

REQUEST FOR BOARD ACTION

21-66

Agenda Item: _____

Subject: Consideration and Action on the Report and Recommendation of the Plan Commission to Adopt
Text Amendments to the Zoning Ordinance for an Inclusionary Affordable Housing Ordinance

Action Requested: Approval of Recommendation

Plan Commission

Originated By: _____

Mayor and Village Board of Trustees

Referred To: _____

Summary of Background and Reason for Request

At the July 20, 2020 Board of Trustees meeting, the Board discussed the issue of affordable housing and voted in favor of referring an inclusionary zoning ordinance to the Plan Commission for further study and consideration. The Board directed the Plan Commission to discuss the appropriate scale for when an affordable housing unit would be triggered and the related policy tools and implications. The Plan Commission discussed an inclusionary zoning ordinance, at four workshop meetings (September 10, 2020, October 22, 2020, February 11, 2021, March 11, 2021) and strived to find the correct balance to promote affordable housing without stifling development in the Village. The Plan Commission held a Public Hearing on May 13, 2021, regarding an inclusionary zoning ordinance and reached consensus on the framework for an inclusionary affordable housing ordinance.

Affordable housing and the creation of an inclusionary affordable housing ordinance is a complex topic with many decision points and policy implications. For that reason, staff has prepared the enclosed Inclusionary Housing Ordinance Worksheet (“Worksheet”) to help facilitate discussion. The Worksheet is broken down into five parts and summarizes the key policy decisions and areas of consensus reached by the Plan Commission during the Public Hearing. The Worksheet will be the main tool used to facilitate discussion with the Village Board and once finalized it will be used as a framework to draft an inclusionary zoning ordinance. Consideration should be given to holding a discussion on this affordable housing ordinance framework in a Committee of the Whole meeting.

Reports and Documents Attached:

- Recommendation
- Inclusionary Housing Ordinance Worksheet
- Questions and Responses from Plan Commission Meetings
- Public Hearing Minutes 5/13/21
- Workshop Minutes 3/11/21, 2/11/21, 10/22/20, 09/10/20

June 7, 2021

Date Referred to Board: _____

Action Taken: _____

RECOMMENDATION

TO: Mayor and Board of Trustees
FROM: Plan Commission
DATE: May 13, 2021
RE: Inclusionary Affordable Housing Ordinance



Application History

Workshop Meeting Dates:

- September 10, 2020
- October 22, 2020
- February 11, 2021
- March 11, 2021

Public Hearing:

- Publication Date: April 22, 2021
- Planning Commission Public Hearing Date: May 13, 2021

Zoning Actions

The Deerfield Plan Commission is conducting a Public Hearing to consider the following zoning actions:

1. Text Amendments to the Zoning Ordinance to address affordable housing through an Inclusionary Affordable Housing Ordinance.

We transmit for your consideration a recommendation adopted by the Plan Commission of the Village of Deerfield on the request for approval of a Text Amendment to the Deerfield Zoning Ordinance. The Plan Commission held a public hearing on May 13, 2021. At that public hearing, testimony and documentary evidence in support of the request was presented. A copy of the public hearing and workshop minutes are attached. In support of its request, the Plan Commission makes the following findings of fact and conclusions:

FINDINGS OF FACT

Background

At the January 27, 2020 Committee of the Whole (COW) meeting, the Village Board discussed the possibility of an inclusionary affordable housing ordinance that would mandate affordable housing units be provided in new developments over a particular size. At that time, the Board directed staff to prepare a report discussing the appropriate scale for when an affordable housing unit would be triggered and the related policy tools and implications.

Subsequently, at the July 20, 2020 Board of Trustees meeting, the Board again discussed the issue of affordable housing and voted in favor of referring an inclusionary zoning ordinance to the Plan Commission for further study and consideration.

Process and Policy Considerations

The Plan Commission discussed the issue of affordable housing; specifically, an inclusionary zoning ordinance, at four workshop meetings (September 10, 2020, October 22, 2020, February 11, 2021, March 11, 2021) and held a Public Hearing on May 13, 2021. During these meetings the Plan Commission strived to find the correct balance to promote affordable housing without stifling development. Notably, this balance is reflected in the policy recommendation that allows for a relatively higher Area Median Income (AMI) thresholds but precludes the ability for developers to pay fees in-lieu or offer off-site developments or donations.

Inclusionary Housing Ordinance Worksheet

Affordable housing and the creation of an inclusionary affordable housing ordinance is a complex topic with many decision points and policy implications. For that reason, staff has prepared the enclosed Inclusionary Housing Ordinance Worksheet (“**Worksheet**”) to help facilitate discussion. The Worksheet is broken down into five parts and summarizes the key policy decisions and areas of consensus reached by the Plan Commission during the Public Hearing. The Worksheet will be the main tool used to facilitate discussion with the Village Board and once finalized it will be used as a framework to draft an inclusionary zoning ordinance.

Additional References

Also enclosed are the staff report dated July 13, 2020, which captures the intent of the Board regarding affordable housing, as discussed on previous occasions, as well as a list of questions and answers that were discussed at previous Plan Commission workshop meetings.

Comprehensive Plan

Included below are the relevant sections of the Village's Comprehensive Plan related to affordable housing.

3.3 HOUSING

The purpose of this element of Deerfield's Comprehensive Plan is to document the present and future housing needs within the Village of Deerfield, including affordable and special needs housing. The condition of the local housing stock has been considered in developing the strategies, programs, and other actions to address Deerfield's housing needs, and provide current and future residents with a range of housing options.

AFFORDABLE HOUSING

Given the full development of the Village and the derogation of local land use planning and zoning powers provided by the Affordable Housing Planning and Appeal Act, 310 ILCS 67/1, *et seq.* (the "Act"), it is determined that compliance with the Act is impractical and not in the best interests of the Village; therefore, pursuant to its home rule powers, the Affordable Housing Planning and Appeal Act, 310 ILCS 67/1, *et seq.*, will not apply within the Village of Deerfield and shall be superseded within the Village by the Zoning Ordinance and Comprehensive Plan of the Village of Deerfield.

The Village recognizes the need for affordable housing within the Village and the region in which the Village is located and will give due consideration to those needs and to the opportunity to accommodate new affordable housing options within the Village when opportunities are presented to develop or redevelop significant parcels for residential uses in the Village of Deerfield. The enforcement of federal and state fair housing laws shall be and remain a priority for the Village.

Goal: *Maintain the variety of the existing housing stock and supplement it in suitable locations with safe, well-constructed housing of a density*, scale* and character compatible with adjacent housing.*

Objectives	Policies
<p>Help maintain the desirability of Village neighborhoods.</p>	<p>Encourage maintenance of the existing housing stock.</p> <p>Endeavor to increase the variety in the housing stock, so that there will be types and prices of housing to satisfy the needs and preferences of a wider variety of residents, while maintaining the single-family dwelling as the basic form of housing unit in the Village.</p> <p>Protect residential areas from incompatible uses through effective land use controls, proper screening and buffering.</p> <p>Maintain streets, parkway trees, sidewalks, street lighting and other community facilities in good condition.</p> <p>Encourage good architectural and site design, individuality and character in new housing.</p>

* - Term defined in the Glossary.

Lastly, for background purposes, previous discussions of affordable housing not mentioned in this memo can be found on the Village’s website- [Click here for a direct link](#). Some of the discussions in the past focused on workforce housing. For our purposes, workforce housing has been defined as affordable housing for middle-income people who will fill jobs in fields as diverse as teaching, law enforcement and health care, especially at entry-level salaries. Workforce

housing helps people live near their workplaces so they enjoy reduced commuting times and transportation costs. Workforce housing may help local employers attract and retain the people who maintain the health of the business sector, keep the community safe, and who teach at local schools. Providing adequate affordable housing for people so they do not have to expend huge portions of their income on housing, or spend hours commuting to their jobs is a challenge facing many communities across the United States.

CONCLUSIONS

During four workshop meetings beginning in the fall of 2020 and concluding in March of 2021, the Plan Commission discussed the framework for an inclusionary affordable housing ordinance in detail and strived to find the correct balance to promote affordable housing without stifling development. The Plan Commission is proposing framework which would provide the components of an inclusionary affordable housing ordinance. If the Board were to approve an inclusionary affordable housing ordinance, the ordinance would mandate affordable housing in certain residential development in the Village.

The Plan Commission held a public hearing on May 13, 2021 on the proposed framework for an inclusionary zoning ordinance. The Plan Commission discussed and reached consensus at the public hearing on the framework for an inclusionary affordable housing ordinance.

The Plan Commission is in favor of adopting Text Amendments to the Deerfield Zoning Ordinance for an inclusionary affordable housing ordinance. The Plan Commission considered the components that would be most appropriate for the framework of an inclusionary zoning ordinance and they find that an inclusionary affordable housing ordinance is in the public interest. The components of the affordable housing ordinance are contained in the Worksheet which was very useful in the Plan Commission discussions and deliberations as it summarizes the main points of their discussions. The Plan Commission finds that there is a need to adopt an inclusionary housing ordinance to address the need for more housing for low and moderate-income households and finds that proceeding with an ordinance brings consistency and equitable application in a uniform manner to residential development in the Village. The Plan Commission feels that an

inclusionary affordable housing ordinance will achieving the policy objective of providing housing diversity and variety in the Village.

The Plan Commission finds that priority eligibility of affordable units should be given to people who work or live in the Village limits. The Plan Commission discussed the priority eligibility of the affordable units and feel that providing a priority to families that work in the community ensures that they can also live in the community, which is key objective associated with affordable housing initiatives.

The Plan Commission finds that adopting these Text Amendments are in the public interest because it addresses the present and future housing needs within the Village of Deerfield for affordable housing and is aligned with the Village's Comprehensive Plan. The Plan Commission finds that by adopting the Text Amendments, it will develop a housing strategy to address Deerfield's housing needs and provide a range of housing options within the Village. The Plan Commission finds that there is value in offering developers incentives such as a density bonus, reduced parking ratios and fee reductions so development is not stifled. The Plan Commission finds that these various incentives help developers overcome economic challenges that can be associated with constructing affordable units on site that are below market rate units.

The Plan Commission finds that covered developments under this framework should apply to attached and detached housing structures and make the exterior appearance of the affordable units indistinguishable to the market rate units. The Plan Commission also finds that the affordable units should be provided in equal proportion to all of the housing types in a covered development. The Plan Commission finds that these components will further achieve housing diversity and variety.

The Plan Commission is in favor of adopting Text Amendments to the Zoning Ordinance to advance affordable housing in the Village. They find the policy recommendations and framework that are laid out in the Worksheet will help the Village achieve more affordable housing in the Village.

Staff will be present at the June 7, 2021, Board meeting to review the recommendation and Worksheet.

RECOMMENDATION

Accordingly, it is the recommendation of the Plan Commission that the proposed framework for an inclusionary affordable housing ordinance, as outlined in the Worksheet, be used to adopt Text Amendments to the Zoning Ordinance for an inclusionary affordable housing ordinance.

The motion passed with the following vote.

Ayes: Bromberg, Goldstone, Jacoby, Keefe, Schulman, Stolman, Berg (7)

Nays: (0)

Respectfully submitted,
Larry Berg, Chairman
Deerfield Plan Commission



VILLAGE OF DEERFIELD

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

The Plan Commission feels there is a need to adopt an 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

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 (i.e. multi-family building)

- 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 (i.e. single-family home)

- 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

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



VILLAGE OF DEERFIELD

Inclusionary Housing Ordinance Worksheet

Part 3: Detailed Ordinance Changes (Continued)

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

4. Application of Structure Type in Development

- Attached and Detached

5. Duration of Affordability Requirements

- In-Perpetuity

6. Application of Affordable Units in Development

- Equal Application Among All Housing Types

7. Design Standards

- Flexibility

household size. The ordinance determines the affordability as a percentage of Area Median (AMI).

Priority to people who work OR live in the Village limits. No priority given to age. For rentals, once a person is in an affordable unit, they may stay as long as their income qualifies.

Ordinance applies to both detached and, attached structure types in a covered development (condos, townhomes, single family, apartments).

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

Ordinance defines that affordable units are provided in equal proportion to all housing types in a covered development. Affordable units are to be dispersed among market rate unit throughout the covered development.

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. 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.



VILLAGE OF DEERFIELD

Inclusionary Housing Ordinance Worksheet

Part 3: Detailed Ordinance Changes (Continued)

7. Design Standards

- Flexibility

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 covered development.

Part 4: Incentives

1. Type of Incentives

- Density Bonus Increase
- Parking Ratio Reduction
- Fee Reduction

The Plan Commission is in favor of density bonus increases, parking ratio reductions, and fee reduction incentives. 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. The following language is proposed:

Density Bonus. Any covered 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 (For each affordable unit the developer would be allowed an additional market rate unit). The affordable housing compliance plan for the covered development must include a narrative describing how the design and orientation, as well as the increased density of the covered 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 Village deems appropriate.

Eligible Incentives

Reduced Off-Street Parking Minimums. In considering a proposed covered 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



VILLAGE OF DEERFIELD

Inclusionary Housing Ordinance Worksheet

Part 4: Incentives (Continued)

1. Type of Incentives

- Density Bonus Increase
- Parking Ratio Reduction
- Fee Reduction

vicinity of the covered development and any unique transportation needs of the expected residents.

Fee Reductions. Any covered development providing the minimum number of affordable housing units shall be eligible for a fee reduction of all of the otherwise applicable application fees, building permit fees, plan review fees, inspection fees, demolition permit fees, and such other development fees and costs which may be imposed by the Village, applicable to the portion of the covered development that will consist of affordable housing units, up to a maximum of 15% of all applicable fees. In no event shall the fee reduction 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 covered development. The reduction of fees and costs under this Section shall be calculated as the percentage of units within the covered 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 covered 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.

Part 5: Compliance Alternatives

1. Fee in Lieu

- In-Lieu Fees—No

2. Off-Site Alternatives

- Partnership with Nonprofits—No
- Land Dedication—No

The Plan Commission is not in favor of allowing developers to pay fees in-lieu of building affordable units on-site. The Plan Commission is also not in favor of offering off-site construction of affordable units in lieu of building affordable units on-site; and, not in favor of the dedication or donation of land in lieu of on-site construction of affordable units.

Questions and Responses from Plan Commission

Workshop Meetings on Inclusionary Zoning

Q: Why does the Village want an Inclusionary Zoning Ordinance?

