



## Legislation Details (With Text)

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**Title:** Option 1: Approve the proposed Affordable Housing Work Plan for priority Action Items 3 and 6, direct staff to begin work on an Inclusionary Zoning Ordinance (IZO), and delay work on Action Items 1 and 2 until after completion of the IZO

Option 2: Approve the proposed Affordable Housing Work Plan for priority Action Items 1, 2, 3 and 6 and do not direct staff to begin work on an Inclusionary Zoning Ordinance (IZO)

### Sponsors:

### Indexes:

### Code sections:

**Attachments:** 1. HAC Recommendations and Proposed Affordable Housing Work Plan

Date	Ver.	Action By	Action	Result
1/5/2021	1	City Council	approved	Pass

## CITY COUNCIL AGENDA ITEM

### ACTION REQUESTED:

Option 1: Approve the proposed Affordable Housing Work Plan for priority Action Items 3 and 6, direct staff to begin work on an Inclusionary Zoning Ordinance (IZO), and delay work on Action Items 1 and 2 until after completion of the IZO

Option 2: Approve the proposed Affordable Housing Work Plan for priority Action Items 1, 2, 3 and 6 and do not direct staff to begin work on an Inclusionary Zoning Ordinance (IZO)

**DEPARTMENT:** City Clerk's Office

**SUBMITTED BY:** Ruth Broder, AICP, Community Grants Coordinator and Allison Laff, AICP, TED-Deputy Director

### BOARD/COMMISSION REVIEW:

In July 2020 the Housing Advisory Commission (HAC) completed its review of the Housing Needs Assessment/Affordable Housing Toolkit. Eight action steps were recommended for review by the City Council at its August 4, 2020 meeting. This item was originally scheduled for the December 1, 2020 City Council meeting but was continued to January 5, 2021 due to the large number of items on the agenda.

### BACKGROUND:

The Housing and Community Development Act of 1974 requires all communities receiving Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD) to certify that they will affirmatively further fair housing. To meet this

obligation, municipalities must periodically conduct an Analysis of Impediments to Fair Housing Choice (AI) study. Naperville's most recent AI was completed and submitted to the City Council in May 2017.

The AI report, prepared by a consultant with extensive background in fair housing, identified four major impediments to fair housing choice, including an inadequate supply of affordable housing. The report stated that,

“A lack of affordable housing, particularly housing that is accessible, is the biggest impediment to fair housing choice in the City.”

The AI further stated that,

“High housing costs are not a direct form of housing discrimination, but a lack of affordable housing does constrain housing choice. Residents may be limited to a smaller selection of communities or neighborhoods because of a lack of affordable housing in other areas. When the cost of quality housing units is high, low-income and marginalized segments of the population are disproportionately more likely to become cost-burdened.”

In response to these findings, the AI Fair Housing Action Plan included Action Item 3A which states:

“Prepare an Affordable Housing Plan to determine the degree to which affordable housing demand exceeds current housing supply; implement any recommendations as supplemental initiatives to the AI Fair Housing Action Plan.”

The HAC was identified as the body responsible for overseeing the implementation of the AI Fair Housing Action Plan and conducted fair housing training for City staff, commissioners, and elected officials. This plan formed the basis for the Housing Needs Assessment/Affordable Housing Plan that was developed from September 2019 - March 2020 by consultant S.B. Friedman.

In July 2020, the HAC completed its review of the plan's action steps and voted to recommend the following eight Action Items to the City Council:

1. Develop a working relationship with affordable housing developers;
2. Develop a strategy to leverage publicly owned land to address housing challenges;
3. Develop a specific plan to preserve Naturally Occurring Affordable Housing (NOAH);
4. Establish additional resources to assist populations with special housing needs;
5. Create housing specific staff positions within the City;
6. Establish a Revolving Rehabilitation Loan Fund specifically targeted towards low income seniors who currently own in Naperville so that they can make the necessary repairs to their home and age in place;
7. Establish a Housing Trust Fund specifically targeted towards helping veterans, seniors, the population with special housing needs, and first responders including nurses, police, and fire in purchasing a home; and
8. Implement an Inclusionary Zoning Ordinance (IZO)

On August 4, 2020 the City Council directed staff to schedule a workshop to review the recommendations.

