

VILLAGE OF LAKE ZURICH
AFFORDABLE HOUSING PLAN

Adopted: March , 2005

I. AUTHORITY

In 2003, the Illinois General Assembly adopted Public Act 093-0595, the Affordable Housing Planning and Appeals Act, which became effective January 1, 2004. Amendments to Public Act 093-0595 were approved on June 28, 2004. Public Act 093-0595 and its amendments are codified at 310 ILCS 67/1 *et seq.* (the "Act"). According to the Act, its purpose is to encourage counties and municipalities to incorporate affordable housing within their housing stock sufficient to meet the needs of their county or community. In addition, the Act provides a forum for affordable housing developers who believe they have been unfairly treated to seek relief from local ordinances and regulations. 310 ILCS 67/10.

The Act contains three major provisions: (1) the Illinois Housing Development Authority (the "IHDA") has been charged with determining those local governments that must prepare an affordable housing plan and those that are exempt, (2) the Act requires all non-exempt local governments to prepare affordable housing plans and adopt those plans prior to April 1, 2005, and (3) the Act provides an appeal procedure for aggrieved developers of affordable housing.

On August 10, 2004, the IHDA sent a letter to the Village of Lake Zurich informing the Village that it was a non-exempt community pursuant to Section 20(b) of the Act. Pursuant to Section 25 of the Act, therefore, the Village must prepare an affordable housing plan and approve the plan prior to April 1, 2005. However, the Village of Lake Zurich has done calculations which in our opinion find the Village of Lake Zurich in full conformance with the Act. This would establish the Village as an exempt community, pursuant to the provisions of the Act. The Village's calculations show that the Village is more than 50 percent above the minimum criteria to qualify as an exempt community. Nevertheless, the Village of Lake Zurich has prepared this plan without releasing or waiving its status as an exempt community.

The Village of Lake Zurich has always had a strong, diverse housing stock and population and the Village seeks to maintain that diversity. However, maintaining that diversity has become increasingly difficult as market forces have forced housing and land values upward in Lake Zurich and throughout the region.

II. PURPOSE

Pursuant to the Act, the Village of Lake Zurich, if a non-exempt community as determined by IHDA, is required to adopt an affordable housing plan prior to April 1, 2005. In identifying lands and structures that are most appropriate for affordable housing and incentives that may be available to attract affordable housing developments in the Village, the Village of Lake Zurich has carefully considered the character and environment of the Village, as set forth in the Village of Lake Zurich Comprehensive Plan, Lake Zurich Zoning Code, Lake Zurich Village Code, and other ordinances and regulations of the Village. The Village of Lake Zurich desires to establish a plan that will encourage and attract affordable housing developments in the Village of Lake Zurich that are consistent with the public health and safety capabilities of the Village and will protect and preserve the character and environment of the Village. Therefore,

while the Village of Lake Zurich recognizes the importance of providing affordable housing throughout the State of Illinois, affordable housing must be provided in a way that does not compromise the public health or safety or destroy the environment and character that defines the Village of Lake Zurich.

It is the intention of the Village of Lake Zurich to comply with the Act and continue to have affordable housing in the Village. The challenge in doing so is significant without substantial subsidization because of the existing character and environment of the Village, as described in detail in the Village's Comprehensive Plan, Zoning Code, and Village Code. Specifically, the environment of Lake Zurich is that of a substantially landscaped community predominated by detached single-family residences. In addition, the few larger expanses of open space, parks, and recreational lands comprise a critical element of the Village whose preservation define and enhance the Village's character and environment. Beyond the single-family and open space elements of Lake Zurich's character and environment, there are limited areas of commercial development along U.S. Route 12, industrial developments located in the northeastern part of the Village, and a modest downtown business district that is centrally located in the Village. The developed residential portions of the Village are relatively low-profile buildings of one or two stories and a 35 foot maximum height allowed throughout the Village in all zoning districts.

The Village's infrastructure has historically developed in a manner consistent with the character and environment of the Village in order to protect the health and safety of its residents. In particular, streets, water lines, sanitary sewers, and storm water management facilities have been designed and maintained to accommodate the relatively low-density development in the Village. Similarly, the Village's public works and public safety services and equipment have been developed, acquired, and maintained to address the public health and safety needs that have arisen from the aforementioned character and environment of Lake Zurich. Establishing affordable housing in a manner inconsistent with such character will be detrimental to the Village's environment and put at risk the public health and safety.

