSESSMENT KEY CONCLUSIONS

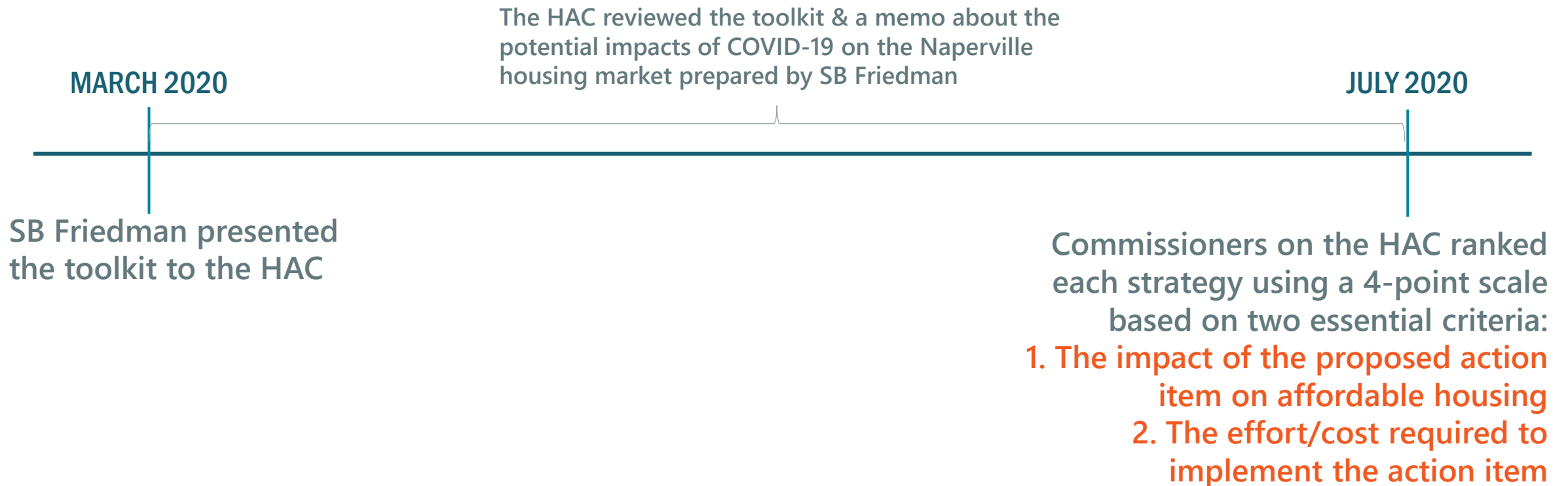
## Opportunities to preserve existing housing & facilitate development of a mix of housing options

- Existing households experiencing affordability challenges include:
  - Lower-income households
  - Entry-level home buyers
  - Workforce
  - Seniors looking to downsize
- Affordability of new units challenged by:
  - Lack of additional developable land
  - Desirability of the community
  - Higher land values/prices
- Additional unmet housing needs:
  - Housing for people with special needs
  - Housing for veterans
  - Housing for the homeless & those transitioning from/at risk of homelessness