At the September 29, 2020 workshop, the City Council directed staff to begin implementing the following recommendations:

1. Develop a working relationship with affordable housing developers,
2. Develop a strategy to leverage publicly owned land to address housing challenges, and
3. Develop a specific plan to preserve naturally occurring affordable housing (NOAH).

The Council further directed staff to research potential processes and solicit input from stakeholders regarding the Inclusionary Zoning Ordinance (#8) and remaining recommendations (#'s 4, 5, 6, and 7).

## **DISCUSSION:**

A brief summary of each Action Item is discussed below, and more details are included in the attached tables. It should be noted that timelines for all Action Items may be impacted by status of the COVID-19 pandemic and associated restrictions.

### **#1 Develop a working relationship with affordable housing developers**

Staff from the Transportation, Engineering, and Development (TED) Business Group, in collaboration with the Naperville Development Partnership (NDP), will lead this Action Item. Tasks will include, but not be limited to, determining which parcels would be appropriate for affordable housing developments, meeting with affordable housing developers to provide feedback on sites, and connecting affordable housing developers and applicable private property owners. Staff estimates the criteria can be developed by May 2021 while maintaining relationships with developers and property owners will be ongoing.

### **#2 Develop a strategy to leverage publicly owned land to address housing challenges**

Staff from the TED will lead this Action Item. Tasks will include, but not be limited to, compiling a list of publicly owned land, determining existing zoning and future land use of these parcels, and evaluating which parcels meet the affordable housing criteria created through Action Item #1. Staff estimates completion of this Action Item by May 2021.

### **#3 Develop a specific plan to preserve Naturally Occurring Affordable Housing (NOAH)**

The Chicago Metropolitan Agency for Planning (CMAP) previously partnered with the City in 2019 for the HOMES Technical Assistance Project. Since its completion, CMAP has contacted staff and requested to collaborate again on another pro bono project if one was available. CMAP has agreed to partner with the City Clerk's Office and lead this initiative. Estimated completion date will be in 2021, however anything more specific will be determined by CMAP staff.

### **#6 Establish a Revolving Rehabilitation Loan Fund specifically targeted towards low income seniors**

Current City staff does not have expertise in this area. As such, the City Clerk's Office will investigate processes and research organizations that may qualify as a CDBG sub-recipient and administer this program on the City's behalf. An RFP for a sub-recipient can be issued in second quarter 2021.

### **#4 Establish additional resources to assist populations with special housing needs**

### **#5 Create housing specific staff positions within the City**

### **#7 Establish a Housing Trust Fund**

### **#8 Inclusionary Zoning Ordinance**

Staff views these recommendations as interrelated, culminating in the Inclusionary Zoning Ordinance (IZO), and will discuss all four as one Action Item.

While City staff did not receive direction from the Council to begin work on an Inclusionary Zoning Ordinance (IZO) at the September 29, 2020 workshop, the City Council approved the inclusion of \$25,000 in the 2021 budget to hire a consultant to begin work on the IZO. Staff is seeking formal Council direction on January 5, 2021 as to whether work on the IZO should be initiated. It should be noted that, due to workload constraints, if Council concurs that work on the IZO should begin, staff will not pursue Action Item 1 or Action Item 2 as described in the proposed work plan, until work on the IZO has concluded.

For reference, if Council directs staff to begin work on the IZO, the first steps will be for staff to hire a consultant. Once hired, the consultant will be asked to provide Council with an overview of IZO options for Council feedback. These options will include considerations such as whether a fee-in-lieu will be accepted for units not built within a development, how “affordable” will be defined in Naperville’s ordinance, and whether density bonuses will be granted for units constructed on-site. Council direction on the available options will help formulate the major business terms of a proposed IZO ordinance. The proposed major business terms will then be presented to interested parties (Chamber of Commerce, housing advocates, developers, etc.) for feedback. Following this feedback, staff will seek formal direction from the City Council in regard to proceeding with the full drafting of an IZO ordinance for review through the public process.

**FISCAL IMPACT:**

Consultant fee of \$25,000 for the development of an IZO approved in the TED CY21 budget