

MEMORANDUM



VILLAGE OF DEERFIELD

TO: Plan Commission
FROM: Andrew Lichterman, Assistant Village Manager/Director of Community Development, Jeff Ryckaert, Principal Planner and Dan Nakahara, Planner
DATE: February 5, 2021
RE: Inclusionary Housing Ordinance Discussion

The Plan Commission is continuing the discussion of an inclusionary housing ordinance for the Village. To aid in this discussion, staff has provided a worksheet to summarize the October 22, 2020 meeting with areas where consensus was reached as well as areas that need further discussion.

At the October 22, 2020 meeting, consensus was reached on the following threshold of affordable units that would need to be provided in a residential development:

- 1-10 unit development = no affordable units
- 11 – 29 unit development = 1 affordable unit
- 30- 49 unit development = 5% of units affordable
- 50+ unit development = 10% of units affordable.

At the meeting, it was noted that under this threshold, if a developer were to build 49-unit development, they would need to provide 5% of the units to be affordable or 2.45 affordable units. If the same developer were to build a 50-unit development, that developer would have to provide 10% affordable units or 5 affordable units. The increase of 1 unit from a 49-unit development to a 50-unit development could have unintended consequences. Staff further discussed this observation and suggests a modification to the threshold of affordable units that would need to be provided in a residential development. The following charts compares both thresholds.

| Plan Commission Consensus | Proposed Modification |
|---|--|
| Development = Affordable Units | Development = Affordable Units |
| 1-10 unit development = no affordable units | 1-10 unit development = no affordable units |
| 11-20 unit development = 1 affordable unit | 11-30 unit development = 1 affordable unit |
| 30-49 unit development = 5% | 31-40 unit development = 2 affordable units |
| 50+ unit development = 10 % | 41-49 unit development = 3 affordable units |
| | 50+ unit development = 10% (5+ affordable units) |

Fractions up to 0.49 would be rounded down and fractions at 0.5 and above would be round up.



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Inclusionary Housing Ordinance Worksheet

Part 1: Defining the Need

1. Primary reason for adopting an inclusionary housing ordinance in Deerfield

- Affordable housing needs
- Socioeconomic integration
- Workforce Retention and Attraction

Reached Consensus

There is a need to adopt inclusionary housing ordinance to address lack of housing for low and moderate-income households. Proceeding with an ordinance brings consistency and equitable application in a uniform manner to residential development in the Village.

Part 2: Program Structure

1. Type of Program

- Mandatory

2. Type of Development

- Ownership
- Rental

3. Project Threshold Size*

- 11-29 Unit Project = 1 Affordable Unit
- 30-49 Unit Project = 5% Affordable Units
- 50+ Unit Project = 10% Affordable Units

*See proposed modification in Staff memo.

Reached Consensus

Mandatory ordinance requiring developers to provide specified number/ percentage of affordable units in all new development covered by ordinance.

Both types of development are included in the ordinance.

Also known as the “trigger,” this is the minimum size project that is covered by the ordinance for rental and ownership types. The affordable units within an otherwise market-rate development must be affordable to households earning at or below a defined income level.

Part 3: Detailed Ordinance Changes

1. Affordability Thresholds for Rental Units

- 0-49 Unit Project = 120% AMI
- 50+ Unit Project = 1/2 units at 100% AMI and 1/2 units at 120% AMI

2. Affordability Threshold for Ownership Units

- All units at 120% AMI

3. Priority Eligibility Requirements

- Work in private or public corporation within the Village limits
- Lives in Village

Reached Consensus

An affordable unit is an owner-occupied or rental unit that is available to households with incomes that do not exceed a percentage of the Chicago-Joliet-Naperville, IL HUD Metro Fair Market Rate Area Median Income (AMI), as established and defined in the annual schedule published by HUD, and adjusted for household size. The ordinance determines the affordability as a percentage of Area Median Income (AMI).

Priority to people who work OR live in the Village limits. No priority given to age. This is for the initial waitlist. Once a person is in an affordable unit, they may stay as long as their income qualifies.



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Inclusionary Housing Ordinance Worksheet

Part 3: Detailed Ordinance Changes

Needs Discussion

4. Application of Structure Type in Development

- Attached
- Detached

Should ordinance apply to detached, attached or both structure types in all new development?

5. Duration of Affordability Requirements

- In-Perpetuity
- _____ Years

This is the period during which inclusionary units must be maintained as affordable through deed restrictions or affordability covenants.

6. Application of Affordable Units in Development

- Flexibility
- Equal Application Among All Housing Types

Ordinance can define how the affordable units are provided within a development. The ordinance can define that affordable units are provided equally to all housing types in a development or there could be flexibility to allow the developer to decide which units will be affordable among housing types.

7. Design Standards

- Exact Comparability
- Flexibility
- Different Standards Market and Affordable Units

Many communities require units be indistinguishable between market-rate units and inclusionary units. Other communities have found it practical to allow some flexibility, particularly in cases where luxury unit finishes would result in extraordinary spending on inclusionary units that could be better leveraged in other ways.

Part 4: Incentives

Needs Discussion

Select as Appropriate

- Density Bonus Increase (DU/ACRE)
- Parking Ratio Reduction
- Expedited Processing
- Fee Reduction/Waiver

A commonly used incentive is a density bonus to allow developers to build additional market-rate units to offset the reduced revenues from inclusionary units. Density bonuses are typically given as an increase in allowed dwelling units per acre (DU/A).

Part 5: Compliance Alternatives (YES or NO)

Needs Discussion

- In-Lieu Fees

Off-Site Performance

- Partnership with Nonprofits
- Land Dedication

For practical and legal reasons, many communities allow developers to pay fees in-lieu of building inclusionary units on-site. These in-lieu fees can be leveraged by local jurisdictions and nonprofit developers to build affordable housing. Off-site performance is another alternative where developers arrange for units to be built off-site, typically by either partnering with another developer by dedicating or donating land.