It is within this context that the Village has prepared this plan in accordance with the Act. The overall purpose of the plan is to meet the needs of a population in every stage of the life cycle and with a diversity of incomes and to meet the needs of the full range of incomes earned by the local workforce.

To this end, the plan will identify locations for, and to undertake steps to promote, affordable housing in a manner that preserves the character and environment of Lake Zurich and protects the public health and safety.

III. PLAN COMPONENTS

The Affordable Housing Planning and Appeal Act requires that an affordable housing plan must contain the following four basic items:

- A statement of the number of affordable housing units needed to reach the 10 percent threshold;
- An identification of sites and/or buildings suitable for the construction of or conversion to affordable housing;

- A list of incentives to be provided to developers to help in the creation or preservation of affordable housing; and
- A goal for increasing the percentage of affordable housing in the Village.

A. Ten Percent Affordable Housing

According to the IHDA's calculations pursuant to Section 20(b) of the Act, as of 2000 the Village of Lake Zurich has 216 affordable for-sale units housing and 227 affordable rental units for a total of 443 affordable housing units in the Village.¹ Thus, IHDA has calculated that 7.70 percent of the Village's total housing units of 5,727 are affordable. In order for the Village to reach exempt status under the Act, the Village must have 10 percent of its total housing stock as affordable housing units, as defined by the Act. Assuming that the total housing unit calculation of 5,727 does not change, the Village needs a total of 573 affordable housing units to be exempt under the Act.² After deducting the 443 existing affordable housing units calculated by IHDA from the total affordable housing units required to be exempt from the Act, 130 additional affordable housing units are needed in the Village. The Village of Lake Zurich believes that the number of affordable housing units is over 14 percent if county-wide data is used instead of the Chicago PMSA data.

B. Identification of Lands and Structures Most Appropriate for Affordable Housing

In identifying properties and structures that are most appropriate for affordable housing, it is important to note that appropriate does not simply translate to those properties or structures that are vacant and undeveloped. The character and environment of the Village of Lake Zurich is defined by its abundance of both public and private open space. In addition, there are vacant and undeveloped properties that would not be appropriate for affordable housing based on their physical characteristics, environmental sensitivity, or location in the Village or their inability to be adequately served by public water or sewer facilities or other public services. Similarly, because property is currently developed does not necessarily mean that it would not be appropriate for affordable housing at some future time.

One of the objectives of the Village's Comprehensive Plan is that the Village consider the development of attached housing in and around the Village's Downtown so that residents can reach commercial services easier and so that Downtown has a steady resident customer base from which to draw revenues. (Comprehensive Plan, p. 34) The Village has identified the areas around the Downtown Overlay District and the TIF District, specifically the South Old

¹ Under Section 15, the Act defines "affordable housing" as housing whose sale or rental price is within the means of a household that may occupy moderate-income housing (affordable to households with income that is greater than 50 percent but does not exceed 80 percent of the area median household income) or low-income housing (affordable to households with income that does not exceed 50 percent of the area median household income). The IHDA calculated the number of affordable units pursuant to Section 20(b) of the Act. The goal of this Plan is to provide affordable housing as defined in the Act.

² It is not clear from the Act how a municipality determines the total housing stock in calculating the 10 percent affordable housing number. As the number of total units in the Village changes, so too would the target for affordable units. Additionally, through market forces, changes in occupancy of current affordable units could transform them to units that do not qualify as "affordable housing" without any intervention of the Village. Because it is impossible to predict how housing will be developed in the Village in the future and how market forces may affect existing affordable units, for purposes of complying with the Act the Village has (a) used the total housing unit number reported by IHDA to calculate the 10 percent affordable housing unit number and (b) set as its target based on the assumption that existing affordable units will continue to serve as "affordable housing" as defined in the Act.

Rand Road corridor and its adjacent properties, as desirable areas for the development of housing that is affordable. The Village's identification of properties or structures most appropriate for affordable housing development does not ensure that these properties will be developed with affordable housing, nor does it create any entitlement therefore. Conversely, such identification is not intended to affect the existing development rights currently vested in such properties.

Even within these areas, any sites that are used for new construction or adaptation of existing units must:

- * Provide compatibility with established land-use patterns, surrounding land uses, and the Village's Comprehensive Plan; and
- * If possible, be in mixed-use developments (for multi-unit structures); and
- * Not concentrate the affordable housing units in any particular, narrowly defined geographic area; and
- * Be located where there is adequate infrastructure to support such housing developments.