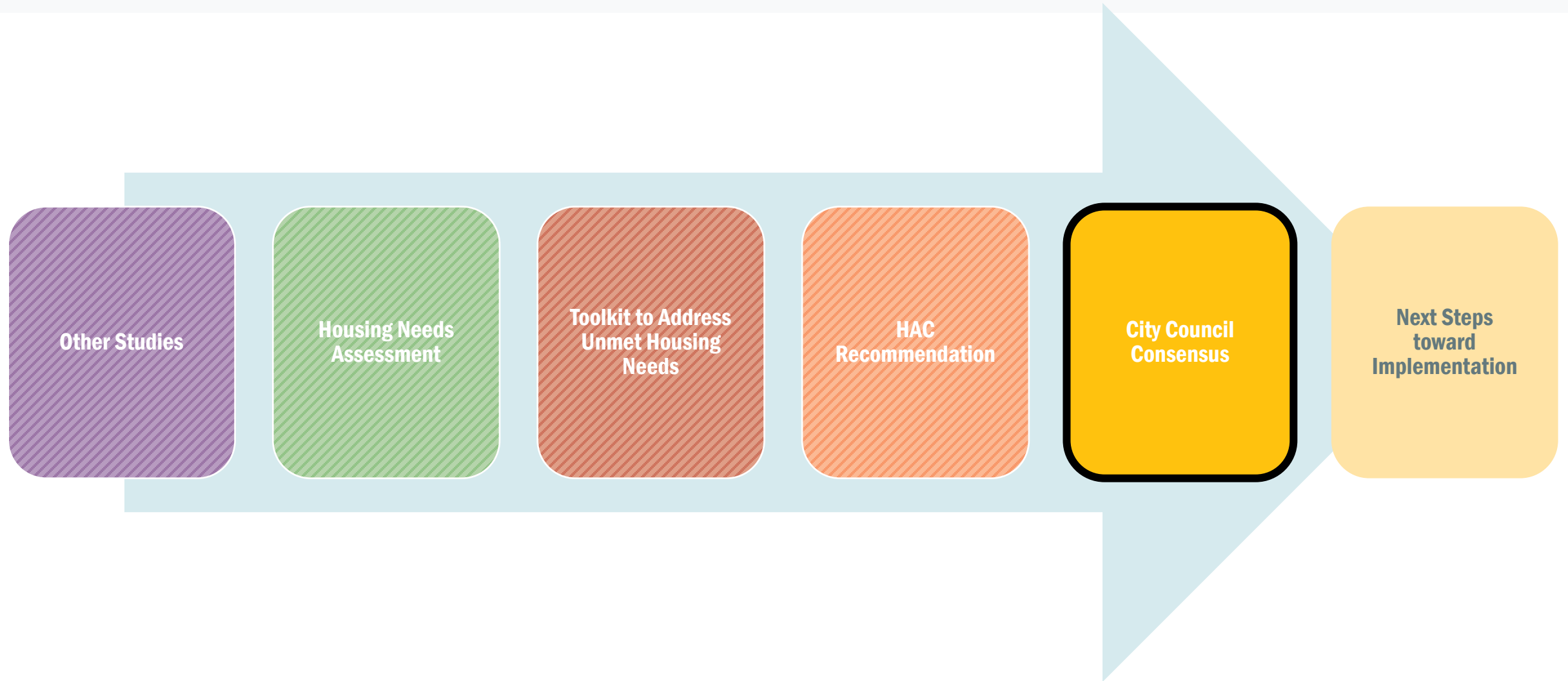
# TOOLKIT SELECTION PROCESS

## HAC selected from a toolkit of strategies to address Naperville's housing challenges

*Based on the Housing Needs Assessment, SB Friedman compiled a toolkit of programs, policies & strategies that have been effectively implemented in municipalities nearby & throughout the country to address Naperville's housing challenges.*



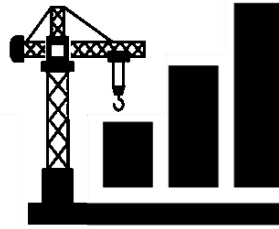
# ADDRESSING UNMET HOUSING NEEDS



# EIGHT HAC-RECOMMENDED STRATEGIES



**PRESERVE**  
EXISTING HOUSING



**DEVELOP**  
NEW HOUSING



**FINANCING/  
STAFFING  
INFRASTRUCTURE**  
TO ACHIEVE HOUSING GOALS



# PRESERVE EXISTING HOUSING

Assist the existing population & ensure they can live affordably in the City



## OVERVIEW

### NOAH PRESERVATION STRATEGY

- Develop strategies to preserve lower cost housing stock
  - Preservation overlay districts
  - Discourage demolitions