A. At the July 20, 2020, Board of Trustees meeting, the Village Board voted in favor of moving forward with the framework of an inclusionary zoning ordinance to advance the Village Board policy intentions to mandate affordable housing units be provided in new developments over a particular size.

Q: What does the Village Comprehensive Plan say about affordable housing?

A: The Village recognizes the need for affordable housing within the Village and the region in which the Village is located and will give due consideration to those needs and to the opportunity to accommodate new affordable housing options within the Village when opportunities are presented to develop or redevelop significant parcels for residential uses in the Village of Deerfield. The enforcement of federal and state fair housing laws shall be and remain a priority for the Village.

Q: What is inclusionary zoning?

A: Inclusionary zoning are programs and policies that require or offer incentives for the creation of affordable housing when new development or redevelopment occurs. Inclusionary zoning is distinct from other affordable housing programs in that;

- largely depends on private sector development,
- does not necessitate a direct government subsidy,
- integrates affordable units directly into market-rate developments; and
- disperses households of different income levels throughout the municipality, instead of concentrating affordable housing in a single area.

Q: What is the framework of an inclusionary zoning ordinance?

A: The structure of inclusionary zoning policies can vary considerably in design and application. Policies can:

- be mandatory or voluntary;
- require different shares of affordable housing per development;
- apply to rental and for sale properties;
- vary in terms of occupant eligibility;
- have different term limits;
- apply to an entire jurisdiction or to specific housing types or locations;
- allow developers to opt out of constructing on-site units by providing in lieu payments or off-site units; and
- offer development incentives including density bonuses

Q: What is the area median income or AMI?

A: A number based on a specific area income or regional area income, and calculated annually by HUD that determines income limits for a specific area or region. The AMI is the "middle" number of all of the incomes for the given area; 50% of people in that area make more than that amount, and 50% make less than that amount. The income levels are percentages of that AMI number.

Q: What area/region is being used to calculate AMI?

A: The Chicago-Joliet-Naperville HUD Metro Area is used to calculate AMI. The Chicago-Joliet-Naperville, IL HUD Metro FMR Area contains the following areas: Cook County, IL; DuPage County, IL; Kane County, IL; Lake County, IL; McHenry County, IL; and Will County, IL. (HUD.gov)

Q: Why are we starting with 120% of AMI?

A: In previous negotiations, the Village has used 120% of AMI when addressing an affordable unit. Most recently, the Village negotiated 18 affordable units with the developer in the REVA residential development based on 120% AMI of the Chicago-Joliet-Naperville AMI Metro Area as defined by HUD.

Q: What are objectives of an inclusionary zoning ordinance?

A: According to the booklet entitled, *Affordable Housing Toolkit for Communities in the Chicago Region*, produced by "Business and

Professional People for the Public Interest (BPI), an inclusionary zoning program will:

- Increase the supply of affordable housing in municipalities
- Disperse the affordable units throughout the community
- Allow low- and moderate-income families to live in homes indistinguishable from and adjacent to, market-rate housing
- Allow low- and moderate-income families to live in communities with better access to employment and educational opportunities; and
- Encourage racial and economic integration of our communities

Q: Are inclusionary zoning ordinances effective?

A: Some argue that inclusionary zoning policies harm the housing markets by reducing the developer’s ability to fully profit from a new development, which could unintentionally reduce construction and investment in municipalities. Proponents of inclusionary zoning maintain that, rather than limiting housing markets, applying local control over the regulation of land use through inclusionary policies can actually encourage developers to produce less conventional, lower priced homes, thereby expanding emerging segments of the housing market.

Overall, studies on the effectiveness of inclusionary zoning have been mixed. Inclusionary policies may be best evaluated from a local perspective with an understanding of the various motives that prompted jurisdictions to adopt the given policy in the first place¹.

Q: In 2013, the State of Illinois captured affordable units in Deerfield at 4% and in 2018, 7.3%. How are Affordable Units Determined Under the 2003 Affordable Housing Planning and Appeal Act² (AHPAA)?

A: The Illinois Housing Development Authority determines affordable units based on an identification of the total number of year-round housing

¹ Pathways to Affordability: Municipal Strategies to Increase Affordable Housing Supply in Illinois - C. Scott Smith and Kyle Smith, the Chaddick Institute for Metropolitan Development at DePaul University and the Metropolitan Mayors Caucus

² Affordable Housing Planning and Appeal Act: 2018 Non-Exempt Local Government Handbook (310 ILCS 67/20) Sec. 20. Determination of exempt local governments.

units in the most recent data from the U.S. Census Bureau for each local government within the state and by an inventory of owner-occupied and rental affordable housing units, as defined in this Act, for each local government from the U.S. Census Bureau and other relevant sources. (This inventory is based on census household survey data.) See Appendix

Q: If the Village were to impose an inclusionary zoning ordinance, could this only apply to attached housing?

A: An inclusionary zoning ordinance could apply to both detached (single-family) and attached units (apartments, condos, and townhomes), or it could apply to only attached housing.

Q: How do we calculate the number of required affordable units in a residential development?

A: There are many different ways to determine this calculation, the percentage of units could vary depending on the number of total units being built or it could be one percentage based on the total number of units built that has to be set aside as affordable units.

Q: Can there be a different sliding scale for calculating required affordable rental units and affordable owner occupied units?

A: It is not advisable to treat affordable rental units and affordable owner occupied units differently with regard to the number of affordable units required in a given development. This could have unintended consequences and could be taken advantage of if owner occupied units were later rented on a secondary market.

Q: Can you have a different AMI for owner occupied and rental?

A: Yes, a different AMI can be used for an owner occupied unit and a rental unit. Keep in mind that the AMI calculation for a rental unit includes rent and utilities.

Q: What percentage calculation of AMI is used for the proposed Zion Woods units?

A: The proposed Zion Wood residential development was originally funded through federal money so limits for eligibility were based on 60% of AMI and below. As of the date of this memo, the funding sources may have changed.

A restrictive covenant has been placed on the property stipulating that 13 units will be available at 50% AMI and 11 of the units will be available at 60% AMI for 30 years. Thereafter, after the initial 30 years, all 24 units will be available at the 80% AMI.

Q: What does equal application of housing structure type in a development mean?

A: The different housing structure types include condominiums, townhomes, detached single family homes and apartments. Equal application housing structure types of affordable housing units means that affordable housing units must be in equally divided among the housing structure types in the development. For example, if a development must provide 9 affordable units and the development consists of 10 detached single family homes, 20 condos, and 10 townhomes, the development must provide 3 affordable detached single family homes, 3 affordable condominium units and 3 affordable townhomes.

Q: How would a density bonus work if the Plan Commission is inclined to offer a density bonus as an incentive to developers?

A: The following are 2 examples of how a Density Bonus could work:

One example is for an apartment development of 50 units, and another example is an apartment development of 250 units:

Proposed Development of 50 Apartments:

A 50-unit apartment development would require 3 affordable units based on 5% affordable units in a covered development:

50 units with 5% affordable units would equal 3 affordable units ($50 \times 5\% = 2.5 = 3$ units). Therefore, the 50-unit development would have 47 market rate units and 3 affordable units.

A density bonus of 1 market rate units for each affordable unit provided would allow the developer 3 more market rate units (3 affordable units \times 1 density bonus = 3 = 3 units), bringing the total apartment units to 53 (50 market rate rental units and 3 affordable rental rate units).

Proposed Development of 250 Apartment:

A 250-unit apartment development would require 25 affordable units based on 10% affordable units :

250 units would require 10% affordable units which is 25 affordable units ($250 \times 10\% = 25$ units). Therefore, the 250-unit development would have 225 market rate units and 25 affordable units.

A density bonus of 1 market rate units for each affordable unit provided would allow the development 25 more market rate units (25 affordable units \times 1 density bonus = 25 units), bringing the total apartments units to 275 (250 market rate rental units and 25 affordable rental rate units).

It is important to recognize that the increase in total units as a result of a density bonus may require additional floors to be constructed in a multi-tenant building resulting in a height increase. As previously discussed with the Plan Commission a density bonus could result in increased neighbor impacts but they are also recognized as one of the most valuable incentive tools available to a developer so they warrant consideration.

Q: How can we prioritize eligibility for affordable units?

A: Priority can be prioritized to people who work and or live in the Village limits or by age or a combination of both.

Q: How is eligibility controlled?

A: Eligibility, maintenance and audit could be done through a third party consultant such as Community Partners for Affordable Housing (CPAH) or Housing Opportunity Development Corporation (HODC).

Q: What happens when an eligible renter's income improves and they no longer qualify for the unit?

A: This would mostly likely only apply to rental units because once a person qualifies for a for-sale affordable unit they do not have to requalify unless they sell the affordable for-sale unit and want to purchase another affordable for-sale unit. For a rental unit, this could be written into the ordinance and as to how often an applicant has to requalify. Staff spoke to a third party consultant and they noted that they would not remove someone from an affordable unit. They do find that if a person's income substantially increases the renters tend to move out. If the renter does stay in the unit and it is found that their income increases, usually there would be a restructuring of their rent.

Q: What happens if someone changes employment and no longer works in the Village?

A: If the person changes employment, they may still qualify to remain in the unit if they are under the required income limits.

Q: What if someone purchases an affordable condominium and rented it?

A: If someone purchases an affordable unit, they would be required to live in the unit and would not be able to rent the unit if it is written into a restrictive covenant approving the development.

Q: If someone purchased a condominium or single family home and wanted to later sell the property, would there be an incentive to maintain the unit/dwelling?

A: Staff spoke with a third party consultant who handles affordable housing units. The third party consultant has not seen this as an issue in the past. Purchasers are homeowners and like all homeowners, there is pride in home ownership and maintaining ones property. In addition, homeowners are held accountable to code violations by a municipality's code enforcement division.

Q: How are affordable units marketed or offered publically? How the applicants told the units are available and how are they approved?

A: The third party consultant would handle marketing of the available affordable units, maintain the waiting/eligibility list and approve tenants.

Q: What would be an estimation of a third party cost – do we want to take that on? Is it worth it?

A: Staff spoke with an experienced third party consultant regarding cost of maintaining an eligibility list, qualifying residents and marketing properties. The third party consultant noted that they do not make money on this type of work, as it is their mission. An approximation of cost would be a few hundred dollars per unit per year. The third party consultant would maintain a waiting/eligibility list, and requalify participants as written in the ordinance. The third party consultant does not often see requalification of residents on a yearly basis.

Q: If an affordable for sale unit is purchased, do you have to sell to someone who qualifies for the affordable unit?

A: Yes. This would be written into a restrictive covenant as well as how much you could sell the unit for. The restrictive covenant would define the length of the term the unit would remain affordable such as 25 year or in perpetuity. It is not uncommon for the future sale of the owner-occupied property to be capped at annual CPI increases.

Q: What are fees in lieu? How are fees in lieu amounts determined? What guidelines should the Plan Commission be thinking of if this is something, they are interested in recommending?

In inclusionary zoning, a fee in lieu is (a fee to pay) may be offered by developers as an alternative to building an affordable unit. In lieu-fees are generally paid into a housing trust fund and used to finance the development of affordable housing units.

Each jurisdiction must determine how to set their fee level. There is no single “right” formula. A key factor that shapes the decision about which formula to use is whether a jurisdiction wants to encourage on-site development of affordable units or collect the revenue to leverage other sources of funding to build affordable units off site.

As previously discussed with the Plan Commission the Village Board expressed concern with accepting fee-in-lieu payments and the associated staff oversight and management required such as the formation of a Housing Trust Fund and

the associated responsibility to identify and spend those funds on affordable properties for purchase.

Q: If the Village were to form a housing authority would it be a volunteer board or would they be paid? Would there be staff and if so what would be the cost?

A: Although the Village has not contemplated this, a housing authority within the Village would have to be enacted by Village Ordinance, staffed with Village residents and require a village employee as staff liaison. The mission, duties and responsibilities, number of Commission and makeup of the Commission would be determined by the Village Board and written into an ordinance.

Q: How would thresholds be applied to someone building a development like Coromandel today because it is a mix of single family, townhomes and condominiums? What would the break down look like?

A: This would be based on the definition of a covered residential development and whether or not the required affordable units would apply to detached structures or attached units only, such as in Lake Forest.

Using the scale recommended in the July 13, 2020, report to the Village Board, the 400 unit Coromandel project would require a 10% set aside for affordable units because the development is more than 50 units, therefore it would require 40 affordable units (316 condos + 68 townhomes + 16 single family X 10% = 40).

Appendix

2003 Affordable Housing Planning and Appeal Act³ (AHPAA)

Section 20 (310 ILCS 67/20) of the law describes fundamental steps that must be included in the exemption determination process. This section is quoted in its entirety below:

Sec. 20. Determination of exempt local governments.

(a) Beginning October 1, 2004, the Illinois Housing Development Authority shall determine which local governments are exempt and not exempt from the operation of this Act based on an identification of the total number of year-round housing units in the most recent data from the U.S. Census Bureau for each local government within the state and by an inventory of 7 owner-occupied and rental affordable housing units, as defined in this Act, for each local government from the U.S. Census Bureau and other relevant sources. (This inventory is based on census household survey data.)

(b) The Illinois Housing Development Authority shall make this determination by: (i) totaling the number of owner-occupied housing units in each local government that are affordable to households with a gross household income that is less than 80% of the median household income within the county or primary metropolitan statistical area; (ii) totaling the number of rental units in each local government that are affordable to households with a gross household income that is less than 60% of the median household income within the county or primary metropolitan statistical area; (iii) adding the number of owner-occupied and rental units for each local government from items (i) and (ii); and (iv) dividing the sum of (iii) above by the total number of year-round housing units in the local government as contained in the latest U.S. Census Bureau, and multiplying the result by 100 to determine the percentage of affordable housing units within the jurisdiction of the local government.

(c) Beginning on August 9, 2013 the Illinois Housing Development Authority is to publish a list of exempt and non-exempt local governments and the data that it used to calculate its determination once every 5 years. The data shall be shown for each local government in the state and for the

³ Affordable Housing Planning and Appeal Act: 2018 Non-Exempt Local Government Handbook (310 ILCS 67/20)
Sec. 20. Determination of exempt local governments.

state as a whole. Upon publishing a list of exempt and non-exempt local governments, the Illinois Housing Development Authority shall notify a local government that it is not exempt from the operation of this Act and provide to it the data used to calculate its determination.

