

AFFORDABLE HOUSING PLAN

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CITY OF GENEVA

Approved by: Resolution 2020-50



Affordable Housing Plan

Table of Contents

Introduction_____ 3

Background

 Affordable Housing Planning and Appeals Act_____ 4

 What is Affordable?_____ 5

 Past Planning Efforts_____ 6

Affordable Housing Plan

 Goal_____ 9

 Statement of Need_____ 9

 Map of Land & Structures Appropriate for Affordable Housing_____ 9

 Incentives_____ 10

Closing_____ 11

Sources_____ 12

Exhibit “A” - Map of Land & Structures Appropriate for Affordable Housing_____ 13

Introduction

The Affordable Housing Planning and Appeals Act (AHPAA)¹ was signed into law in 2003 to encourage local governments to incorporate affordable housing into their communities. The act requires that municipalities in which affordable housing represents less than 10 percent of the entire housing stock prepare, approve, and submit affordable housing plans to the Illinois Housing Development Authority (IHDA). Based on guidance provided by IHDA, under the act a three bedroom rental unit in Geneva is affordable at no more than \$1,419 per month while a home valued at no more than \$198,986 is considered affordable to a three-person household.

In December of 2018, IHDA updated the list of municipalities that do not meet the 10 percent threshold. These communities are considered not to be exempt from AHPAA. Geneva was identified as a non-exempt community at that time with 600 out of 7,798 housing units considered affordable². This represents 7.7 percent of the City's total housing stock. The City would need to add an additional 180 affordable units to meet the 10 percent threshold and automatically become exempt from AHPAA.

Once adopted and submitted, this plan will meet Geneva's requirements to comply with AHPAA. However, AHPAA can also be enforced if an affordable development proposal is rejected or approved by the City with conditions that render the project infeasible. In these cases, the developer may appeal to the state Housing Appeals Board. The board can then conduct an appeals process, which may result in dismissing the appeal or affirming, reversing, or modifying the conditions of, the decision made by the local government.

¹ Affordable Housing Planning and Appeals Act,(310 ILCS 67): <http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=2477&ChapterID=29>

² 2018 List of AHPAA Non-Exempt Local Governments (Ordinal), prepared by the Illinois Housing Development Authority.

Background

Affordable Housing Planning and Appeals Act

The Affordable Housing Planning and Appeals Act (AHPAA) was passed by the State of Illinois in 2003. The law recognized that many people who are vital to local economies and provide critical community services cannot afford to live in or around the places they work. AHPAA established a process for identifying communities with a shortage of local housing that would be affordable for renters and homebuyers.

To determine a community's share of affordable housing stock, the total number of affordable rental and owner-occupied units are added together and divided by the sum of the total number of year-round housing units to determine the percentage of affordable housing within the jurisdiction. AHPAA does not require a certain percentage of rental or owner occupied units.

If affordable housing represents less than 10 percent of a community's housing stock, the community is identified as a Non-Exempt Local Government. The law requires these communities to adopt and submit an affordable housing plan to the Illinois Housing Development Authority. Per AHPAA, an affordable housing plan must include:

- A statement of the total number of affordable housing units that are necessary to exempt the local government from the operation of the act.
- Identification of lands within the jurisdiction that are most appropriate for the construction of affordable housing and of existing structures most appropriate for conversion to, or rehabilitation for affordable housing.
- Incentives that the local government may provide for the purpose of attracting affordable housing to their jurisdiction.

The plan must also include one of the following goals:

- A minimum of 15 percent of all new development or redevelopment within the local government that would be defined as affordable housing.

- A minimum of 3 percent point increase in the overall percentage of affordable housing within its jurisdiction.
- A minimum of a total of 10 percent of affordable housing within its jurisdiction.

What is Affordable?

The Affordable Housing Planning and Appeals Act (AHPAA) considers a rental housing unit affordable if a household making 60 percent or less of the regional median household income could live in it without spending more than 30 percent of the gross annual income for a household of the size that may occupy the unit on rent and utilities.

AHPAA considers an owner-occupied housing unit affordable if a household making 80 percent or less of the regional median household income could live in it without spending more than 30 percent of the gross annual income for a household of the size that may occupy the unit on the mortgage, insurance, association fees, etc.

