



Agenda Item Summary

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Agenda Item Title

An Ordinance Amending Chapter 12 ("Housing") of the Oak Park Village Code by Adding a New Article 7 ("Housing Trust Fund")

Overview

An amendment to the Village Code in the Housing Chapter 12 has been prepared which adds a new Article 7 titled "Housing Trust Fund", as directed by the Village Board. The new language will help in the equitable distribution of funds for affordable housing projects/programs.

Recommendation

Staff Recommends Approval of the Ordinance

Fiscal Impact

N/A.

Background

At their April 11, 2022 meeting, staff presented an overview of Oak Park's affordable housing status and presented a draft housing trust fund article for consideration.

In recognition of the continual need for affordable housing options, the Village of Oak Park has embraced the following three affordable housing documents:

Village Board Goal: The Village will review current policies and ordinances to identify changes that make Oak Park affordable. Re-visit the inclusionary zoning ordinance and identify if a trust or fund specifically for affordable housing dollars, was adopted on June 14, 2021.

Comprehensive Plan Goal: Provide mixed-income housing that is accessible, integrated, and responsive to the needs of Oak Park's diverse population, adopted on September 14, 2014. Chapter 7: Neighborhoods, Housing & Diversity incorporates a vision for the Village which includes integration, accessible and affordable housing, and diversity with an awareness of mobility and needed services. The Plan sets forth metrics to help measure housing success within our community through a review of multiple family rental licensing and Census data in an effort to sustain and broaden diversity and integration throughout the Village.

Homes for a Changing Region Goal: This report prepared by the Chicago Metropolitan Agency for Planning,

adopted by the Village Board in 2012, states that the Village should increase housing options for the workforce and seniors through transit-oriented development that leverages the Village's Metra and CTA stations, reducing the need for residents to drive. The Village needs to continue to promote alternatives to car ownership such as mass transit, bicycling, and car-sharing services. The report also states the following regarding future rental needs: Much like the ownership market in Oak Park, we estimate that about 45% of households making less than \$15,000 find themselves in housing they cannot afford. Oak Park will have an opportunity, therefore, to create housing to meet the needs of these lower-income households. Additional senior rental housing is a definite possibility. We also expect that some rental housing, currently affordable to renters with incomes in the \$15,000-\$30,000 range may eventually become affordable to lower-income families. Transit-oriented rental housing may represent a real opportunity. The report further references Housing Demand by Type of Unit: When we combine our projections for new owner-occupied and rental housing in the future, we get a clearer picture of Oak Park's demand for additional housing units by type in 2030. What emerges is a "balanced housing" profile with demand for about 250 additional single-family, 72 townhomes, and 847 multi-family homes between now and 2030. This demand can be accommodated by filling existing vacancies, redevelopment, or new construction. - Report is attached.

Additionally, on a state level the following information has informed the Village's policies related to affordable housing:

Affordable Housing Planning and Appeal Act 2003

The Illinois General Assembly passed an Affordable Planning and Appeals Act in 2003 to address the lack of affordable housing within Illinois communities due to an increase in home values outpacing household incomes. The law set forth a process of identifying communities that were underrepresented on affordable housing stock at 80% of the regional median household income for homebuyers and 60% of the regional median household income for renters. The law defines an "exempt local government (county or municipality)" if at least **10%** of its total year-round housing units are affordable, as determined by the Illinois Housing Development Authority (IHDA) as set forth below.

Illinois Housing Development Authority 2004

In 2004, IHDA began determining which local governments are exempt or not exempt from this Act based on data from the U.S. Census Bureau. NOTE: Prior to IHDA 2013 estimates, UIC Building Research Council prepared the percentages based on decennial data. In 2013, the IHDA began publishing a list of exempt and non-exempt local governments. Every five (5) years IHDA will publish a revised list. The most recent list was released by IHDA in mid-December of 2018 and is attached for your review. Based on IHDA's analysis in 2013, the Village of Oak Park was exempt due to an affordable housing share of 18.4% exceeding the 10% requirement. Based on the most recent list this percentage increased to 22.6% in the 2018 release. IHDA's calculations are based on a regional MSA (Metropolitan Statistical Area) perspective which uses a regional Area Median Income (AMI).