(d) Communities that develop affordable housing plans and meet one of the three statutory goals are then exempt from the provisions of the law, including possible appeals and submitted to the State Housing Appeal Board.

Commissioner Bromberg asked if they make a motion to approve but express preference to the Village Board to the original plan if any Commissioner would change their no vote to a yes. Commissioner Schulman replied that he would not change his vote. Chairman Berg reiterated that they can only vote upon the agenda item, which is the current plan and provide a recommendation to the Village Board on the current 50 unit plan. Mr. Ryckaert added that if the Plan Commission wanted to go back to the 40 unit plan, the petitioners would have to return to the Plan Commission. Chairman Berg stated that the 40 unit plan is not on the table and the Commission cannot take any action on it. Mr. Lichterman commented that he is not sure if the Board denied the 40 unit plan or did not vote on it and asked the petitioner to come back with 10 percent affordable. Mr. Siavelis stated that he believes there was no vote by the Board on the 40 unit plan. Mr. Lichterman replied that this would make it easier to move forward with the 40 unit plan. Mr. Weiss added that one of the issues in bringing back a previous plan is the validity of the notice for the Public Hearing, and this would need to be reviewed. So the Board will be well aware of the quandary and what they would like to see. Commissioner Schulman suggested making more than one motion to break apart the design with the resubdivision request.

Commissioner Schulman moved, seconded by Commissioner Goldstone to approve the proposed resubdivision of the property. The motion passed with the following vote.

Ayes: Jacoby, Stolman, Bromberg, Keefe, Schulman, Goldstone, Berg (7)

Nays: None (0)

Commissioner Schulman moved, seconded by Commissioner Jacoby, to deny the request for an amendment to the Deerfield Square Planned Unit Development for a Preliminary Development Plan to allow the redevelopment of multi-tenant Building 7 (occupied by Rhapsody Café Restaurant and former Warehouse Restaurant space) with the necessary exceptions to permit the establishment of a residential apartment development at 833 Deerfield Road in the Shops at Deerfield Square; a text amendment to the Deerfield Zoning Ordinance to permit amenity and utility areas for residential uses on the first floor of a commercial planned unit development as a Special Use in the C-1 Village Center District; and a text amendment to the Deerfield Zoning Ordinance to allow identification signage for residential uses when part of a Planned Unit Development in the C-1 Village Center District – (Kirby Limited Partnership). The motion passed with the following vote.

Ayes: Goldstone, Schulman, Stolman, Jacoby (4)

Nays: Bromberg, Keefe, Berg (3)

Mr. Ryckaert reported that this matter will go before the Village Board on June 7, 2021.

2) Public Hearing for an Affordable Housing Inclusionary Ordinance

Chairman Berg swore in all who plan to testify before the Commission on this matter.

Mr. Ryckaert reported that the legal notice for this matter was published in the Deerfield Review on April 22, 2021.

Mr. Lichterman provided a review of the history of this matter. He stated that the Commission has discussed an affordable housing inclusionary ordinance at four prior Workshop Meetings. The Commission has been seeking to find a balance between affordable housing and not letting

it stifle development. The worksheet in the packet was prepared to help facilitate tonight's discussion. It summarizes key policy discussion areas and where consensus was reached. Mr. Lichterman stated that he will provide a high level summary of the worksheet to ensure it is understood and accurate as it will be used for drafting an ordinance.

Mr. Lichterman walked through the worksheet and he explained the Commission agreed that there is an affordable housing need, and the goal is to help promote integration for socioeconomic diversity. It will be a mandatory ordinance and apply to owners and renters, except for excluded developments. Excluded developments include assisted living facilities and nursing homes, however independent living facilities are not exempt.

Mr. Lichterman reviewed the trigger, or project threshold, for attached and detached housing. For an attached housing development, or a multi-family building, between 11 and 30 units will require one affordable unit. A sliding scale will then be used up until 51 units. At 51 or more units 10 percent affordable units will be required for an attached structure. For a detached structure, or a single-family home development, if 0 to 30 units are being developed there is no affordability required. Then a sliding scale for 31 to 51 and 51 or more units would also require 10 percent affordable.

Mr. Lichterman reviewed the affordability requirement using average median income (AMI). For rental unit developments of 50 or less units, the affordable units must be at 120 percent of AMI. At 51 and above, half of the affordable units must be 100 percent of AMI and half at 120 percent of AMI. Owner occupied units requiring affordability need to achieve 120 percent of AMI regardless of how many. Regarding eligibility, if a waitlist is used priority for eligibility may be given to those who live or work in Deerfield. Owners must qualify for eligibility at the time of purchase and renters must qualify at some regular interval, annually or otherwise. The properties that require affordability in the inclusionary zoning ordinance will remain so in perpetuity. The ordinance also defines that affordable units will be provided in equal proportions so that all housing types are covered. For example, if a development has half one bedroom units and half two bedroom units, then the affordable units required must also be half one bedroom units and half two bedroom units.

Mr. Lichterman stated that regarding exterior design standards, the affordable units need to be indistinguishable from the market rate units. The interior design standards will provide some flexibility for developers with what concessions can be made. But the differences cannot be related to improvements in energy efficiency, mechanical equipment and plumbing, insulation, windows, and heating and cooling systems. And the affordable units need to be of a generally representative size of market rate units.

Mr. Lichterman reviewed incentives. He commented that tonight's first agenda item is an example of a density bonus offered at a one to one ratio. In the inclusionary housing zoning ordinance any development providing affordable units is entitled to a density bonus and a developer must provide a narrative describing how the development will be compatible with the surrounding area and address building size, layout and design. Developers will also be offered the incentive of fee reductions for permit review fee and other fees at a maximum of a 15 percent reduction. The fee reduction will be a direct percentage of the affordable units. For example, if the development will have 10 percent affordable units, the developer is entitled to a 10 percent reduction in fees.

Lastly, Mr. Lichterman reviewed compliance alternatives. He stated that affordability must be incorporated, and they will not allow fees in lieu of affordable units. Additionally, developers cannot offer affordable units at an off site property, or land donations or dedications in lieu of affordable units. The affordable units must be incorporated into the development project.

Mr. Lichterman stated that if the ordinance is approved, the next step is forwarding the recommendation to the Village Board. It is anticipated that once it is heard by the Village Board they will likely further consider and discuss it at a Committee of the Whole Meeting. He added that perhaps members of the Plan Commission could also attend this meeting to respond to questions and explain the policy decisions made.

Mr. Weiss stated that the ordinance addresses the big decision points. He added that one possible thing not addressed is large multiphase developments and if affordable units should be required to be built in the early phases. Mr. Lichterman replied that the Village's development agreements typically have language that state that a development must be constructed in a single phase and completed once it has been started.

Chairman Berg commended Mr. Weiss for his expertise and work in guiding the Commission through the prior workshop meetings. Mr. Weiss commended the Village staff for their work, as well.

Commissioner Jacoby commended staff and stated that she supports it as drafted and is ready to move forward. All other commissioners agreed.

Chairman Berg opened public comment on this matter. Mr. Ryckaert read aloud a public comment email received.

Public Comment Email

"I am writing to express my support of the inclusionary affordable housing ordinance. Per your memorandum, if the Village recognizes the need for affordable housing; then the best way to stay true to these intentions is to comply with the Affordable Housing and Appeal Act. Many Deerfield residents took time to reflect during 2020's global pandemic and racial justice movement. This led to residents learning the history of Deerfield and the racist housing incident of 1959. Deerfield residents rallied to do what is right - rename Mitchell Park to Floral Park. As residents continue to reflect on the lessons of 2020, I urge the Board and residents of Deerfield to think about this exact example, the similarities, the very small changes in who and why. I urge you, when you think about what you would have done in 1959, instead think about what you are doing in 2021. Let us not be a community stuck in "Not in My Backyard" syndrome. Let us be a community that recognizes the repeating of history. Let us be a community where all tides rise together.

Thank you,
Kristy Beeco, 1527 Northwoods Road"

Chairman Berg stated that the Plan Commission has concluded public testimony and will deliberate their recommendation on this matter. He stated that this portion of the meeting is open to the public, but no new testimony will be taken unless requested by the Commission. He stated that the Plan Commission is a recommending body, a written recommendation will be forwarded to the Village Board of Trustees who will take final action on this matter.

Commissioner Bromberg moved, seconded by Commissioner Stolman to approve the Affordable Housing Inclusionary Ordinance. The motion passed with the following vote.

Ayes: Jacoby, Stolman, Bromberg, Keefe, Goldstone, Schulman, Berg (7)
Nays: None (0)

Mr. Ryckaert reported that this matter will go before the Village Board on June 7, 2021.

Document Approval

1. 525 Lake Cook Road ComEd Substation Recommendation
2. 550 Lake Cook Road North Shore Sports and Wellness Recommendation
3. 807-811 Waukegan Road Coworking Recommendation
4. April 22, 2021 Plan Commission Meeting Minutes

Commissioner Bromberg provided a clarification to the minutes. Commissioner Bromberg moved, seconded by Commissioner Keefe to approve the minutes with the clarification. The motion passed with the following vote.

Ayes: Schulman, Goldstone, Keefe, Bromberg, Stolman, Jacoby, Berg (7)
Nays: None (0)

Items from the Staff

Mr. Ryckaert reported on upcoming Plan Commission agenda items. The next meeting will be May 27, 2021.

Designation of Representative for the next Board of Trustees Meeting

Mr. Ryckaert asked for commissioners to attend the June 7, 2021 Village Board Meeting.

Public Comment

Mr. Ryckaert reported that there was no public comment received via email during the meeting. Mr. Nakahara reported that there was no one requesting public comment on Zoom. Mr. Lichterman reported that there was no one present at Village Hall for public comment.

Adjournment

There being no further discussion, Commissioner Bromberg moved, seconded by Commissioner Schulman to adjourn the meeting at 9:21 P.M. The motion passed the following vote.

Ayes: Schulman, Goldstone, Keefe, Bromberg, Stolman, Jacoby, Berg (7)
Nays: None (0)

Respectfully Submitted,
Laura Boll

His concerns are whether through the grading of the property that the storm water issues and water draining onto his property will be able to be addressed. He questions if one catch basin or inlet is going to be enough to suffice and keep the drainage system up to par.

Commissioner Stolman asked the petitioners how many catch basins or inlets they plan to install and if this will suffice and correct the issue. Mr. Doland replied that there will be five storm sewer receptacles on the two new lots. There will be one at all four corners and one on the mid-line between the two new lots. These will provide for ample collection for the runoff and will suffice. This has also been reviewed by the Village Engineer.

Mr. Klytta stated that one important consideration when developing property is ensuring that surrounding properties are not affected adversely and in fact, they seek to enhance them. He commented that he wants the neighbors to know that if there are ever any questions or issues that he is available for them to contact. He plans for this project to leave a positive mark on the neighborhood and on the Village and as a result to be known in the Village as someone who did this responsibly and completely and in consideration of enhancing the community. Mr. Klytta concluded their presentation and thanked the Commission.

Chairman Berg stated that the Plan Commission has concluded public testimony and will deliberate their recommendation on this matter. He stated that this portion of the meeting is open to the public, but no new testimony will be taken unless requested by the Commission. He stated that the Plan Commission is a recommending body, a written recommendation will be forwarded to the Village Board of Trustees who will take final action on this matter. The commissioners did not have any issues with the resubdivision and were in favor of the project.

Commissioner Bromberg moved, seconded by Commissioner Goldstone, to approve the request for a resubdivision of the property at 755 Kipling Place. The motion passed with the following vote.

Ayes: Bromberg, Goldstone, Stolman, Berg (4)

Nays: None (0)

Mr. Ryckaert reported that this matter will go before the Board of Trustees on April 5, 2021.

WORKSHOP MEETING

1) Continued Workshop Meeting to Discuss an Affordable Housing Inclusionary Zoning Ordinance

Commissioner Keefe returned to the meeting.

Mr. Lichterman reported that this discussion is continued from the February 11, 2021 Workshop Meeting. As a result of the last meeting, there are three key elements that staff wanted to bring back to the Commission and review potential ordinance language. The three items are: design standards; incentives; and excluded developments.

Mr. Lichterman reported that staff reviewed ordinances from neighboring communities and created language that they thought best captured the Plan Commission's intent based on the past three workshops on the topic of affordable housing and creating an inclusionary zoning

ordinance. They also reviewed language that they did not include and is not recommended by staff.

Mr. Lichterman stated that regarding design standards and exterior appearance, the Commission agreed that there should be no substantial differences between the affordable units and market rate units. He reviewed the proposed language, which in summary states that the exterior of affordable units shall be visually compatible with market rate units and that building finishes materials must be substantially the same. The interior appearance and finishes of affordable units may differ from market rate units, but the number of bedrooms shall be equal and proportionate. For example, if there is a 60 unit multifamily development and half or 30 of the units are one bedroom units and half are two bedroom units, this would trigger 10 percent or six affordable units. Of these, three would be one bedroom units and three would be two bedrooms units. The draft language also states that the differences between the affordable 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. Regarding size, affordable units must be generally representative of and correspond to the size of the market rate units within the development. Mr. Lichterman added that what is not proposed is a specific number, for example, stating that affordable units cannot be less than 75 percent of the square feet of market rate units. Staff believes that stating that the affordable units must be generally representative of the market rate units requires that they be similar, and this was the intent.

Commissioner Bromberg commented that staff did a great job on the draft language. He commented that in his neighborhood the homes are about 60 years old and when they were built they were all generally the same. But over time a lot have had additions put on and so they all look different now. He is wondering if in the ordinance it would be necessary to state that the affordable units must be substantially the same at the time that they are constructed. Mr. Weiss replied that one of the things they are trying to capture is what is required of the developer when the development is first constructed. Requiring that a property be kept to a certain standard is more difficult than requiring that affordable units shall be maintained in the same condition as the market rate homes. If it is a free standing individually owned property, there cannot be a requirement that it be kept up with additions and renovations as other homes might be. But for managed properties, the requirement can state that they must be maintained at the same level and quality as the market rate units. Commissioner Bromberg clarified that he would not want to see a situation where an owner of an affordable unit would not be able put an addition on his home and it would therefore not look as nice. Mr. Weiss confirmed that an owner would not be prohibited from enhancing their home. Mr. Lichterman added that this may be inherent in the draft ordinance language but that they can make it explicit to clarify.