Tables 1 below and Table 2 on the following page display what affordable rental housing and affordable owner-occupied housing would be in the City of Geneva. As shown, a 1-bedroom apartment would be affordable at \$1,023 a month, compared to the fair market rent of \$1,410 a month. A four person family living in a 3-bedroom house would be affordable \$237,827, compared to a median home value of \$327,800 in the City of Geneva.

Table 1. Affordable Rental Housing

	Studio	1 bed	2 beds	3 beds
60%³	\$955	\$1,023	\$1,228	\$1,419
FMR⁴	\$1,250	\$1,410	\$1,630	\$2,070

Unit Size vs Family Size Relationships:

Studio = 1 person 1 bed = 1.5 persons 2 beds = 3 persons 3 bed = 4.5 persons

³ Illinois Housing Development Authority, 2020 Income/Rent Limits: <http://www.ihda.org/property-managers/#collapseFive>
⁴ FY2020 Chicago-Joliet-Naperville, IL HUD Metro FMR Area Small Area FMRs for All Bedroom Sizes in ZIP Code 60134
https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2020_code/2020zip_code_calc.odn?zcta=60134&metro_code=METRO16980M16980&year=2020

Table 2. Affordable Owner-Occupied Housing

	2 person	3 person	4 person	5 person
80%	\$159,878	\$198,986	\$237,827	\$269,167
Median Value of Owner Occupied Units = \$327,800⁵				

Affordable Home Value Assumptions:

30-year loan term 3.99% interest rate⁶ 10% down payment \$8,522 in taxes⁷

Table 3. Income Limits³

	1 person	2 person	3 person	4 person	5 person
80%	\$51,000	\$58,250	\$65,550	\$72,800	\$78,650
60%	\$38,220	\$43,680	\$49,140	\$54,600	\$59,980

Table 3 above shows the 60% and 80% levels of the regional median household income for households of different sizes.

Examples of positions earning below 60% include a Facilities Manager for the Geneva Public Library District, a Preschool Teacher for the Geneva Park District, and a Paralegal in the State’s Attorney’s Office. Examples of positions earning below 80% include a Library Assistant for the Geneva Public Library District⁸, a Teacher with a bachelor’s degree and 8 years of experience for Geneva Community Unit School District 304⁹, a Community Service Officer for the City of Geneva Police Department, and a Paid-On-Call Firefighter with the City of Geneva Fire Department. There are of course examples in the private sector as well, such as nursing assistants, dental assistants, caregivers, sales associates, and store managers who cannot afford to rent or own on their own in the City of Geneva.¹⁰

Past Planning Efforts

Affordable housing has been a focus in several of the City’s past planning efforts. Affordable senior housing was a focus in the City’s Comprehensive Plan adopted in 2003. One of the 5 goals in the Downtown Station-Area Master Plan adopted in 2012 is to encourage a diversity

⁵ U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates, B25077

⁶ www.freddiemac.com/pmms/pmms30.html , 5 year average from 2015-2019

⁷ U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates, B25103

⁸ Better Government Association, 2017 Data : <http://www.bettergov.org>

⁹ Agreement between Geneva Education Association and the Board of Education, 2018-2023

¹⁰ Occupational Employment and Wage Rates (OES) 2019, Illinois Department of Employment Security: Illinois.virtualmi.com

of residential housing in and near the downtown, including affordable senior housing and workforce housing. Most recently, in October of 2018, the City adopted a new Strategic Plan. The section on Economic Vitality recognized that a well-functioning economy needs housing options available at all income levels to support its workforce. The section on Quality of Life addressed the need to have economically diverse housing options that appeal to families and individuals at all stages of life, from all backgrounds and ethnicities.

Affordable housing was also a key component of the Homes for a Changing Region Plan adopted in 2014. In 2013, the City of Geneva was identified as a Non-Exempt Local Government due to having only 5.2 percent of its housing stock considered affordable under the Affordable Housing Planning and Appeals Act (AHPAA)¹¹. The Homes for a Changing Region Plan included an affordable housing component in order to comply with AHPAA. The plan included a statement that 363 affordable units were needed to meet the 10 percent threshold, a map of lands and structures appropriate for affordable housing, a goal that 15 percent of all new housing units will be affordable, and several recommended housing strategies to help meet the goal.

