



Legislation Text

File #: 21-0144, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Waive the applicable provisions of the Naperville Procurement Code and award Procurement 21-054, Inclusionary Zoning Ordinance Advisory Services, to SB Friedman for an amount not to exceed \$40,000 (requires 6 positive votes)

DEPARTMENT: Transportation, Engineering and Development

SUBMITTED BY: William J. Novack, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

In May 2019, the City Manager awarded RFP 19-094, Housing Needs Assessment- Affordable Housing Plan, to SB Friedman in order to analyze the City's housing market and project short- and long-term housing needs. The final plan entitled "Addressing Unmet Housing Needs" was received by the City Council in September 2020.

The findings were used as the basis for developing a menu of policy options to address identified housing challenges and capitalize on opportunities to create diverse housing options at various price points. One of the key recommendations included in the plan was the development of an Inclusionary Zoning Ordinance (IZO) that would link the creation of affordable housing units to market-rate residential development.

In January 2021, the City Council directed staff to begin work on an IZO. Staff noted that a consultant would be sought to undertake this project. Funds for this work were included in the Transportation, Engineering, and Development (TED) Business Group 2021 budget.

DISCUSSION:

Approval of the award for Procurement 21-054 requires a Waiver of Section 1-9B-4 (Methods of Source Selection) of the Naperville Procurement Code because the recommended process is not one of the enumerated methods under the Code.

Staff is recommending that the City contract with SB Friedman to undertake the following efforts regarding the research and creation of an IZO:

1. Evaluate IZOs that have been successfully implemented in similar development contexts;
2. Develop a menu of IZO options regarding target income levels, percent of affordable units, fee-in-lieu options, definition of affordability/income thresholds, off-setting benefits for developers,

- etc. and test these options from a financial impact perspective;
3. Lead the City Council through a workshop to explore the various options and, upon consensus amongst the City Council, outline the key IZO parameters;
 4. Lead a public process to collect feedback from the community and key stakeholders;
 5. Revise the IZO parameters based on community feedback;
 6. Present the revised policy parameters to the City Council and, upon consensus, draft the IZO; and
 7. Present the draft IZO to the Housing Advisory Commission (“HAC”), Planning and Zoning Commission (“PZC”), and City Council for review and recommendation.

Staff finds that SB Friedman is uniquely qualified to undertake the IZO project based on the research and data collection that they previously completed in conjunction with the “Addressing Unmet Housing Needs” plan. Through their prior work, SB Friedman has established an extensive understanding of Naperville’s housing market and economic conditions, which should permit the IZO project to move forward in a more expeditious and cost-effective manner (as compared to a consultant who has no such prior knowledge).

In addition, SB Friedman uses a pro-forma financial model which is designed to test the impacts of various IZO and fee-in-lieu parameters on a prototypical market-rate multi-family project. Staff believes that this information will be responsive to concerns which have been expressed to date from the City Council regarding the need to ensure that an IZO will not deter residential building and development from continuing to occur in Naperville.

Once the City Council reaches consensus on the IZO components, SB Friedman will sub-contract with Duncan Associates, a firm which provides local government consultant services with a primary focus in writing zoning and development regulations as well as completing impact fee studies, to draft the IZO ordinance. This item is included as a task within the requested award.

FISCAL IMPACT:

Inclusionary Zoning Ordinance Advisory Services are budgeted to the Other Professional Services account listed below. A total of \$25,000 was budgeted for this expense in 2021, with the remaining \$15,000 being covered by developer contributions towards affordable housing efforts. The requested award is within the budgeted amount for this expense.

| Account Number | Fund Description | Total Budget Amount |
|-----------------|------------------|---------------------|
| 30271100-531309 | General Fund | \$135,000 |