Mr. Lichterman next reviewed the draft language for incentives. Incentives included are a density bonus, increased parking ratio restrictions, expedited permit processing, and fee reductions. The draft language states that a density bonus is provided by right and shall be provided in a one to one ratio. The developer will be required to submit a narrative stating how the proposed development would be compatible with the surrounding area with the increased density. Developers would be allowed to add one additional market rate unit for each affordable unit on site. Their narrative must address building size, massing, characteristics, and landscaping. Mr. Lichterman noted that some other communities have different ratios, but staff is recommending a one to one ratio. Staff believes that a one to one ratio made the most sense and is the most straightforward. In the draft, language there is no cap as staff did not believe this was necessary. They believe there are enough other controls in place including economic

constraints,(for example the development would still need to be constructed and financed), and ultimately the development would need to be deemed compatible so while a developer may be entitled to a density bonuses there is still an approval process that would look at the project as a whole to make sure it fits in with the surrounding properties and is compatible.

The next incentive reviewed was reduced off street parking minimums. The draft language states that a petitioner can request, the Plan Commission can recommend, and the Board of Trustees can approve a reduction of off street parking minimums for affordable units. Mr. Lichterman noted that this is not very different from today's process where a developer can request and make the case for parking relief. For example, the case may be made for a transit-oriented development near the train station or senior housing that has its own transportation service. The developer would need to make the case that it is warranted for the affordable units. Mr. Lichterman stated that staff recommends keeping the parking incentive as a discretionary item that requires justification and approval.

The draft ordinance language for fee waivers states that developers shall be eligible for a partial waiver of all application fees, building permit fees, plan review fees, inspection fees, demolition permit fees, impact fees and other development fees and costs which may be imposed by the Village. The reduction would be applicable to the fees for the affordable units in the development up to a maximum of 15%. Mr. Lichterman stated that the developer needs to ask for the fee waivers, and most would likely receive a 10% reduction as in most cases they will be providing 10% affordable units. But if a developer wants to provide more than the minimum affordable units they would be incentivized with a higher reduction in fees that is capped at 15%. Staff recommends capping it at 15% so that a potential development of all affordable housing could not receive 100% reduction. The waivers and discounts shall be calculated as percent of the units that are affordable and be directly proportionate up to 15%. For example if there are 10% affordable units there will be a 10% reduction in fees.

Regarding expedited permit processing, there is no draft ordinance language yet, but Mr. Lichterman stated that staff understands conceptually how this would work. The Village would likely pay for outsourcing the plan review, which could cut down the timing of the first round of plan review comments saving two to four weeks. The Village would pay and outsource this to a firm that they already work with. The cost of this could be up to \$10,000 for each case. Mr. Lichterman explained that in today's process, any developer can do this on their own and pay for it. Regarding developer incentives for affordable housing units, the question is whether it is worth the cost for the Village to pay for this on their behalf. He explained that staff questions the value of this service and they did not find this incentive in any other ordinance that they reviewed.

Chairman Berg asked for more information on the current plan review process. Mr. Lichterman explained that the first round of comments back to the permittee can take up to four weeks. If they pay up to \$10,000 to the outside consultant, it can be complete in three days to a week. Right now developers have the option to do this at their own cost. And in rare cases, the Village will pay for this if the Building Department gets too busy and is not able to meet their established service level. Chairman Berg asked staff what kind of value they think this will have to developers and how often it is used now. Mr. Lichterman replied that timing can kill deals and it can be dependent on a confluence of issues including weather and financing. On the other hand, the Zion Woods development took years and many issues outside of plan reviews caused this. However, some deals have a window to strike, and timing can be very important and in these cases they sometimes see developers pay for the expedited plan review with the Village's

consultant. Timing can be important, and it is hard to quantify this with a dollar amount. It is hard to say how valuable this potential incentive is and how much the Village wants to partake in the cost.

Commissioner Bromberg suggested that the Village should not pay for 100% of this service but could offer to split it with the developer as the incentive. Commissioner Goldstone commented that reduced fees and the added expense for expedited review could impact the budget and be like a double whammy. Commissioner Bromberg asked staff if this incentive were not included in the affordable housing ordinance if it could still be requested by a developer and negotiated for. Mr. Lichterman replied that yes it could be. He also stated that this is currently the process and there have been cases where the Village has helped pay for the cost of expedited plan review. Chairman Berg commented that he thinks this is how it should be handled, and it should not be included in the ordinance. Commissioners Bromberg and Goldstone agreed. Mr. Lichterman confirmed that it will not be included in the ordinance.

Mr. Nakahara added that staff added language the provided standards for approving eligible incentives. The language provides the Village Board with guidelines when considering eligible incentives such as whether the incentives will result in conditions detrimental to the public's health, safety, or welfare; and, whether the granting of the incentives will be consistent with the intent and purpose the Village's Comprehensive Plan. The Commission agreed that this language is appropriate.

Lastly, Mr. Lichterman reviewed the excluded developments to be listed in the ordinance. The developments that would not require affordability would be nonresidential developments, assisted living facilities, and nursing facilities. He noted that they are not excluding independent living facilities, and these would trigger the affordable housing requirement. The Commission agreed with these exclusions.

Mr. Ryckaert reported that the draft language staff developed is from reviewing the existing ordinances in Northbrook, Highland Park and other surrounding communities. They used pieces and parts of what they believed was best for Deerfield while keeping it simple and also working to accomplish the Village's goals. The way it is written gives the Village flexibility and the ability to negotiate and review developments on a case-by-case basis. Chairman Berg asked Mr. Weiss if he had any further comments or guidance. Mr. Weiss replied that he feels very comfortable with the options presented to the Commission and that they can write a solid ordinance based on this. Commissioner Stolman asked what the next steps would be and if the Board of Trustees had a timeline in place. Mr. Lichterman replied that there is no definitive deadline. The next step would be to have a Public Hearing and at this meeting to methodically go through all provisions and to hear any public comment. At the end of the Public Hearing the Commission will vote and staff will draft the recommendation to the Board of Trustees based on this. Commissioner Bromberg commented that the Commission is ready for this and that staff has done a great job. Commissioner Keefe agreed. Regarding eligibility, Commissioner Keefe clarified that tenants could stay as long as their income qualifies. He asked how this would be verified. Mr. Lichterman replied that yes, there will be some type of audit ability to verify income and make sure that the people occupying the affordable units qualify.

Chairman Berg commended staff for their work on this and commented that he is very happy with the outcome thus far. Mr. Lichterman stated that the Plan Commission has also done a great job and put a lot of thought and effort into this, and staff has been able to develop a strong product from it.

WORKSHOP MEETING

1) Continued Workshop Meeting to Discuss an Affordable Housing Inclusionary Zoning Ordinance

Chairman Berg thanked staff for the memo on this agenda item including the past discussions on affordable housing and an Inclusionary Zoning Ordinance.

Mr. Nakahara reviewed the background information provided in this memo. He stated the items the Commission has previously reached consensus on; which includes the need for affordable housing, the threshold of the number of affordable units that would be required to be provided in residential developments, and the eligibility requirements. Commissioner Keefe clarified that regarding eligibility, that priority will be given to people currently living in the Village that qualify for and wish to move to an affordable unit.

Mr. Nakahara noted that at the last meeting Commissioner Schulman brought up the point that between 30 to 50 units, 5 percent of 49 units is 2.5 units, and once 50 units are reached, 10 percent of the units would be required to be affordable or 5 units. This breakdown was modified in the chart to adjust for this difference and set at a fixed number and not a percent. Mr. Nakahara asked the Commission feedback on the modification as compared to what was previously agreed on. Commissioner Bromberg replied that he agrees with the modification, which makes more sense. Commissioners Jacoby, Keefe and Schulman agreed. Mr. Lichterman pointed out that there is an inconsistency in how the thresholds are stated and clarified that the thresholds should state 41 to 50 would require 3 affordable units and 51 or more units or would require 10% of the units to be affordable.

Chairman Berg asked Mr. Weiss for his feedback on this. Mr. Weiss replied that wherever you draw a line there will be a sympathetic case on either side. In this case, we are opting for a progressive rate where the larger the building the higher the rate of affordable units. This is in line with other communities in the area. He shared that Northbrook has adopted an ordinance that states that 15 percent of all new units developed across the board must be affordable. Mr. Weiss stated that in these progressive tiers, he does not think this will turn developers away. Chairman Berg agreed that this is a positive change.

Commissioner Stolman asked Mr. Weiss if it is traditional that communities try to have parity with others communities. Mr. Weiss replied that the Commission should keep in mind that adopting an affordable housing regulation is a big step and it is one of the more activist steps with regard to market forces that a community of this size will take, aside from having a different sales tax rate. So for every town there are different policies and politics that come into play. There are also different building environments and thresholds based on developments that we see. There is no real uniformity. Northbrook made their decisions with the desire to be more aggressive because they saw the need within their community. Mr. Weiss stated that he does not think there is a race for parity.

Mr. Lichterman provided the example that if there are 50 rental units, all affordable units can be at 120 percent of average median income (AMI), and once at 51st unit is reached, half of the affordable units must be at 100 percent of AMI and half at 120 percent, so 51 units across the board will trigger this.

Mr. Lichterman guided the discussion to look at the project thresholds and the nuances regarding these. He stated that the Commission should consider if they want to treat detached and attached housing differently regarding the thresholds and the application of these to the different structure types of attached and detached. Mr. Lichterman mentioned the example that if a golf course were to be redeveloped into single family homes. This asks the question of should a project of that scale have the same proposed threshold; or should the threshold of when requiring affordable units kicks in apply to attached and detached homes consistently. He stated that a case can be made that if there is a development of single family homes, it should have a different threshold than condos or apartments. As proposed, it states that if a developer builds a 45 single family home development, regardless of rented or owned, that 3 of these need to be at an affordable rate. Possible opportunities for a development like this would be if a corporate campus or a golf course were converted. Mr. Lichterman stated that it can be more difficult to apply affordability to single-family home developments. Attached housing like condos and rental apartments are easier because they typically have a management company there to oversee it. This would be more difficult with free standing homes. He mentioned that if the golf course were to be redeveloped, they wouldn't want to miss that opportunity. For example, Briarwood could be redeveloped into 200 single-family homes and they wouldn't want affordability. However, it may not make much sense to apply affordability to small single-family home developments like the recent Samantha's Way or Elysian Way with 7 or 8 homes each. Requiring one of these to be affordable could create barriers. He suggested that the Commission could focus on larger scale single-family home developments and require affordability to kick in at a certain number of homes, which would exempt these smaller pocket developments like Samantha's Way and Elysian Way.

Commissioner Goldstone asked how this would work for developments with mixed housing types; single-family homes with apartments or condominiums in one development, as seen at Reva behind Deerbrook Mall and others in surrounding municipalities. Mr. Lichterman replied that this point would be discussed later, as the decision on how to treat detached home developments will inform the decision on mixed housing type developments. He stated that Reva has 180 units total, 120 apartments and 60 townhomes. At 10 percent affordable, there will be 18 affordable units, but they will all be apartments as this is what was negotiated without an ordinance in place. Another example of a mixed housing development is Coromandel, which has single-family homes, condominiums and townhomes.

Chairman Berg commented that the small pocket development likely could not be built with an affordable component. Commissioner Goldstone agreed and added that something like Coromandel she would feel differently about. She asked how Highland Park manages their single-family homes that are in the affordable housing program. Mr. Lichterman replied that Highland Park and other and other towns with the most robust and comprehensive affordable housing ordinances often accept fees in lieu of affordable units, which is likely, what happens most often with the smaller single family home developments. He stated that with this money the city may go and buy land or homes and own it in perpetuity. They then work with a partner to rehab, market and manage the home as affordable, but the city owns and develops the property. In this option, the municipality would have a housing authority to manage and oversee the property. Chairman Berg commented that this is a costly proposition, and that the Village must have the volume and dollars to substantiate it. Commissioner Keefe asked about the sizes of the single-family home developments in the past 10 years. Mr. Ryckaert replied that there has only been the two mentioned, Samantha's Way with 8 homes and Elysian Way with 7 homes. Commissioner Keefe commented that both of these were under 10 units and would not require affordable units under this draft ordinance.

Mr. Lichterman asked the Commission if there were developments of 20 or 30 homes if they would want affordable units to be required. Commissioner Bromberg suggested that they require one affordable home for every 30 homes. He stated that he wants it to be as least complicated as possible and thinks it should apply to attached as well as detached but being required for larger developments of single-family homes only. Commissioner Keefe commented that a development of 30 homes would be a large undertaking and he agrees with this suggestion. Commissioner Bromberg commented that under this suggestion, a development like Bristol would need 5 homes to be affordable. However, he is not sure there would be another single-family home development of that size in Deerfield. Mr. Lichterman stated that the possibilities for redevelopment could be commercial properties, corporate properties along Lake Cook Road, Holy Cross, or the golf course.

Commissioner Bromberg asked that if the Village wants workforce housing, do they only want attached housing, or do they want single-family homes to be made affordable as well. He believes Deerfield would want affordable single-family homes and he would like to keep the threshold the same. Commissioner Jacoby commented that developers will likely be considering large luxury homes and they may not consider Deerfield if affordable units are required for any size development. She feels that if it is a large development of 50 or more homes, than affordability should be required. Commissioner Bromberg clarified that she is suggesting zero affordable units required for a development of up to 50 homes, and then 10 percent starting at 51. Chairman Berg suggested a flat number of units instead of a percent because it would be a disincentive to build 52 homes when they could build 49 or 50 and give none as affordable. Commissioner Bromberg asked what neighboring communities have done. Mr. Lichterman replied that Lake Forest has no affordable requirements for detached housing, but every other town with an ordinance has a consistent threshold for attached and detached housing, but AMIs are different for rented versus owned housing, as is proposed here as well. Mr. Nakahara stated that Highland Park requires 20 percent of units to be affordable across the board, attached and detached, for any development over 6 units. For example, in Highland Park if a developer builds a 10 home development, 2 have to be affordable. Mr. Lichterman shared that an option used in other communities is allowing a developer to pay a certain number of dollars and build all units at market rate, known as a fee in lieu of affordable units. Mr. Weiss shared that Northbrook recently considered a small development and they decided that affordability does not apply for developments of 5 or fewer homes even though their affordable regulations apply to detached and attached homes. They also state that the developer can build the affordable units off site or pay the fee in lieu of providing affordable units. So in the case of a small development of 12 homes they would be required to build 1.5 equivalent affordable units or pay a fee in lieu which is set at \$125,000 per affordable unit.