The following are summaries of the actions taken on some of the recommended housing strategies:

- **Recommended Strategy** - Amend the zoning ordinance to allow for compact residential development in key areas of the City.

Action – On August 5, 2019 the City Council approved Ordinance 2019-17 which amended the City’s zoning ordinance and zoning map to implement the recommendations of the Downtown/Station-Area Master Plan, which identified specific areas for more compact (higher density) residential development. While the amendments were wide-ranging, the core project objectives were to provide consistency between the Downtown/Station-Area Master Plan and the City’s zoning ordinance, remove barriers to investment and development, and to streamline the review process without compromising quality.

- **Recommended Strategy** - Consider creating an inclusionary housing zoning ordinance.

¹¹ 2013 List of AHPAA Non-Exempt Local Governments (Ordinal), prepared by the Illinois Housing Development Authority.

Action - On June 10, 2019, the Committee of the Whole of the City Council held a policy discussion regarding different affordable housing strategies. At the meeting staff reviewed the City's past planning efforts in relation to affordable housing, the Affordable Housing Planning and Appeals Act, and potential strategies to create affordable housing in Geneva. The strategies included development incentives, inclusionary housing requirements, a demolition tax, property contributions, accessory dwelling units, and Tax Increment Financing. A second policy discussion was held by Committee of the Whole on August 26, 2019 where development incentives, inclusionary housing requirements, a demolition tax, and property contributions were reviewed in more detail. At the conclusion of the meeting, the Committee directed staff to draft incentives for the creation of affordable housing in Geneva.

- **Recommended Strategy** - Create an incentive-based overlay zoning district that encourages the development of affordable housing.

Action - On January 6, 2020, the City Council approved an inclusionary housing ordinance (Ordinance 2020-06) that provides incentives for the creation of affordable housing within Geneva. The approved incentives are discussed in more detail in the Incentives section (page 10) of this Affordable Housing Plan.

Affordable Housing Plan

Goal

This Plan adopts the goal of bringing the percentage of affordable housing units in the City of Geneva to a minimum of 10 percent of the total housing stock.

Statement of Need

In December of 2018, the Illinois Housing Development Authority notified the City of Geneva that it was identified as a Non-Exempt Local Government under the Affordable Housing Planning and Appeals Act (AHPAA). At that time, it was determined that 600 out of 7,798 housing units in Geneva were considered affordable. This represents 7.7 percent of the City's total housing stock. The City would need to add an additional 180 affordable units to meet the 10 percent threshold and automatically become exempt from AHPAA.

Map of Lands & Structures Appropriate for Affordable Housing

As part of the Affordable Housing Plan required for AHPAA compliance, non-exempt local governments are required to identify lands and structures within the jurisdiction that:

- Are most appropriate for construction of affordable housing
- Are most appropriate for rehabilitation or conversion to affordable housing
- Have been identified by developers who have expressed a commitment to provide affordable housing
- Are publicly owned

The map attached as Exhibit "A" identifies these lands and structures.

Incentives

On January 6, 2020, the City Council adopted an inclusionary housing ordinance¹² that provides incentives for the creation of affordable housing within Geneva. The adoption of the ordinance supports the City's stated goal to bring the percentage of affordable housing units in the Geneva to a minimum of 10 percent of the total housing stock.

To be eligible for affordable housing incentives, at least 15 percent of the total number of units to be constructed must be considered affordable, and the development must comply with other requirements related to affordability, location of affordable units, phasing of construction, exterior appearance, and interior appearance and finishes.