### REVOLVING REHAB LOAN FUND

- Provide loans to homeowners
  - Required maintenance
  - Accessibility modifications

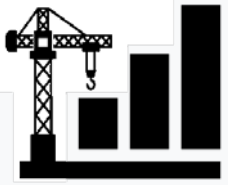
## NEXT STEPS

- Determine desired areas to preserve NOAH
- Evaluate options for preserving NOAH
  - Overlay districts
  - Higher demolition fees
  - Strategic acquisition
  - Working with owners of rental NOAH

- Identify organization or City department to administer program
- Identify funding source
- Determine eligibility criteria & fund requirements

# DEVELOP NEW HOUSING

Leverage existing resources to support the creation of new units



## OVERVIEW

### HOUSING DEVELOPER RELATIONSHIPS

- Connect with affordable housing developers, funders, & service providers

### PUBLIC LAND STRATEGY

- Provide City-owned land at a discount to incentivize desired housing results

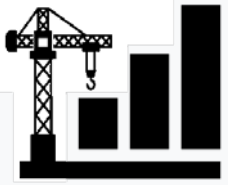
## NEXT STEPS

- Identify & meet with affordable housing organizations active in the area
- Produce communications materials
  - Naperville's housing needs
  - Available resources

- Identify available City-owned land
- Identify criteria for disposition
- Conduct outreach to potential housing developers
- Undertake Request for Developer Qualifications/Proposal process

# DEVELOP NEW HOUSING

Leverage private sector development to generate new affordable units



## OVERVIEW

### INCLUSIONARY ZONING ORDINANCE\*

- Links creation of affordable housing units to market-rate residential development
- Developers generally receive offsetting benefits (e.g., zoning changes)
- Inclusionary zoning policies can evolve over time

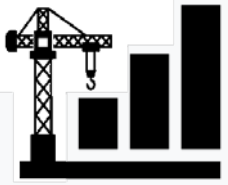
## NEXT STEPS

- Conduct outreach with potential housing developers
- Identify key policy parameters
  - Mandatory versus voluntary
  - Geographic criteria
  - Percent of affordable units
  - Income levels
- Evaluate financial feasibility of policy
- Decide whether a fee-in-lieu of developing the units will be allowed
  - If so, calibrate that fee
- Hire a consultant to write ordinance

\*Also recommended by Metropolitan Mayors Caucus (MMC), Chicago Metropolitan Agency for Planning (CMAP), & Metropolitan Planning Council (MPC)



# INCLUSIONARY ZONING – REGIONAL PRECEDENTS



MUNICIPALITY	HIGHLAND PARK	EVANSTON	ST. CHARLES	CRYSTAL LAKE	OAK PARK	ARLINGTON HEIGHTS	NAPERVILLE
ADOPTION YEAR	2001	2007	2008 (suspended 2013-2016)	2009	2019	2020	
AMENDMENTS	NA	2	2	0	0	0	
MANDATORY/VOLUNTARY	Mandatory	Mandatory	Mandatory	Voluntary	Mandatory	Mandatory	
FEE-IN-LIEU OPTION?	Yes	Yes	Yes	NA	Yes	Yes	
UNIT REQUIREMENTS	20%	10% (private projects) 20% (projects receiving public funds)	5% (1-15 unit development) 10% (15+ unit development)	NA	10%	5-7.5% (private projects, 10+ units) 10% (projects receiving public funds)	
STRUCTURE NOTES	Density bonus of one additional market-rate unit for each required affordable unit	If receive density bonus, at least 5% of units must be on site	Density bonus permitted when affordable units constructed on site	In exchange for density bonus	Only applies to some geographic areas (mainly near CTA train stops)	Ordinance also includes a tear-down fee; voluntary IZO 2004-2020.	
NEW AFFORDABLE UNITS FROM IZO	NA	36	75	0	0	50	
FEE-IN LIEU DOLLARS COLLECTED	NA	\$2.4 million	\$150,000	\$0	\$550,000 [1]	\$870,378	
MEDIAN HHI	\$147,962	\$77,848	\$96,197	\$87,221	\$91,945	\$90,835	\$118,187
MEDIAN HOME VALUE	\$575,800	\$380,600	\$291,900	\$219,200	\$374,500	\$350,000	\$410,800
PERCENT OF UNITS AFFORDABLE (2018)	9.3%	17.5%	17.1%	34.3%	22.6%	19.1%	7.5%

[1] Approved development, but developer has not yet paid the fee.