Commissioner Jacoby asked where that fee would go. Mr. Weiss explained that the fees developers pay in lieu of providing affordable units go into a housing trust fund that is created by the municipality. Communities use them in different ways. Highland Park has bought and constructed multi-unit affordable housing with it. Other communities will use it to work with a partner organization and buy distressed properties, fix them up and resell them with covenants to keep them affordable. Some towns will use it to provide rental assistance to residents. There are many different options on how the funds can be applied.

Chairman Berg asked if the Village could reasonably do this if they decided to take payments from developers in lieu of affordable units. Mr. Weiss replied that a staff person or a partner organization with a staff liaison typically handle this. Mr. Lichterman added that if they were to

accept these fees they would likely need to form a housing commission. He stated that there was a comment from the Board of wanting to keeping it simple and not wanting to take on the management of the funds and a new commission for this purpose. Mr. Ryckaert added that this would require quite a bit of oversight and management as well as a new housing commission. Highland Park has a dedicated staff member, a housing planner that handles this. Commissioner Jacoby stated that she feels that Deerfield does not have the size to merit this.

Mr. Lichterman returned to the golf course example stating that a development such as this could be 200 homes, which would trigger affordability no matter what. Commissioner Goldstone asked about the option of building the affordable units off site. Mr. Lichterman replied that he is not sure this happens in practice or if it is just written in ordinances as an option. Mr. Weiss confirmed that he does not see this in practice in this area. Most often it is much easier for developers to pay the fee than to find an open space for building. Mr. Lichterman shared that when the Village met with Reva to negotiate for 10 percent of the units to be affordable, they immediately asked to pay their way out of it instead. However, the Village does not want that burden, they want the developers to build the affordable units and manage them. Chairman Berg agreed that it would be a big burden for the Village to accept the fees and manage this. Commissioner Goldstone stated that she does not like the idea of developers being able to buy themselves out of it; it defeats the purpose and does not bring affordable units to Deerfield.

Commissioner Bromberg suggested that for detached housing there is no affordability required for 0 to 30 units. Chairman Berg agreed a larger number of homes warrants affordable units for single-family homes and 30 sounds like a good number. Commissioner Keefe agreed. Mr. Nakahara asked at 31 detached units how many affordable units should be proposed or should there be a percentage required. Commissioner Bromberg suggested that 2 affordable units be required for 31-40 homes, 3 be required for 41-50 homes, and 10 percent be required for 51 and more. Chairman Berg agreed that a number and not a percentage is a good idea to make it more simple. Commissioner Jacoby agreed. Mr. Lichterman stated that they can move on and revisit this in summary at the end.

Commissioner Schulman asked how rentals of single-family affordable homes could be overseen. With owned units who would monitor who is buying them and ensure that they qualify for them and that they are not renting them out for profit. Mr. Lichterman replied that when the homes are developed there are restrictive covenants placed on them. The duration of these covenants can be in perpetuity to remain affordable or they can have a limit. The covenants state that they cannot be rented and must be owner occupied. They can also cap the appreciation so that the homes cannot be flipped and sold, eliminating the affordability. Chairman Berg added that they can also include a hardship restriction allowing a unit to be rented as an exception if necessary. Commissioner Goldstone suggested they can state that the owner must live there for a year before it could be rented. Mr. Nakahara shared that Northbrook does annual checks to make sure that the people who purchased these homes are living in them. Mr. Weiss added that these scenarios are hypothetical, and he has learned from housing partners that every possible living situation occurs. A recent example was in Highwood; a member of the Air Force was being temporarily stationed abroad and wanted to rent his affordable unit and be able to come back to it after his tour. He commented that once you are dealing with an ownership model, it is very different from an annual lease you get into all complications of peoples' lives. This is why a housing partner organization is helpful.

Mr. Lichterman stated that the major control is capping the appreciation to avoid flipping it for profit. The other limiting factors are that there are private property rights, and it is a balancing

act of how much local government should be intervening in the free market. If you limit rentals and appreciation, you hope to find a balance of achieving policy goals without going too far. Commissioner Schulman suggested that they can interfere with the developers but after this stage that it is peoples' lives and restrictions could alienate their rights. However, a cap on appreciation seems standard and this should achieve not being able to rent units for profit with the intent not to move in. Mr. Lichterman stated that they can add language to the draft ordinance to verify that these units are owner occupied at the time of purchase. The partner organization will then check once a year. Commissioner Schulman asked about the cost to the Village for monitoring this. Mr. Lichterman replied that the Village would be prepared to enter into a contract with a third party housing contractor, which would likely be around \$20,000 a year. It would be more if they accepted the fee in lieu and added a housing commission or were to purchase land. He added that the partner organization would monitor rentals as well as single-family homes.

Mr. Lichterman moved on to the next topic of how long units should be required to be affordable. At the last meeting, there was discussion of keeping them affordable in perpetuity. There was also discussion of a 25-year period. The difficulties of a limited duration would be telling people living there in year 25 that their affordable rental rate is about to go up to market rate rent. Mr. Lichterman added that most towns in the area keep the units affordable in perpetuity. However, Reva negotiated a time limit of 25 years and Zion Woods is a 99-year time frame because of the ground lease. Mr. Nakahara noted that Highland Park and Lake Forest both state affordability in perpetuity or so long a permissible by law, however affordability in Evanston have a time limit of 30 years. Commissioner Stolman asked why an end date or a cap at 25 years would be considered. Mr. Lichterman stated that for property owners, their property might become more valuable after a 25-year period, and restrictive covenants going away would be more valuable to a future investor. Commissioner Bromberg stated that he does not see the desire for affordable units going away and he is in favor of perpetuity. Chairman Berg and Commissioner Stolman agreed commenting on the difficulties of time limits. Commissioner Goldstone asked that if a property is affordable in perpetuity, can a property owner appeal this in the future, if they believe it becomes unnecessary. Mr. Weiss replied that a future Village Board could strike or modify this requirement or release covenants on properties. He added that the sense on the North Shore is that properties have not gotten more affordable over time, so creating and preserving affordable units will stem that decline. However, they could be reversible by a future Village Board. All commissioners agreed they are in favor of perpetuity.

Mr. Lichterman next asked about multiple housing types in one development and which units should affordable housing be applied. There can be equal application among all housing types, or it can only apply to the townhomes, condominiums or apartments. Commissioner Schulman commented that he wouldn't want developers to cherry pick, and he thinks they should match affordable units to each housing type and not shift them from one type to another. He is in favor of equal application among all housing types. Commissioners Keefe and Bromberg agreed. Chairman Berg agreed and summarized that they should keep it equitable as well as simpler.

Next, Mr. Lichterman brought up design standards for discussion. He asked the Commission if affordable units should have to be the exact same as market rate units or if there can be a different percentage. They can set standards to define differences allowed. It is common to see a limit on how flexible this can be so that the affordable units are not unreasonably small. However, often affordable units do not all need to be the same. Some towns allow them to be no less than 75 percent of the square footage of the market rate units. Or they may allow for different finishes or appliances. The Commission can decide if the affordable units should be the

same or allow for some flexibility with limits. Chairman Berg asked how this could be applied to an ordinance. Mr. Lichterman replied that in Highland Park for example the square footage of the affordable units have to be at least 75 percent of the market rate units and they specify minimums by number of bedrooms. Commissioner Schulman commented that the least desirable apartment units might be made affordable; however, the affordable units could change within a development in the future. Mr. Lichterman added that when a developer is building a large-scale apartment building they would not add different finishes as it wouldn't make sense. He added that developers may not always take advantage of this flexibility and the Commission can decide whether to include it or not.

Commissioner Jacoby commented that different finishes or size may be mostly applicable for detached homes versus apartments. She suggested that they offer the flexibility, whether developers choose take advantage of it or not. Mr. Lichterman replied that there can be some parameters defined by the Commission. For example, a smaller garage, less square footage, but while ensuring the affordable units are reasonable for living. Commissioner Keefe stated that he is in favor of reasonable, well-defined flexibility. Commissioners Bromberg and Schulman agreed. Commissioner Schulman added that the exterior should be indistinguishable and look like the market rate units. Mr. Lichterman replied that they could add language to require the units to be indistinguishable from the exterior. Chairman Berg and Commissioner Jacoby agreed.

Mr. Lichterman guided the discussion to the topic of incentives. He summarized that the Commission is in favor of no fee in lieu but may consider other incentives. A common one offered is a density bonus. The application of this most often manifests in greater building height. A density bonus is when affordable units are included, the developer can add a certain ratio of market rate units above and beyond zoning for density. This often leads to greater building height than otherwise allowed. There can also be a parking ratio reduction, reductions in fees and waivers, and expedited permit processing. Expedited permit processing may be the least valuable and may not be worth the staff capacity. However, it is a way of showing that the Village is also making concessions. Commissioner Schulman stated that he is favor of all of these incentives. Commissioner Bromberg clarified that expedited permits may be of little value to the developer and more work for the staff. Mr. Lichterman replied that the Building Department may not like this as these permits will skip ahead of single-family homes, which may cause complaints. Mr. Lichterman shared that first comments on a plan review can take up to four weeks and expedited processing can save up to four weeks of time. Mr. Nakahara added that he discussed this with Building and Code Enforcement Supervisor Clint Case, and he shared that it depends on the developer whether this would be a valuable incentive or not. For example, depending on the time of year, a developer may want to break ground on a project before winter comes and time can be of the essence and an expedited review would be valuable.

Mr. Nakahara explained more about the density bonus as compared to other incentives. He noted that if the ordinance allows a density bonus, then a density bonus is done by right, the developer will receive the density bonus, as defined, by providing affordable units. However, parking waivers or increased building height are not automatically allowed but developers can be eligible for them. An example of a density bonus is if a developer is allowed to add one more market rate unit for every affordable unit, it can be a one to one ratio. In Highland Park the density bonus is 1.5 market rate units for every affordable unit and in Lake Forest and Northbrook, they use a 1:1 ratio. Again, density bonuses are given by right but incentives for building height, increased lot coverage and or parking waivers are not automatically given but

developers can be eligible for them. The Commission would still need to make sure that these eligible incentives do not impact the health or safety of the surrounding properties. Mr. Weiss confirmed that density bonuses are given by right and included in the initial development plan. It is a mathematical formula that can be plugged in. Commissioner Bromberg commented that he is also in favor of all incentives. Commissioner Goldstone asked how this is an incentive and how it is different than the current process of a developer asking for a variation. Mr. Nakahara replied that the process is not different but extra consideration could be given to granting variances to a development with affordable units.

Mr. Ryckaert added that developments with affordable units could be entitled to the density bonus as well as permit fee waivers as a sure thing and the rest would require approval. Mr. Nakahara stated that permit fee waivers are often applied to just the affordable units. For example, if 10 percent of the development is affordable, then there would be a reduction of 10 percent of the total permit fees. The reduction would be proportionate to the affordable units in that development. Chairman Berg agreed that he endorses all incentives. Commissioner Goldstone agreed but stated that she does not see them all as pure incentives. Mr. Lichterman agreed that some of these incentives would still be a case-by-case decision. Another option would be giving affordable units a different parking ratio automatically. Commissioner Schulman and Chairman Berg stated that they would be in favor of this. Mr. Lichterman replied that they can modify the language around this and bring it back to the Commission.

Commissioner Stolman asked if a developer can choose as many of the incentives as they would like. Mr. Lichterman replied that yes, all of the incentives can be on the table for developers to take advantage of. Mr. Nakahara asked about applying a cap to the density bonus so that a developer couldn't continuously add more market rates while adding more affordable units. Mr. Lichterman replied that the cap on density bonuses is often tied to floor area ratio (FAR), so that a building can go to a certain height but at some point cannot exceed FAR by that factor. Mr. Lichterman confirmed that this language will be added so that the density bonus can be capped.

Mr. Lichterman asked the Commission if there might be an appropriate place and time that they should consider accepting fees in lieu of affordable units, for example to pay for a ratio of an affordable unit instead of adding another one to the development. Commissioner Keefe stated that staff and the Board seem averse to the Village creating and administering a fund and he is not in favor of accepting any fees. Chairman Berg agreed that the management of it would somewhat outweigh the benefits. Commissioner Bromberg agreed that the Village Board did not seem to want to do this so he would vote no. Commissioner Goldstone stated that she believes accepting fees defeats the purpose and does not bring affordable units to Deerfield. She added that if you can buy your way out of it does not achieve the goal. All commissioners agreed.

Mr. Lichterman reviewed the discussion thus far and decisions made. He stated that there is consensus that an ordinance is needed, and the ordinance would be mandatory. It applies to owners and renters, although there are different thresholds for detached and attached structures. The Commission agreed to change the threshold for detached homes to kick in after 31 or more homes to not stifle single-family home development. For rental unit developments of 50 units or less, the affordable units will be 120 percent of average median income (AMI), and at 51 units and above, half of the affordable units have to be at 120 percent of AMI and half at 100 percent of AMI. For owned units, all affordable units will be at 120 percent of AMI. For eligibility, priority will be given to those who live or work in the Village with no regard to age. Affordability will run in perpetuity. There will be equal application of affordable units to all housing types in a

development with the carve out for detached structures if less than 31. And staff will add language on design standards to allow for some flexibility on the interior and size, but it must be indistinguishable from the exterior. The Commission is in favor of all incentives and staff will bring back language on how this will work with the nuances. The Commission also agreed that there will be no opportunity to pay your way out with a fee in lieu of affordable units.

Mr. Nakahara suggested that the Commission decide how to handle fractions. For example 0.5 will be rounded up and 0.49 rounded down. Mr. Weiss shared that this is different in almost every community; it is a policy decision and there could be a sympathetic case on either side. Schulman said instead of rounding up can offer pay out for just the rounding. He added that this is where the fee in lieu can be useful in these hard cases. Mr. Lichterman reported that the Village does have a small rental assistance fund that it could be placed in if this were considered. Mr. Weiss added that there is a certain cost in administering this that the Commission has expressed opposition to. He added that the Village will be absorbing some cost just by having an affordable housing program that this fee can be applied to. Commissioner Bromberg stated that he is in favor of rounding fractions up or down. Mr. Lichterman pointed out that Northbrook who allows this requires 15 percent of a new development be affordable, even a development of six single family homes, so they may need to offer more relief to developers in this way. As proposed, Deerfield's required percentage of units and AMI are lower which is very developer friendly. Commissioner Keefe added that fractions will only occur at 51 or more units as below this whole numbers of units are required, so this will not be a common occurrence. Keefe likes rounding down and up. Chairman Berg and Commissioner Bromberg commented that these are great points and that they are in favor of rounding fractions. Mr. Lichterman replied that he will include rounding fractions as described in the draft ordinance.