Incentives include the following:

- **Fees** - A waiver or partial waiver of all building permit fees, demolition fees, plan review fees, sewer and water connection fees, and cash contributions (when required in lieu of park and school land dedications) for affordable units constructed within the development. Customary fees apply to market-rate units.
- **TIF Assistance Funds** - Tax increment financing (TIF) funds can be available for developments building affordable housing within an established TIF district.
- **Property Contribution** - The City may assist in offsetting a portion of the cost of constructing affordable housing by selling City-owned property below fair market value or donating property to a development containing affordable housing.
- **Density** - One additional market-rate unit may be allowed for each affordable unit provided. The maximum density bonus shall not exceed 115 percent of the maximum otherwise allowed under the applicable zoning district regulations. In implementing this density bonus, the following requirements of the Zoning Ordinance may be varied without additional justification provided: minimum lot area, minimum lot frontage, maximum lot coverage, and minimum setbacks.

¹² Title 11 (Zoning) Chapter 16 (Inclusionary Housing) of the Geneva Municipal Code:
https://library.municode.com/il/geneva/codes/code_of_ordinances?nodeId=TIT11ZO_CH16INH0

Closing

In 2013, the City of Geneva was identified as a Non-Exempt Local Government due to only 5.2 percent of its year-round housing stock being considered affordable. In December of 2018, the City received notice that it remains a Non-Exempt Local Government due to only 7.7 percent of its year-round housing stock being considered affordable.

Geneva did not approve affordable housing developments in between the 2013 and 2018 assessments but increased its share of affordable housing stock by 2 ½ percent. This can be attributed to variables in the State's methodology changing. For example, in 2013 a mortgage interest rate of 4.8 percent was used compared to 3.98 percent in 2018, a 17 percent decrease. The area median income increased by approximately 5.25 percent, with some variability depending on household size. Property values did not increase at the same rate, up 3.44 percent from 2013. Geneva was not alone in seeing an increase. The great majority of non-exempt communities saw an increase. In fact, 22 of the 68 non-exempt communities on the list in 2013 saw an increase that put them over the 10 percent threshold.

Although it is possible for Geneva to see an increase in its affordable housing stock without construction of new affordable housing, it is also possible for Geneva to see its affordable housing stock decline when it is assessed again 2023. The City cannot control market forces that affect the affordability of land and housing within Geneva, nor the income levels of households that serve as the benchmark for determining affordability. Given these factors, as well as the overall uncertainty of the real estate development industry and changing regulatory field in which such development occurs, it is not and cannot practically be a goal of this plan to meet the targeted level of affordable housing in a specific time frame. Rather, the City should continue to aggressively and intentionally pursue strategies that create conditions amenable to ultimately achieving the stated affordable housing target in a manner that will not impact the health and safety capabilities of the City and will protect and preserve the character and environment of the Geneva community.