Source: 2018 Report on Statewide Local Government Affordability; American Community Survey 5-Year Estimates (2014-2018); Arlington Heights; Crystal Lake, Evanston; Highland Park; Naperville; Oak Park; St. Charles  
**Naperville Housing Needs Assessment**

# FINANCING/STAFFING INFRASTRUCTURE

Support the preservation & creation of housing units



## OVERVIEW

### HOUSING TRUST FUND\*

- Designated fund for affordable housing programs
- Funds can be generated from a variety of sources to support a range of housing programs & investments

### SPECIAL NEEDS HOUSING RESOURCES

- Connect populations with special needs to housing & program providers
- Aggregate information by special needs group

### HOUSING SPECIFIC STAFF OR PARTNER ORGANIZATION

- Dedicate/hire staff or develop partnerships to advance the community's housing goals
- Need for staff dependent upon programs

## NEXT STEPS

- Determine funding source & size of fund
- Identify eligibility criteria
- Consider administrative structure & mechanism to distribute funds

- Reach out to housing & program providers to identify resources available to each group
- Aggregate information
- Maintain relationships & provide regular updates

- Determine number of housing staff & departmental structure (i.e., within TED or new Housing Department)
- Identify funding source within City budget
- Engage nearby municipalities &/or DuPage County to gauge interest of establishing a shared organization to address housing needs

\*Also recommended by Metropolitan Mayors Caucus (MMC), Chicago Metropolitan Agency for Planning (CMAP), & Metropolitan Planning Council (MPC)  
Naperville Housing Needs Assessment

# NEXT STEPS



# NEXT STEPS TOWARD IMPLEMENTATION

- City staff is seeking direction from Council on which strategies to further advance
- Next steps vary by strategy but may include:
  - Outreach to involved parties
  - Define implementation tasks
  - Financial sensitivity testing
  - Fiscal impact of implementing strategy
- Many strategies will require formal City Council approval for implementation

# HAC RECOMMENDATIONS



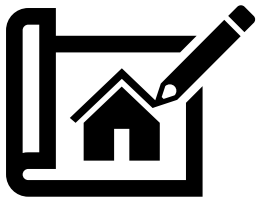
## **PRESERVE EXISTING HOUSING**

- 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



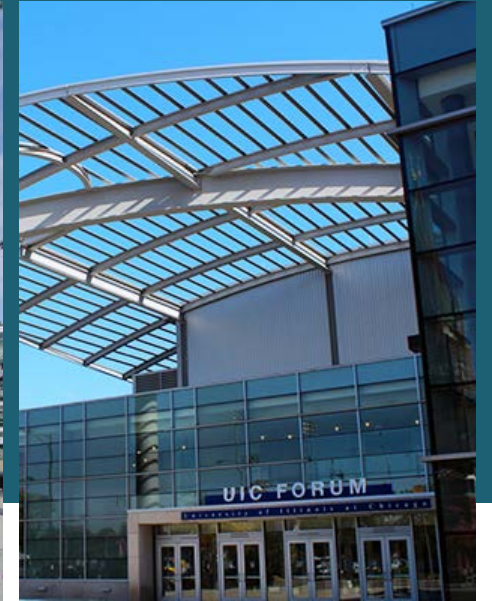
## **DEVELOP HOUSING**

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



## **FINANCING/STAFFING INFRASTRUCTURE**

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



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