Mr. Weiss commented that there are some important points to emphasize to the Commission. He stated that when we talk about the thresholds for income that those thresholds are also scaled by the size of a household. So you can have a household that has an average median income of 100 percent of the average median income, but the way housing costs are assessed by Housing and Urban Development (HUD), it depends on if you are a single person, a married couple, a family, and how many children are in the family. So the affordability can still apply. He shared that the Commission would see this in action in the ordinance presented which include a detailed chart of 100 and 120 percent of AMIs for different family sizes as well as a single person.

Mr. Nakahara commented that the Commission can also decide if there are developments that should be excluded from the affordable housing requirements. Mr. Lichterman reported that assisted living facilities and nursing facilities are often excluded, as these have monthly costs that more than just occupancy and include meals and care. These can be listed as excluded in the ordinance. Commissioner Goldstone clarified that affordability would still apply to senior independent living developments, just not assisted living or nursing homes.

The Commission agreed to continue this discussion with one more Workshop Meeting before bringing this matter to a Public Hearing.

~~Document Approval~~

~~1. 2021 Zoning Map Recommendation~~

Commissioner Goldstone asked how long it will take to build the new scoreboard. Mr. Dolter replied that the fabrication time is about eight weeks and then the installation time is about two weeks on site. He added that although this is not long, given the schedule for school and Village approvals, they are still planning on a spring installation.

Commissioner Goldstone confirmed that the School Board is in agreement with this proposal. Mr. Dolter replied that the project has already been approved by the School Board and publicly bid. The previous proposal had not been approved by the School Board at the time it was presented to the Plan Commission.

Commissioner Bromberg commented that he is glad this project is moving forward. He reminded the Petitioners that in their previous proposal a reason for placing the new scoreboard in the north end was for safety so that school administrators and security had a better view of student activity around the campus from the press box. He asked if this is still a concern. Mr. Dolter replied that this proposal is for a much smaller scoreboard than last time with fewer sight line issues. Additionally, the tennis court fencing has been redone which also improves sight lines for safety. Mr. Ahmer reported that he is comfortable with the location of the scoreboard and it should not have any negative safety impacts.

Commissioner Bromberg commented that there had been no previous mention of movie nights and he was under the impression that any community events using the scoreboard would be during the day. Commissioner Bromberg asked if there are plans for movie nights or anything else with sound for long periods of time. Mr. Dolter replied that they intend to mirror the scoreboard use with the night use of the field lights for athletic contests and practices to acclimate athletes to contests, or athletic events that start during the day and go into the night. They are not seeking any change to these lighting limitations and Mr. Dolter does not believe there are specific plans for movie nights. Mr. Ahmer stated that he was listing things it could be used for if allowed.

Commissioner Bromberg asked staff if the Plan Commission is being asked to approve or would need to approve the sign height to allow for the Adams Field sign or a placeholder for it to be added later. Mr. Ryckaert replied that the Petitioners would have to come back to the Plan Commission for approval for this sign to be added to the scoreboard; it is very conceptual at this time and more details would be needed at approval time. Commissioner Bromberg added that he is fine with waiving the traffic study for this matter.

Chairman Berg commended the Petitioners for their modifications and adjustments in consideration of community feedback since the last new scoreboard proposal.

Mr. Nakahara reported that the Public Hearing on this matter will be December 10, 2020.

3) Continued Workshop Meeting to Discuss an Affordable Housing Inclusionary Zoning Ordinance

Mr. Nakahara welcomed Village Attorney Stewart Weiss who is well versed on the topic of affordable housing. Mr. Nakahara provided background on this topic, which is a continuation of this item from the September 10, 2020 meeting. Mr. Nakahara reviewed the July 13, 2020 memo to the Village Board from staff which provided a suggested framework for an inclusionary housing ordinance. The Board then sent the framework to the Plan Commission to review, discuss and make recommendations on the matter. The Board emphasized that an inclusionary

housing zoning ordinance is the appropriate way to promote affordable housing in the Village of Deerfield. The Village is not bound by state definitions or benchmarks of affordable housing and these can be established by the Village. The Village Board also recognizes that this topic has been discussed on and off for over ten years, however no ordinance has been adopted in part due to the complicated nature of such an ordinance. The Board is now looking to achieve the outcome of an inclusionary zoning ordinance in the simplest and most efficient manner. The proposed framework for discussion includes a sliding scale for the number of affordable units in any given development with a maximum of 10 percent affordable units for developments with 50 units or more. The Board also contemplated 120 percent of Area Medium Income (AMI) as a benchmark for affordability. This number has been proposed partly because it was successfully negotiated with the recently approved REVA residential development for their affordable units. The Board also expressed reluctance about some developer incentives including accepting a fee in lieu of affordable units. This was largely due to the bureaucratic process that would come with oversight and accepting large sums of money such as this. The Board recognized that density bonuses to developers for affordable units could lead to positive impacts. Regarding eligibility, the Board preferred priority be given to people who work in Deerfield but was adamant that no preference be given Village employees.

Commissioner Bromberg reported that he attended the last Village Board meeting where the new apartment development at the Rhapsody and Warehouse locations was being considered. The Plan Commission asked for two affordable units to be included in this proposal as this would be consistent with the framework being discussed. The Petitioners came back with two affordable units in their proposal to the Board, however Commissioner Bromberg reported that he was confused as Trustees Jester and Shapiro were not happy with two and wanted four affordable units. Trustee Jester commented that he might not approve the proposal with less than four affordable units which is 10 percent of the development, even though the development is under 50 units. Commissioner Bromberg shared that he followed up with Trustee Jester who also voted no on the recommendation of developing an inclusionary housing ordinance. Commissioner Bromberg shared that Trustee Jester feels that the Village should not have an ordinance and should instead negotiate for affordable units as each proposal comes before them. He believes that as a petitioner asks for variances or exceptions the Village can use this as a negotiating tool. In contrast Trustee Oppenheim feels that an ordinance would allow the Village to be more consistent predictable for developers and can avoid negotiating. Commissioner Bromberg asked the Commissioners where they stand on this and if the Village should have an ordinance to provide structure and consistency or if they should negotiate each one as they are proposed. Commissioner Bromberg stated that he thinks they should move forward with an ordinance and strive for consistency.

Chairman Berg agreed and stated that he thinks a good example of what they are looking to achieve is what they saw take place with the most recent proposal. The Village has no ordinance yet, but they informed the Petitioners it is forthcoming and per the framework being considered they would like to see two affordable units. Chairman Berg added that they should adopt an ordinance to be consistent so that developers know what to expect. And if an adjustment or variance is needed it can be addressed case by case.

Commissioner Keefe agreed that he is also in favor of an ordinance for consistency for developers and also so that residents know what is expected of developers and there can be no concern of special interests or playing favorites.

Commissioners Goldstone and Schulman agreed. Commissioner Schulman asked if in lieu of an ordinance the Village can have a formal recommendation to developers.

Mr. Weiss stated that when asking developers for concessions in line with a policy, the developer cannot say that they are being asked for an exaction. It is in a fair and uniform manner in line with an ordinance. This is why new developments and affordable housing go hand in hand. The pitfall of having guidelines instead of an ordinance is that different Plan Commissioners or Village Boards over the years may have different levels of commitment or different goals and this can lead to the chance of developers being treated differently. Mr. Weiss added that in his experience developers like predictability and to know when they are designing a development what the expectations are from the beginning. Negotiating at the last minute to change the density and scrambling to modify plans can be challenging. Mr. Weiss stated that the most effective solution and the most effective way to get a developer to bring a coherent plan is to have standards built into the codes.

Commissioner Stolman asked Mr. Weiss if not having an ordinance could open the Village up to legal recourse and if it could be seen as a conflict of interest or favoritism. Mr. Weiss replied that to avoid legal recourse it must be applied in a uniform manner. The equitable application is key as well as defining expectations to developers while planning and working with Village staff. Securing financing with clear and attainable thresholds is important for developers.

Chairman Berg guided the discussion by stating that the Plan Commission should make a recommendation to the Village Board with a framework for an ordinance and they can then discuss the recommendations. Mr. Lichterman agreed that the Plan Commission has consensus to have an ordinance and can further discuss the nuances.

Mr. Nakahara reviewed some of the Commission's objectives in this discussion to work towards the goal of achieving housing diversity. They are hoping to get a consensus on AMI and what is considered affordable. At the last discussion, the Plan Commission was open to a breakdown of tiers for AMI. The Commission also saw value in offering developer incentives and does not want to stifle development. Incentives discussed include impact fee waivers, permit fee waivers, waivers for density and parking and expedited permit review. The Commission was in consensus to keep affordable units indistinguishable from other housing. And also in consensus regarding eligibility to give priority to those who live and work in Deerfield priority but no priority to Village of Deerfield employees.

Commissioner Bromberg commented that although Lake Forest gives priority based on age to 65 and older he is not in favor of this for Deerfield. Commissioner Keefe agreed and stated that a primary goal is to increase workforce housing in Deerfield, and this would not achieve that. Chairman Berg agreed.

Mr. Nakahara asked if the Commission could comment on whether he provided an accurate summary of the September 10, 2020 meeting discussion. Commissioner Goldstone replied that she is not comfortable with the idea of parking relief in exchange for affordable units because parking can be a big issues in Deerfield. She agrees with other permit review and fee waivers but not parking waivers. Mr. Nakahara stated that they will further discuss incentives later in the discussion.

Mr. Nakahara asked the Commission to discuss AMI and what will determine an affordable unit. He stated that Highland Park and Lake Forest define what is considered a moderate-income

household and what is considered a low income household based on percentages of AMI. Chairman Berg asked if these numbers are adjusted or reviewed on an annual basis.

Mr. Weiss reported that AMI is a regional metric that is calculated every year for a metropolitan area. This area includes Chicago, Naperville and Joliet. Mr. Weiss emphasized that this regional area extending south to Joliet and west to Naperville is a very large area. The AMI number reflects that 50 percent of the people in this area make less than that and 50 percent make more. It is not a mean and does not reflect high earners that stretch the top half end and leave an unproportionally large number in the bottom half. Mr. Weiss commented that there is no one definition for what is affordable; what is affordable on the west side of Chicago versus what is affordable in Deerfield is different and AMI is the scale used to measure this on. The Commission can determine the percentage of AMI income that Deerfield is targeting to provide affordable housing for. He stated that the North Shore has higher home values and so to be able to attain what would be reasonably affordable housing in Deerfield is very different than what it might be in Joliet. In Joliet people who earn 50 or 35 percent of AMI might be eligible for affordable housing. Mr. Weiss reported that AMI is a figure that is updated on an annual basis by the Federal Department of Housing and Urban Development.

Mr. Nakahara reminded the Commission that they previously discussed a tiered system for AMI. Highland Park also uses a tiered system stating that one third of required affordable units in a development be at a certain AMI, a third at another AMI and the last third at another AMI. Deerfield can implement this, or a system with two tiers of AMI, or different AMI for owner occupied versus rental units. Mr. Lichterman emphasized that AMI can be set at what the Commissioners agree upon and can be different for more than one tier.

Mr. Nakahara stated that the Commission must also determine the requirement for the number of affordable units in a development. As an example Lake Forest states that if a new development has more than five attached units being built then it will require affordable units. If a development like Coromandel were built in Lake Forest no single-family homes would be required to be affordable, only condos and townhomes. Chairman Berg asked what would justify not including single-family homes in an ordinance. Mr. Nakahara commented that the Commission can discuss this but if the Commission only applied attached units in covered developments that required affordable units, and then if developments like Elysian Way or Samanthas Way were proposed, they would not be required to have any affordable units. Mr. Nakahara commented that there is a higher cost to build family structures compared to attached structures and while this may be an subjective view, it is a delicate balance that is trying to be achieved without stifling development. In attached housing developments, there is a lower cost to build and incentives could help make the units more affordable for a developer. Alternatively, Highland Park includes all housing types; detached and attached residential development.

Commissioner Bromberg commented that in the framework presented, Samanthas Way or Elysian Way would have both fallen into the category of 11 to 20 units which would have required one unit to be affordable. Elysian Way homes are priced at \$800,000 and up and if one had to be affordable at the price of \$360,000 while being indistinguishable from the others this could be difficult. Mr. Lichterman reported that the affordable homes can be 75 percent of the size of the other homes and that the Commission can determine how indistinguishable they must be. For example they do not need to have all high end finishes and appliances; this can be regulated to some degree. However, when building 250 apartment units it is much easier to give all units the same finishes and make the affordable units the ones with a less desirable view for example. For single-family homes, the Village can regulate how different the affordable homes

could be. Mr. Lichterman added that the Commission could determine to exclude (detached) single-family homes from this ordinance. An advantage is that the ordinance is much easier to finalize when only talking about apartments given that single-family homes have more complications with ownership. He emphasized that the ordinance does not have to be perfect to move forward, it can also be revisited, evaluated and amended in the future. At this time, the Board is seeking to have a substantial policy.

Commissioner Schulman asked if there are any possible locations in Deerfield where more than 10 single-family homes could be developed. Mr. Weiss replied that currently in Northbrook there is a golf course being redeveloped to housing and this could be possible in Deerfield, as well. Golf courses, country clubs, or corporations could be redeveloped into housing. Mr. Weiss added that he is not discounting the complexity of applying affordable standards to high income homes like those in Deerfield. However he is seeing that bit by bit the face of the suburbs changing which is partly driven by demographics and the products developers are proposing. Northbrook has recently had more than 1600 apartment units under consideration and Glenview has had more than twice that. Deerfield may have some of these opportunities, as well. The redevelopment of a golf course can have a potential 80 acres that could be redeveloped into a housing subdivision. Requiring single-family homes to be made affordable, places covenants on properties and upper limits of profits above equity that can be realized by a renter or owner. If a home is bought by a purchaser who qualifies on income and then goes to sell the home 20 years later, there will be market appreciation, but the home cannot be taken out of the affordable category. Legal tracking must be used to compensate the owner to allow them to realize the equity, get their market appreciation back and make them whole on any improvements made. There are formulas to do this which would be done by staff or expert consultants.