Sources

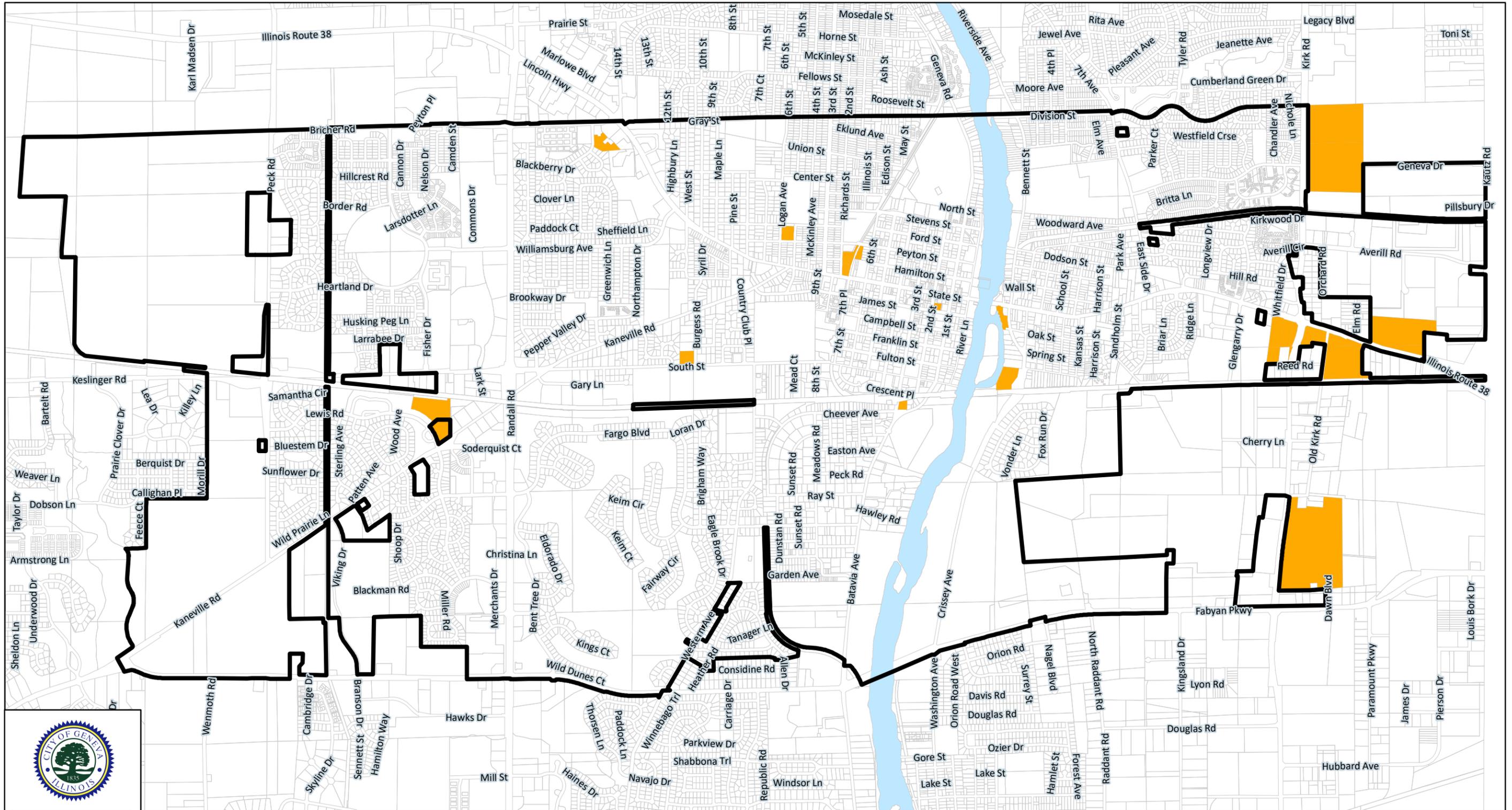
1. [Affordable Housing Planning and Appeals Act \(310 ILCS 67\)](http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=2477&ChapterID=29):
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2. [2018 List of AHPAA Non-Exempt Local Governments \(Ordinal\)](#), prepared by the Illinois Housing Development Authority.
3. [Rental Limits](#) - Illinois Housing Development Authority, 2020 Income/Rent Limits
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6. [Interest Rate](http://www.freddiemac.com/pmms/pmms30.html) (www.freddiemac.com/pmms/pmms30.html , 5 year average from 2015-2019)
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8. [Salaries](#) – Better Government Association, 2017 Data, (<http://www.bettergov.org>)
9. [Geneva School District 304](#) – Agreement between Geneva Education Association and the Board of Education, 2018-2023
10. [Occupational Employment and Wage Rates \(OES\) 2019](#), Illinois Department of Employment Security: illinois.virtualmi.com
11. [2013 List of AHPAA Non-Exempt Local Governments \(Ordinal\)](#), prepared by the Illinois Housing Development Authority.
12. [Title 11 \(Zoning\) Chapter 16 \(Inclusionary Housing\) of the Geneva Municipal Code](#)
:(https://library.municode.com/il/geneva/codes/code_of_ordinances?nodeId=TIT11ZO_CH16INHO)

Exhibit “A”

Map of Lands and Structures Appropriate for Affordable Housing

City of Geneva

Affordable Housing Plan - 2020 Update



City of Geneva, Illinois
 Planning Division
 June 2020

*Original base maps provided via
 intergovernmental agreement with
 Kane County GIS-Technologies.*

- AREAS THAT COULD BE USED FOR THE DEVELOPMENT OR REDEVELOPMENT OF AFFORDABLE HOUSING
- CITY LIMITS



0 0.25 0.5 Miles