C. Affordable Housing Policies and Incentives

The Village of Lake Zurich, after a careful review to ensure that the public safety and health and the character and environment of the Village will be protected and preserved, may consider adopting and implementing, or otherwise facilitating, the following policies and incentives to encourage the development of affordable housing by both for-profit and non-profit developers in the Village. As a non-home rule community, Lake Zurich is severely restricted as to available funds to spend on this plan and in many cases may not be authorized to adopt or implement such policies.³

- * Expedited or reduced costs of permitting fees for affordable units; or
- * Reduction in park donations for senior affordable units targeting seniors over 70 years in age; or
- * Reduction in the minimum lot area per unit for senior affordable units; or
- * Municipal tax or fee abatements; or
- * Reduced rates for water billing; or
- * Cooperation with a developer attempting to use IHDA Housing Trust Funds (matching funds); or
- * Preparation of development bonus policy; or
- * Establishment of a community land trust; or

³ For example, unless and until the General Assembly acts to provide statutory authority to non-home rule municipalities to adopt and implement inclusionary housing requirements, the Village of Lake Zurich is not authorized to adopt or implement such policies.

- * Employer-assisted housing.

D. Goals

In order to be receptive to unique residential opportunities that provide a diverse housing stock to accommodate a broad range of the housing market and people at all stages of the lifecycle, including those which address needs for traditional single-family dwelling, housing for empty-nesters and seniors, housing for young families, and housing for the local workforce, the Village of Lake Zurich has identified the following targets for the development of affordable housing in the Village:⁴

- Continue to ensure that 15 percent of all new development or redevelopment in the Village will be affordable on a yearly basis; or
- 10 percent of all housing units in the Village will be affordable pursuant to Section 20(b) of the Act.

In furtherance of reaching these targets, the Village of Lake Zurich establishes the following goals for its Affordable Housing Plan:

1. Within one year after approval of the Affordable Housing Plan, the Village Board shall refer to the Plan Commission for public hearing possible amendments to the Lake Zurich Comprehensive Plan to encourage and attract affordable housing in the Village while protecting the public health and safety and in a manner consistent with the character and environment of Lake Zurich.
2. Within one year after approval of the Affordable Housing Plan, the Village Board shall refer to the Plan Commission for public hearing possible amendments to the Lake Zurich Zoning Code and Lake Zurich Zoning Map to encourage and attract affordable housing in the Village consistent with the public health, safety, character, and environment of the Village, which may include without limitation the following:
 - a. Density bonuses for developments that provide affordable housing units.
 - b. Text amendments to permit multiple family and senior housing developments.
 - c. Map amendments to rezone parcels identified as most appropriate for affordable housing.
3. Within 18 months after approval of the Affordable Housing Plan, the Village Board shall assign to a standing committee of its Board of Trustees the task of studying affordable housing issues.
4. Within two years after approval of the Affordable Housing Plan, the Village Board shall request that the Finance Committee of its Board of Trustees compile information and prepare a report regarding federal and state financial programs, including grants and other sources of funding, available to assist the Village and affordable housing developers in developing affordable housing in the Village.

⁴ These targets have been established in accordance with the Act and the assumptions set forth in this Plan, and particularly in footnote 2 of this Plan.

5. Within three years after approval of the Affordable Housing Plan, the Village Board shall request that the standing committee of the Board of Trustees to which the matters have been assigned meet with non-profit affordable housing agencies and groups to discuss issues relating to affordable housing, including potential incentives.
6. Not less often than every three years following approval of the Affordable Housing Plan, the Village's Board of Trustees shall review and update the Affordable Housing Plan.

Obviously, the Village cannot control market forces that affect the affordability of land and housing within Lake Zurich, nor the income levels of households that serve as the benchmark for determining affordability. This is particularly true given the small size of the Village vis-à-vis the larger area against which it is measured for establishing affordable housing targets. Because of these imponderables, as well as the overall uncertainty of the real estate development industry and the changing regulatory milieu in which such development occurs, it is not and cannot practically be a goal of this Plan to meet the target levels of affordable housing units stated above in any specific time frame. Rather, it is the objective of this plan that, by pursuing the goals set forth above, the Village will have created conditions amenable to ultimately achieving the stated affordable housing targets in Lake Zurich in a manner that will not impact the health and safety capabilities of the Village and will protect and preserve the character and environment of the Lake Zurich community. Such achievements will represent the full implementation of, and satisfaction of the goals of, this Plan.

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