Commissioner Goldstone asked if there is a way to generically state that if a large single-family home development was proposed that the Village would expect some units to be made affordable. She commented that when there was talk of Briarwood being up for sale several years ago there was talk of residential there. She wants to be consistent with developers however the case of single-family home developments will be much less common than attached housing. Mr. Weiss replied that if there is not an ordinance on the books and a development comes in, it will be more challenging to get affordable units. If there is a clear standard, then the developer has an extraction.

Commissioner Goldstone stated that she is in favor of including single-family homes in the ordinance. Chairman Berg agreed and added that the percentage of units required could vary. Commissioner Bromberg commented that it could be challenging to change the threshold for when affordability kicks in for the type of housing. Mr. Lichterman added that he most commonly sees as a change in the AMI for single-family homes but not in the threshold for which affordability kicks in. The market trend for development currently is for large scale apartment buildings but that trend could change in the future.

Mr. Nakahara applied this to a recent example. The two lots at 464 and 502 Elm Street in Deerfield that formed one acre were bought by a developer who came before the Plan Commission in 2017 and proposed 12 units on the site: one 4-unit building and 4 duplexes. Per the guidelines being discussed they would be required to make one unit affordable. The Lake Forest ordinance would say they need 1.8 units, so two would be required. The Highland Park ordinance would require making 20 percent affordable, so 2.4 units would be 3 units or two units with a fee in lieu of the fraction of the unit. At the time this was development was being

proposed, the Commission said the proposal was too dense for the site so the developer then came back with two single-family homes, two duplexes and one 4-unit building. Per the guidelines being discussed, the development would not qualify to set aside any affordable units. The Highland Park ordinance would require two units and Lake Forest would require 1.2 units because there are eight attached units. Using the same example, The Commission did not recommend the 10-unit development so the developer came back a third time proposing six single-family homes. Under the guidelines being discussed for Deerfield, no units would need to be made affordable because development is under 10 units. The Lake Forest ordinance would also not require any units as the homes are all detached units. The Highland Park ordinance would require two or one and a fee in lieu of the fraction of the unit. Mr. Nakahara shared this to emphasize that even though the Village is built out, there remain opportunity for residential development. Mr. Lichterman stated that another example is Coromandel which is a mixture of three housing types and if single-family homes were excluded from affordability then only townhomes and condos would be required in a new development such as this.

Commissioner Bromberg asked if 10 percent of units were required to be affordable in a mixed development, would they have to be proportionate with the housing types or could the developer make all affordable units be apartments. Mr. Lichterman replied that the Plan Commission can make that determination and if it is not defined the developer will surely apply all affordable units to apartments or other attached housing. Commissioner Bromberg commented that he is in favor of the framework presented for the sliding scale and would like to require that the affordable units be made proportionate to the housing types in a development.

Mr. Nakahara summarized that the Commission still needs to decide on the threshold for affordable units, how to apply to AMI, how to prioritize eligibility and incentives.

Commissioner Bromberg proposed that 120 percent of AMI be used for smaller developments but once a development is over 50 units which would require more affordable units, then he is in favor of half of the affordable units being at 120 percent of AMI and half being at 100 percent of AMI. For example in a development with 10 percent of the units required to be affordable, 5 percent would be at 120 percent of AMI and 5 percent would be at 100 percent of AMI. Commissioner Schulman commented that he likes this proposal. Commissioner Bromberg added that this should only be for rental units and owner occupied units should stay at 120 percent of AMI. Mr. Lichterman confirmed that if a rental development were 49 units that all affordable units would be at 120 percent of AMI and if it were 50 units or more, this two tiered scale could be used. And owner occupied units be kept in one tier at 120 percent of AMI.

Commissioner Schulman asked if it is equitable to have different requirements for owners versus renters. Mr. Lichterman added that there are areas the Commission can distinguish renters from owners despite the land use and property use being the same. Mr. Weiss confirmed that different AMI tiers for owners versus renters can be used as it is recognized that owners need a certain amount of income stability to maintain property. They do not want to set somebody up for failure who may not be able to keep up with a home's mortgage or upkeep. He added that it may be easier to fit lower income rental units into a high median income community like Deerfield than owner occupied units. Commissioner Schulman questioned whether they should apply affordable housing to owner occupied units. Mr. Lichterman replied that he thinks there could be problems by only offering affordable housing to renters. Mr. Weiss confirmed that it is not a legal issue, it is a policy decision for the Commission to make. He added that most communities do include owner occupied units. Mr. Lichterman commented that AMLI at 250 units and Woodview at 185 units are both luxury rental apartments that would, if

proposed with this ordinance in place, require 10 percent of the units to be affordable. He asked if the same developments were condos would the Commissioners be comfortable saying that no units needed to be affordable. Mr. Weiss stated that he would do more research to confirm there would be no legal issues with this as all other communities he is familiar with have applied affordable housing to rental and owner occupied units and have changed the AMI for owner occupied units. Commissioner Bromberg reiterated that he would like to make AMI higher for owner occupied units, but he would like to make the number of required affordable units the same for owner versus renter occupied.

Commissioner Keefe agreed that he is in favor of including owner occupied units and asked if the Village Board was also in favor of this. Mr. Lichterman replied that they seemed to be in favor of it but wanted the Plan Commission to determine the different requirements for each type of unit. Commissioner Schulman commented that he would be in favor of affordable units for apartments and owner occupied condos, but he is not sure about single-family homes.

Commissioner Schulman asked if the affordable homes would be kept affordable in perpetuity or for a term of say 25 or 30 years for owner occupied or rental units. Mr. Lichterman reported that the affordable units for the new REVA development will be kept affordable for 25 years as this was agreed upon in negotiations with REVA. It is very common to keep units affordable in perpetuity because if someone is living in there it could be challenging for their rent to go to market rate on year because the timing is up. For owner occupied homes it is common to keep them in perpetuity or for a period of 99 years. Commissioner Bromberg stated that he is in favor of perpetuity. Chairman Berg and Commissioner Goldstone agreed. Mr. Nakahara commented that the Commission should consider their objective to maintain affordable housing and continually integrate the housing stock when contemplating these decisions. Mr. Weiss shared that he sees perpetuity more often so as to not catch people off guard and to avoid the administrative difficulty of dealing with units sunsetting at different times. Mr. Nakahara summarized that the Commission is in favor of perpetuity.

Chairman Berg asked if the Commission is in agreement on the sliding scale and the thresholds for affordable units to kick in. He reviewed that it is proposed that are no affordable units required for a development of 1 to 10 units, 11 to 20 units mandates one, 21 to 49 units mandates five percent and 50 units or more mandates 10 percent. Mr. Lichterman explained that this proposal was made in consultation with the Mayor and presented to the Board. The Board reviewed it and sent it to the Plan Commission for review and to create a first draft. Commissioner Schulman pointed out that the middle two sized developments (from scale in staff report) of 11 to 20 requiring one unit and 21 to 29 requiring five percent would both end up requiring one unit. He proposed changing the scale to increase the threshold for development to 11 to 30 units would require one affordable unit or you keep the threshold for developments of 11 to 20 units requiring one affordable unit and add two affordable units for developments of 21 to 29 units and five percent for development of 30 units and over. Commissioner Bromberg suggested one affordable unit for developments of 11 to 29 and 5 percent for 30 and over.

Mr. Lichterman asked if all are in agreement that for a development of over 50 units 10 percent affordable is appropriate. Commissioner Bromberg agreed that it is and thinks that Highland Park's and Lake Forest's requirement is too high and might discourage developers. Chairman Berg and Commissioner Keefe agreed that 10 percent is appropriate. Mr. Weiss commented that Northbrook is considering 15 percent. Commissioner Stolman commented that he would like to know what percent has stifled development. Mr. Weiss replied that we do not know what developments weren't built. He added that developers like clear guidelines and can consider

these when deciding which community to build in. Commissioner Schulman commented that if a developer was going to build 50 units they may choose to build 49 to avoid having more affordable units.

Commissioner Bromberg commented that more tiers makes it more complicated. Mr. Weiss stated that there are different ways to approach this with rounding up or down or giving the option for a developer to pay a fee in lieu of a fraction and this can be defined in the ordinance. Mr. Lichterman commented that 10 percent affordability seems to be the general consensus with the Commission. And Deerfield can be more competitive for developers shopping around the North Shore hearing that neighboring communities require 15 and 20 percent. He added that this can always be revised in the future. He would like to move the ball forward and asked the Commission to move on and discuss eligibility.

Commissioner Bromberg suggested that for eligibility, priority be given to people that live or work in Deerfield without favoring public versus private sector employees. He does not want to give priority to any age group. Chairman Berg confirmed that people who live or work in Deerfield would be prioritized in line but anyone with eligible income could apply. And as long as their income still qualifies them, even if they no longer work in Deerfield they would still qualify to stay in an affordable unit. The priority is only given for the initial lease to jump to the front of the line. Mr. Weiss shared that it is common to verify income and recertify eligibility every three years. Priority would be given for initial lease and would have no impact on recertifying eligibility. Commissioner Goldstone questioned giving people who already live in Deerfield priority, especially if they do not work in Deerfield. Mr. Lichterman replied that he believe the intent was that if someone works in Deerfield they should be able to afford to live in Deerfield and have a shorter commute. Commissioner Bromberg commented that if it were priority for people living in Deerfield this could apply to college graduates living with their parents and working downtown. Mr. Lichterman commented that this was not necessary the policy objective and that Lake Forest gives priority to people living there already because they are trying to keep aging seniors to stay in the community. Commissioner Bromberg suggested only giving priority to people who work in Deerfield. Chairman Berg agreed. Mr. Weiss commented that giving priority to people who work in the community and already have a stake in the community and to increase their quality of life by a shorter commute is a wonderful policy objective. All Commissioners agreed.

Mr. Lichterman suggested that the Commission continue the discussion with incentives at a future meeting. Incentives is the last topic for consideration, but it is lengthy considering density bonuses, fees in lieu of affordable units and other topics. Mr. Ryckaert stated that given the future meeting agendas this would most likely have to be continued to January.

~~Document Approval~~

- ~~1) Report and Recommendation of the Plan Commission on a Finding of Substantial Conformance for the Final Development Plan for the Zion Woods Residential Development at 10 Deerfield Road (Zion Lutheran Church, Brinshore Development, & Housing Opportunity Development Corporation)~~
- ~~2) Report and Recommendation of the Plan Commission on the Request for a Special Use to Permit an In-Home Child Day Care Establishment for up to 12 Children at 114 Pine Street and a Text Amendment to Article 2.04-A,1. for an In-Home Child Day Care to Not Exceed 40 Percent of the Total Habitable Floor Area of all Permitted Structures~~
- ~~3) October 8, 2020 Plan Commission Minutes~~

temperature checks at departure, as well. They will also be doing extra cleaning and sanitizing and will have a strict sick policy that will require children to stay home for 72 hours if sick and monitor coughs, colds and flu symptoms closely. If flu symptoms persist for more than 72 hours, children may only return back with a doctor's note saying either that their symptoms are not COVID related, not enough symptoms for a test, or with a negative COVID test result. They will also follow the Chicago guidelines stating that if a family has traveled to a red state or been on an airplane, that they must stay home for two weeks before returning. They will also follow the DCFS COVID guidelines stating that plush toys or stuffed animals will not be allowed. They will also minimize parents being in the home by offering virtual tours. Ms. Schultz added that if Illinois goes back to Phase 3 they will communicate with their DCFS representative on the process needed and will work with parents to lower number of children in their care if they need to. The Petitioner will work with the conditions they are presented.

Chairman Berg confirmed with staff that the Petitioners need to be licensed through DCFS in order to operate. Ms. Grafman added that any in-home day care with more than three children is required to be licensed. Mr. Ryckaert stated that per the Zoning Ordinances under home occupation, any applicable State licensing requirements must be adhered to as well as any additional Village requirements which in this case requires a Special Use as they are planning to have over four children in their care.

Chairman Berg asked staff if there are any parking restrictions in this area on Pine or an adjoining street. Mr. Ryckaert replied that he is not aware of any but will double check. Commissioner Bromberg stated that he lives in the area and other than no overnight parking there are no special restrictions.

Chairman Berg agreed with the suggestion that Ms. Schultz park elsewhere to accommodate clientele as best possible and keep the traffic flow uncongested. Chairman Berg also agreed that garbage is an issue to consider. Mr. Lichterman informed the Petitioners that they can rent an additional garbage can from the garbage provider. Chairman Berg stated that he agrees that there is no need for a traffic and parking study.

Commissioner Bromberg asked what happens in the event of Ms. Grafman's family going on vacation. Ms. Grafman replied that per the DCFS guidelines, they will have a school policy stating when they will be closed for vacations. And although the licensee who is Ms. Grafman must always be there, they are allowed a certain number of days to have a substitute for her which will be Ms. Schultz.

Mr. Ryckaert reported that the Public Hearing on this matter will be October 8, 2020.

2) Workshop Meeting to Discuss the Framework for an Affordable Housing Inclusionary Ordinance

For this agenda item Mr. Nakahara shared some basic definitions relative to inclusionary zoning. Inclusionary zoning may be programs and policies that require or offer incentives for the creation of affordable housing. Inclusionary zoning may come into effect when new development or redevelopment occurs. Some of the benefits of an inclusionary zoning ordinance are that they deal mainly to private sector development, which does not necessitate a direct government subsidy, integrate affordable housing into market rate development and do not concentrate affordable housing in one area.

Mr. Nakahara defined area median income (AMI) as the income limits that are determined by the specific area income or regional area income as calculated annually by Housing and Urban Development (HUD). The AMI is the median or middle number of all of the incomes for the given area. Meaning that 50 percent of the people in that area make more than that amount, and 50 percent make less. The income levels are percentages of that AMI number. Household income at or below 80 percent of the AMI is considered low-income, household income from 80 percent to 120 percent of the median income is considered moderate income, and above 120 percent of the AMI is considered middle income.

Mr. Lichterman discussed the memo presented to the Village Board on July 20, 2020. This memo is in response to the January 2020 Committee of the Whole Meeting in which the Board directed staff to further look into an affordable housing inclusionary zoning ordinance. At the January 2020 meeting, the Village Board had a favorable view to take some legislative action and recommended that an inclusionary zoning ordinance may be a method to drive affordable housing. Mr. Lichterman stated that they looked back at Village files pertaining to affordable housing or workforce housing and learned that this issue has been discussed since 2009. In the past there have been ideas of forming a task force. At this time, the Village Board is ready for action and Mr. Lichterman provided an overview of the staff memo to the Board with a framework and recommendations for a possible inclusionary housing ordinance. Mr. Lichterman added that the Board did not get into the details of a recommendation and their hope is that the Plan Commission would dive into deeper detail of an inclusionary ordinance. The Board liked the general guidelines but would like to dig deeper into what the thresholds are for when the ordinance would apply as it may not make sense for all developments.