Using U.S. Census Gross Rent tables IHDA's determination of affordable rental units fell into the \$500-\$999 Gross Rent Interval at an amount of \$949.91. This means that anything at or less than this amount is considered an affordable rent within our MSA. Staff gathered rental information about current subsidized Oak Park housing options from the Oak Park Residence Corporation to understand, but for the subsidy, would these rents be affordable? Note: These units may or may not be captured in these calculations due to the difference between an actual paid rent (with a subsidy) vs. base rent (pre-subsidy). Therefore, using IHDA's

affordability benchmark of \$949.91, it was determined that a majority of the established rents associated with the properties identified below would be considered affordable.

1. The Grove Apartments - Base Rent (\$740 per month)
2. Mills Park Tower (seniors) - Base Rent (No set rent amount); Rent is based on 30% of the renter's income. The caveat is that in order to reside here, their income must be at or below \$43,000 per year.
3. The Oaks (seniors or disabled) -Base Rent (between \$909 - \$1,129)
4. Ryan Farrelly (disabled) -Base Rent (\$682)
5. Heritage House (seniors or disabled) - Base Rent - Rent is based on 30% of the renter's income. For a single person, their income must be at or below \$ 47,700 per year.
6. New Moms - Base Rent - (\$818 - \$1,333)
7. Showalter House - Base Rent (\$670)
8. Community Builders -Base Rent (between \$376 - \$890)

Alternatives

Do not approve the Ordinance.

Modify the Ordinance.

Previous Board Action

As a result of the aforementioned established goals, the Village of Oak Park created an affordable housing fund account whose monies are to be reserved for the use of appropriate affordable housing projects/programs. These monies were received (and continued to be received) as compensating benefits from residential and mixed-use land developers through a negotiated process associated with either a redevelopment agreement or planned development application in an effort to support future affordable housing projects or programs.

September of 2017: The village staff sought the Village Board's direction on the distribution of these affordable housing funds. Several options for the fund were discussed. A down payment assistance plan and rental housing subsidy program were mentioned. Also, several approaches to help replenish the fund were provided and discussed. At the conclusion, the Village Board directed staff to issue a Request for Proposal (RFP) for both \$500,000 and \$1MM options. These options could include the creation of new affordable housing units, improvement of existing affordable housing stock, prevention of affordable housing unit loss, and/or strategies to increase housing affordability.

February 9, 2018: Staff received six (6) responses from the RFP for consideration. Staff interviewed each organization. Recommendations for funding were provided by staff with support from the Housing Programs Advisory Committee. The Village Board elected to fund three of the agencies that applied for the funding. The funding was allocated toward two new affordable housing development and ongoing support of current residential rental assistance programs.

September 4, 2018: At the Village Board meeting, the Village Board requested staff research and submit information on the status of affordable housing units currently within the village and draft an inclusionary housing ordinance for review and consideration based on the City of Evanston's model.

March 11, 2019: The Village Board approved the Inclusionary Housing Ordinance. Chapter 12, Article 5 of the Village Code.

December 6, 2022: The Village Board approved the creation of the Affordable Housing Fund as part of the 2022 budget.

April 11, 2022: After a review by staff of the affordable housing status in the village and an overview of the draft Housing Trust Fund ordinance, The Village Board directed staff to return with a revised Housing Trust

Fund ordinance for adoption.

Citizen Advisory Commission Action

Staff presented the report to the Village's Housing Programs Advisory Committee and Housing Forward, both being in support of the proposed ordinance.

Anticipated Future Actions/Commitments

Possible future revisions to the Housing Trust Fund Ordinance.

Intergovernmental Cooperation Opportunities

N/A.