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Title: Provide direction regarding a potential Affordable Housing Program

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Attachments: 1. Naperville_Affordable Housing Program 11-2 Council Presentation_FINAL 2021-10-21, 2. CC 6-21-21 Workshop Minutes - DRAFT

Date	Ver.	Action By	Action	Result
11/2/2021	1	City Council	directed staff	

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Provide direction regarding a potential Affordable Housing Program

DEPARTMENT: Transportation, Engineering and Development

SUBMITTED BY: Allison Laff, AICP, Deputy Director

BOARD/COMMISSION REVIEW:

Not required. If the City Council concurs with the recommended Affordable Housing Program, a draft ordinance will be prepared for review by the Human Rights and Fair Housing Commission (HRFHC) followed by a public hearing before the Planning and Zoning Commission (PZC). The final ordinance will then return to the City Council for review.

BACKGROUND:

June 2021 Workshop

The City Council held a workshop to discuss a potential Inclusionary Zoning Ordinance (IZO) for Naperville. During the workshop, SB Friedman (the City’s consultant) provided an overview of IZO ordinances in comparable cities nationwide, key program parameters, and the feedback that they had received through interviews with the development community.

At the conclusion of the workshop, there was City Council consensus to focus affordable housing efforts on voluntary measures to increase the number of affordable units which may include the use of incentives such as density bonuses. The Council noted that performance measures would need to be defined.

Staff indicated that further options would be developed based on Council direction received and that these options would be presented for further discussion through Council 2 x 2 meetings.

DISCUSSION:

Proposed Program Parameters

Based on feedback from the Council at the workshop, SB Friedman and Duncan Associates (subconsultant) conducted additional research regarding voluntary affordable housing programs nationwide, including typical program components and their effectiveness. Staff, SB Friedman, Duncan Associates, and the City Council reviewed the additional research in 2 x 2 meetings conducted in August/September 2021.

At this time, SB Friedman and Duncan Associates have prepared a proposed affordable housing program using the additional discussion and feedback gained from the City Council in August/September 2021. The proposed affordable housing program consists of:

1. A voluntary, opt-in program which will provide by-right density bonuses and regulatory incentives to qualifying rental or for-sale housing projects which include an affordable component.
2. Developers who target lower-income households and set aside more affordable units will be offered greater bonuses and more incentives.
3. Any development seeking additional incentives or regulatory relief beyond the program limits will be subject to review through the public hearing process.
4. Any participating development will be required to maintain the specified affordable units for a 30-year period.

An overview of the proposed program is attached and SB Friedman and Duncan Associates will provide a detailed overview of the program at the November 2, 2021 City Council meeting.

Action Requested at the November 2, 2021 City Council Meeting

Staff is seeking City Council direction regarding the proposed affordable housing program. If the Council concurs with the recommended program, SB Friedman will then test the financial impacts of the proposed program to confirm its viability and refine the menu of incentives, as needed.

SB Friedman will additionally discuss the proposed program with developers to gain their feedback before Duncan Associates drafts an ordinance for review by HRFHC. Following that, the draft ordinance will be presented at a public hearing before the PZC and then presented to the City Council for a final vote.

FISCAL IMPACT:

The City awarded Procurement 21-054, Inclusionary Zoning Ordinance Advisory Services, to SB Friedman for an amount not to exceed \$40,000. If City Council concurs with the recommended program, additional funds will be required to prepare a corresponding amendment to the Naperville Municipal Code (future agenda item).