Mr. Lichterman stated that these policy objectives will drive later decisions and specifically some of the definitions for AMI. The objectives offered for inclusionary zoning include increasing the supply of affordable housing, dispersing the supply of affordable housing, and making low and moderate income families indistinguishable from each other. An inclusionary zoning ordinance would provide better access to employment and education in Deerfield to a great demographic and the surrounding area as well as encourage racial and economic integration.

Mr. Lichterman stated that the State of Illinois has non-binding affordable housing guidelines with different objectives than these. When the Village Board asked staff to come up with thresholds that would trigger the inclusionary ordinance, staff offered a sliding scale so that any development with over 51 units will offer 10 percent of the units as affordable. Developments with one to 10 units would be encouraged to offer affordable housing but would not be mandated. Staff suggested that affordable housing be 120 percent of AMI. This does not satisfy what the State of Illinois defines as affordable housing in the Affordable Housing Planning and Appeals Act (Act). As Deerfield is a Home Rule community, the State act is not binding to Deerfield; it is only viewed as a guideline. At this time, staff is not offering to be bound to the Act as an objective, but if the Plan Commission disagrees, this can be part of their recommendation. Staff suggests that 120 percent of AMI be used (while the State defines that 80 percent of AMI for owner occupied units and 60 percent of AMI for rental occupied units) when defining affordable housing units. Affordable housing can be owner occupied or rental occupied and an ordinance must apply to both.

Commissioner Bromberg asked if the suggested sliding scale is the same for rental and owner occupied units or if staff suggests two different scales. Mr. Lichterman responded that they are suggesting one scale, but they believe they can use two different ones if this body or the Board suggest so, as the State has.

Commissioner Bromberg commented that 120 percent of AMI is an important factor to consider for Deerfield. He understands that this does not meet Illinois requirements, but would like to know if it will allow Deerfield to meet their other goals of allowing low income families to live there. Mr. Lichterman agreed that this is an important question and it is the decision of the Commission. Staff is of the mind that this number starts the ball moving and will not be too off-putting for developers, as the Village does not want to discourage development. The question is whether this percentage along with incentives will be feasible for developers. The Village Board is looking to the Plan Commission to help make this determination. Commissioner Bromberg commented that the Zion Woods affordable housing proposal is below this percentage of AMI. Mr. Lichterman commented that this is correct, as their number is dictated by the funding and programs they are using, and that this ordinance would not apply to them as they are already offering affordable housing to low income families. Mr. Ryckaert commented that he believes Zion Woods plans to use 60 percent of AMI. Commissioner Bromberg suggested looking into 100 percent and 120 percent of AMI.

Mr. Lichterman showed a State report shows that in 2012 Deerfield had 4 percent affordable housing and in 2018, 7.3 percent affordable housing. It is not clear what drove this increase as these numbers are dependent on the housing market at the time. He shared that one reason staff is recommending that 120 of AMI be used is that the approved REVA development agreed to offer 10 percent of their apartments at 120 percent AMI, which will be 18 out of the 180 apartment units.

Mr. Lichterman reviewed what the rent and sale prices would be for 120 percent of AMI using a household of four AMI of \$109,000. Rent for a three bedroom unit would at 120 percent of AMI would be \$2,730 including utilities. Currently there are 12 three bedroom units for rent in Deerfield with an average rent of \$2,839, however this does not include utilities. 100 percent of AMI would be a significant difference in rent. And the sale price of a three bedroom unit at 120 percent of AMI would be \$369,500 for a household of four. The median value of homes in Deerfield is \$385,000. Mr. Lichterman added that the Village would need to partner with a third party housing authority to administer this program if this were put into place. The housing authority partner would audit applications and determine who would be eligible.

Commissioner Schulman asked how much utilities might be a month. Mr. Lichterman replied that rent often includes waste, water and sewer and tenants are responsible for gas and electric which can be upwards of \$100 a month. Mr. Lichterman added that internet is not considered a utility and tenants will likely need internet service.

Commissioner Bromberg commented that another key part of the income grid is for the one-person household because when affordable housing has been discussed in the past, they have talked a lot about someone newly out of college, such as a teacher or firefighter in the community who would also like to live in the community close to their job. He thinks that this is an important to consider and asked if the starting salary for teachers or firefighters would qualify.

Commissioner Stolman commented that the rent for a one-bedroom unit would still be over \$2,000 using 120 percent of AMI and one bedroom units already had an average rent of \$1,200 which is well within that range.

Commissioner Schulman asked if this would only apply to new homes being built. Mr. Lichterman replied that it would only be for new developments with ten or more homes or other types of units. Commissioner Schulman commented that the ordinance would mostly be for new construction rental apartments and very rarely if ever townhomes or single family homes. Mr. Lichterman agreed that this is true in today's market but that could change in the future.

Commissioner Keefe asked if a unit is purchased through this affordable housing program and is later being sold, does it have to remain as affordable housing for the sale. Mr. Lichterman replied that the unit would be held in perpetuity with a restrictive covenant to keep it affordable even when it turns over.

Commissioner Stolman asked if this only applies to units in multi-unit housing or if it also applies single family home developments. Mr. Lichterman replied that it would apply to all new developments and all units are viewed as the same, whether apartments or condos or single family homes. However, it would not be very common that there would be a development of more than ten single family homes.

Commissioner Stolman asked how this program would be marketed and if it would be offered publicly as well as whether the third party partner would accept tenants or if the owner or landlord would. Mr. Lichterman replied that the third party partner would handle all of the marketing and applications. Commissioner Stolman asked what the potential annual cost would be of this partner. Mr. Lichterman replied that they believe it would be between \$20,000 and \$30,000 per year to help administer a program like this. He added that there is a selection of reputable companies that do this that have been used throughout Lake Forest to Evanston.

Commissioner Bromberg asked how would this apply to a large development similar Coromandel. Mr. Lichterman responded that Coromandel is 400 units total a mix of townhomes, apartments, and condominiums. If this potential ordinance were to apply to a development like Coromandel, the Village would say that 40 housing units need to be affordable. Commissioner Bromberg asked if what types of units those 40 could be. Mr. Lichterman replied that this is something for this body to deliberate and perhaps the 10 percent could be across the board so that 10 percent of each apartments, condos and townhomes would need to be made affordable.

Chairman Berg asked Mr. Lichterman to expound on the possible advantages or disadvantages of condos only being made affordable and not single family homes. Mr. Lichterman replied that applying an ordinance like this to all types of new development units provides for more diversity. And there is value in having a variety of housing stock if they really want to achieve affordability and diversity. The whole point of inclusionary zoning is to not differentiate and to comingle the affordable housing. In this example, a Coromandel-type development in the future would be indistinguishable.

Mr. Lichterman next discussed developer incentives being proposed. He stated that setting the right AMI and incentives will determine if the Village stifles development or not. Developers focus on economic outcomes to stay in a project and the Village hopes to offer certain incentives that are valuable.

One commonly used significant incentive is a developer fee which allows the developer to pay a fee in lieu of adhering to the affordable housing requirements. Mr. Lichterman stated that the Village Board is opposed to accepting fees in lieu of offering affordable housing. The Board is

also opposed to forming a Housing Commission as they are looking for a more efficient way to do this without additional bureaucracy.

Mr. Lichterman stated that another possible incentive is density waivers. This would allow developers to build above and beyond the density restrictions in the Zoning Ordinances and would often trade one for one with more units and affordable units which can be a valuable incentive to developers. Additional incentives include impact fee waivers, building permit fees waivers and expedited building permits, and other fees waivers on just the affordable units but not the entire development.

Mr. Lichterman next discussed eligibility. A common policy objective is for low and moderate-income families to live in the community. The question is how to allow this when there will only be so many affordable units with possibly many eligible applicants. When the Village Board discussed this, their reaction was that giving priority to people that live and work in Deerfield. However, they are opposed to giving priority to employees of the Village as this seems self-serving. The Village Board discussed the importance of this ordinance to benefit the broader community. Mr. Lichterman asked the Commission to consider whether we exclude library and park district employees from getting priority, as well. Chairman Berg clarified that Village employee applicants would not be excluded, just not prioritized.

Chairman Berg asked what would happen if someone is accepted and ceases to be employed there during the term of their occupancy. Mr. Lichterman replied that he is not sure, but that as long as that person still qualifies they can remain.

Mr. Lichterman stated that when the Village Board discussed incentives and eligibility they stayed very broad and it is their hope that the Plan Commission would dig into the nuances more in these areas. The Board discussed just a basic framework to move the ball forward. Mr. Lichterman informed the Commissioners that they can let staff know what they need more information on and can discuss what feels right and wrong and what they need more time or information on. At this time staff is looking for that basic reaction and how to move forward.

Commissioner Bromberg asked if Trustee Jester felt that this was not necessary and was against inclusionary zoning referring to Trustee Jester commenting (at the July 20th Board meeting) that the Village already has many homes that meet these requirements. Mr. Lichterman confirmed that this is accurate. He added that some trustees believed that 120 percent of AMI is a good starting place and better than nothing and others wanted to further explore 100 percent or 80 percent of AMI.

Chairman Berg asked each Commissioner for their input.

Commissioner Bromberg stated that he is not sure about the 120 percent of AMI and he needs time to mull that over as he is considering lowering that number. Mr. Ryckaert replied that the Commission could consider recommending that half of the required units be at 100 percent of AMI and half at 120 percent at AMI, or a third at 80 percent, a third at 100 percent, and a third at 120 percent of AMI. Commissioner Bromberg liked this suggestion. He added that it is his preference for people who work in the Village to have priority, but not Village employees and not public sector over private sector employees. He also agrees that the Village should not accept a fee in lieu of affordable units, and he likes the idea of other waivers as incentives. He also added that if someone's income goes up there should be a way for them to age out of the program and pay market rate. He does not think that once someone qualifies and is accepted

that they should never leave the unit or always have the same rent. Mr. Lichterman responded that if someone no longer qualifies for affordable housing then the unit can go to market rent and another unit in the development can be made affordable in return. A tenant would not necessarily have to leave the unit. Commissioner Bromberg also commented that in the Highland Park Ordinance, an owner occupied unit has to meet the requirements of perpetuity for 25 years and he'd like to give more thought to this. Mr. Lichterman stated that the Village Board had the opinion that a unit for sale should remain in perpetuity and that ten percent of units in a development need to remain affordable in perpetuity.

Chairman Berg asked how this might be governed and overseen in a multi-unit establishment. Mr. Lichterman replied that the third party housing authority would audit program participants on an annual basis and generally act as an arm to the Village to manage the entire program.

Commissioner Schulman asked if a new development has 50 units and five need to be made affordable, if it can it be any five units. Mr. Lichterman replied that yes it can be any units the developer would assign. Often times it may be units with poor views or some downside to them. Or they may choose different countertops or fixtures for the affordable units.

Chairman Berg confirmed that the affordable units would have to be indistinguishable from full market rate. Mr. Lichterman confirmed that this an objective of the potential ordinance. He added that for comparison, Highland Park's ordinance states that affordable units cannot be less than 75 percent of the square footage of a market rate unit. They can place limits such as these on it. The objective is to be affordable and indistinguishable from the others.

Commissioner Keefe commented that he wants to be sure that if someone purchased an affordable condo that they cannot rent it out for a higher rate. He also commented that there could be concern about people not upgrading or property maintaining affordable units because know they know they will not get market value when they sell. Mr. Lichterman stated that staff can look into this as owner occupied affordable housing is more rare and not as well understood. Mr. Nakahara stated that if a unit is purchased as an affordable unit then it would not be eligible to be rented out and it must be owner occupied.

Commissioner Schulman commented overall it is a good policy and he understands why the Village would want to have it on the record. However he is not sure how applicable it would be in Deerfield as there is not very much new development of large scale. He added that he likes Mr. Ryckaert's idea of splitting the AMI and that without incentives for developers they could curb development. He stated that waivers could be enticing and meaningful for developers. Regarding eligibility, he asked how multiple applicants that live or work in Deerfield could be prioritized at the same time. And regarding perpetuity for rental or owner occupied units, if the unit is only affordable for 25 years it would be hard to have to cycle people out in year 24 if they could not afford to pay market rent.

Commissioner Stolman agreed that he liked the idea of splitting AMI levels in halves or thirds. And regarding incentives, maybe the Village could consider requiring less than ten percent of units be made affordable so as to not scare developers away. He also questioned the cost and efficiency of the third party contractor versus the Village managing the program themselves. And regarding eligibility he would like to know if essential workers and educators will receive priority.

Chairman Berg asked the Commissioners whether this matter should be continued, as there has been quite a bit of meaningful dialogue at this point. He stated that the Village Board has requested that the Plan Commission study this issue and make necessary recommendations and he believes it is incumbent upon them to provide information and support if they wish to adopt something.

Commissioner Bromberg agreed to continue the discussion and stated that he believes that they should have an ordinance in place but that they first need more information to inform their recommendations. Commissioners Keefe, Schulman and Stolman agreed to continue the matter to a later date. Chairman Berg asked staff to look further into the cost of potentially forming a housing authority.

Mr. Ryckaert suggested continuing the matter at the October 22, 2020 Plan Commission meeting, Chairman Berg confirmed.

Document Approval

- 1) September 1, 2020 Plan Commission Meeting Minutes

Commissioner Bromberg moved, seconded by Commissioner Keefe to approve the minutes with the corrections provided by Commissioner Bromberg. The motion passed with the following vote.

Ayes: Stolman, Bromberg, Keefe, Schulman, Berg (5)

Nays: None (0)

Items from the Staff

Mr. Ryckaert reported on upcoming Plan Commission agenda items.

Public Comment

Mr. Ryckaert reported that there was no public comment via email received during the meeting. Mr. Lichterman reported that no one was present at Village Hall for public comment. Mr. Nakahara reported that there were no Zoom participants requesting oral public comment.

Adjournment

There being no further discussion, Commissioner Bromberg moved, seconded by Commissioner Stolman to adjourn the meeting at 9:27 P.M. The motion passed the following vote.

Ayes: Stolman, Bromberg, Keefe, Schulman, Berg (5)

Nays: None (0)

Respectfully Submitted,
Laura Boll