

MEMORANDUM

TO: Plan Commission

FROM: Andrew Lichterman, Assistant Village Manager/Director of Community Development, Jeff Ryckaert, Principal Planner and Dan Nakahara, Planner

DATE: March 5, 2021

RE: Inclusionary Housing Ordinance Discussion



The Plan Commission is continuing the discussion of an inclusionary housing ordinance for the Village. Staff is providing an updated worksheet, which summarizes previous three workshop meeting discussions with areas where consensus was reached as well as areas that need further discussion.

At the February 11, 2021 Plan Commission meeting, the Plan Commission discussed reviewing examples of text that would best convey their intent as to design standards (Part 3, #7 in the attached worksheet) and incentives (Part 4 of attached worksheet). Staff has reviewed inclusionary zoning ordinances from Northbrook, Highland Park and Lake Forest regarding these topics. Staff is providing their recommendation on what best represent the Plan Commission's discussions.

Design Standards (Part 3, Number 7 of Worksheet)

The Plan Commission would like the exterior of the affordable units to be indistinguishable but would allow some flexibility of the unit interior with language that is reasonable and well defined. The following language is proposed:

Exterior Appearance. The exterior appearance of the affordable housing units in any covered development shall be visually compatible with the market rate units in the development. External building materials and finishes shall be substantially the same in type and quality for affordable housing units as for market rate units.

Interior Appearance and Finishes. Affordable housing units may differ from market rate units with regard to interior finishes, provided that:

1. The bedroom mix of affordable units shall be in equal proportion to the bedroom mix of the market rate units.
2. The differences between the affordable housing units and the market rate units shall not include improvements related to energy efficiency, including mechanical equipment and plumbing, insulation, windows, and heating and cooling systems.

Size of Units. Affordable housing unit size must be generally representative of and correspond to the size of the market rate housing units within the governed development.

Incentives (Part 4 of Worksheet)

The Plan Commission is in favor of density bonus increases, parking ratio reductions, expedited processing and fee reduction incentives. The Plan Commission would like clear language on these incentives. In the explanation, a density bonus would be allowed by right and all other incentives would be eligible to the developer. The Plan Commission may recommend and the Village Board may approve eligible incentives, but they are not a given except for the density bonus. Staff is recommending standards for approving eligible incentives. The following language is proposed:

Density Bonus. Any governed development providing affordable housing units **shall** be entitled to an increase in the permitted residential density equal to one additional dwelling unit above that otherwise established by the zoning district in which the development is located for each affordable housing unit provided on-site. The affordable housing compliance plan for the governed development must include a narrative describing how the design and orientation, as well as the increased density of the governed development will be compatible with the surrounding land use character, particularly with any surrounding residential parcels. The developer's narrative must address building size and massing, site layout and design, architectural characteristics, and landscaping, as well as any other aspects of development that the developer deems appropriate.

Eligible Incentives

Reduced Off-street Parking Minimums. In considering a proposed governed development with affordable housing units, the Plan Commission **may** recommend and the Board of Trustees **may** approve a reduction in the otherwise applicable off-street parking minimums for the affordable housing units. In considering the merits of such a reduction, the Village shall consider the availability of alternative means of transportation, including mass transit and bicycle facilities in the vicinity of the governed development and any unique transportation needs of the expected residents.

Fee Waivers and Reductions. Any governed development providing the minimum number of affordable housing units pursuant to this Part shall be eligible for a partial waiver of all of the otherwise applicable application fees, building permit fees, plan review fees, inspection fees, demolition permit fees, impact fees and such other development fees and costs which may be imposed by the Village, applicable to the portion of the governed development that will consist of affordable housing units, up to a maximum of 15% of all applicable fees. In no event shall the fee waiver be applied to any third-party legal, engineering, and other consulting or administrative fees, costs, and expenses incurred or accrued by the Village in connection with

the review and processing of plans for the governed development. The waiver and discount of fees and costs under this Section shall be calculated as the percentage of units within the governed development that are affordable housing units. All applicable fees and costs under this Code shall apply to all market rate units.

Standards for Approving Eligible Incentives. The Village Board, in determining whether the eligible incentives set forth in this Section should be available for a governed development, shall consider the following:

1. Whether the incentives will result in conditions detrimental to the public's health, safety, or welfare; and,
2. Whether the granting of the incentives will be consistent with the intent and purpose of this Section and the Deerfield Comprehensive Plan.



VILLAGE OF DEERFIELD

Inclusionary Housing Ordinance Worksheet

Part 1: Defining the Need

Reached Consensus

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

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

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

Reached Consensus

1. Type of Program

- Mandatory

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

2. Type of Development

- Ownership and Rental

Both types of development are included in the ordinance.

3. Excluded Development

- A non-residential development
- Assisted living facilities
- Nursing facilities

Excludes certain types of residential housing not covered by the ordinance

4. Project Threshold Size—Attached

- 11-30 Unit Project = 1 Affordable Unit
- 31-40 Unit Project = 2 Affordable Units
- 41-50 Unit Project = 3 Affordable Units
- 51+ Unit Project = 10% Affordable Units

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.

5. Project Threshold Size—Detached

- 0-30 Unit Project = 0 Affordable Unit
- 31-40 Unit Project = 2 Affordable Units
- 41-50 Unit Project = 3 Affordable Units
- 51+ Unit Project = 10% Affordable Units

Fractions up to .49 would be rounded down and fractions at .5 and above would be rounded up.

Part 3: Detailed Ordinance Changes

Reached Consensus

1. Affordability Thresholds for Rental Units

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

An affordable unit is an owner-occupied or rental unit 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



VILLAGE OF DEERFIELD

Inclusionary Housing Ordinance Worksheet

Part 3: Detailed Ordinance Changes

Reached Consensus

2. Affordability Threshold for Ownership Units

- All units at 120% AMI

(cont) affordability as a percentage of Area Median Income (AMI).

3. Priority Eligibility Requirements

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

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

4. Application of Structure Type in Development

- Attached and Detached

Ordinance applies to both detached and attached structure types in a covered development.

5. Duration of Affordability Requirements

- In-Perpetuity

Inclusionary units must be maintained as affordable through deed restrictions or affordability covenants in perpetuity.

6. Application of Affordable Units in Development

- Equal Application Among All Housing Types

Ordinance defines that affordable units are provided in equal proportion to all housing types in a covered development .

Part 3: Detailed Ordinance Changes

Needs Discussion

7. Design Standards

- Flexibility

The Plan Commission would like the exterior of the affordable units to be indistinguishable but chose flexibility of the unit interior with language that is reasonable and well defined.

Part 4: Incentives

Needs Discussion

Select as Appropriate

- Density Bonus Increase
- Parking Ratio Reduction
- Expedited Processing
- Fee Reduction/Waiver

The Plan Commission is in favor of density bonus increases, parking ratio reductions, expedited processing and fee reduction incentives. The Plan Commission would like clear language on these incentives.

Part 5: Compliance Alternatives

Reached Consensus

- In-Lieu Fees—No

Off-Site Alternatives

- Partnership with Nonprofits—No
- Land Dedication—No

The ordinance does not allow developers to pay fees in-lieu of building affordable units on-site. The ordinance also does not offer off-site construction of affordable units as another alternative where developers arrange for units to be built off-site, typically by either partnering with a nonprofit or by dedicating or donating land.