



**THE CITY OF LAKE FOREST
AFFORDABLE HOUSING PLAN**

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The City of Lake Forest desires to promote healthy, stable, and vibrant neighborhoods through policies and programs that provide for a variety of housing opportunities. Throughout its history, the City has offered a diverse housing stock that permitted families of varying income levels and with various housing needs to own homes in the community. In recent years, property values have escalated to the point of discouraging a diverse housing stock. The average sale price for a home in Lake Forest in 2003 was \$1,061,570, which is a 65.5% increase from 1994 and an 11% increase from 2002. A certain percentage of residents who currently live and work in Lake Forest are unable to meet or maintain the household income level necessary to support home ownership and, therefore, must look to other communities for housing. These residents include people and families that greatly add to the fabric of daily life in Lake Forest, including long time senior residents, young families, college professors, and public employees such as teachers, police officers and firefighters.

The City Council sees great value to the community in providing affordable and diverse housing opportunities to meet the needs of Lake Forest residents. To achieve this goal, an Ad Hoc Housing Committee was established in August 2003, to plan for, examine, promote and encourage appropriate affordable housing. The Ad Hoc Housing Committee held 15 public meetings between August 2003 and March 2005, and presents this document as the City of Lake Forest's Affordable Housing Plan.

Ad Hoc Housing Committee Members: Mayor Jack Preschlack, Chairman; Alderman Michael Burns; Alderman Roger Mohr; Alderman Timm Reynolds

Approved by the City Council on March 21, 2005

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I. AUTHORITY AND BACKGROUND

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.* 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.

The Act contains three major provisions: (1) the Illinois Housing Development Authority (“*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, IHDA sent a letter to the City of Lake Forest informing the City that it was a non-exempt community and, in accordance with the Act, that the City must prepare and approve an affordable housing plan prior to April 1, 2005.

On November 2, 2004, residents of Lake Forest overwhelmingly approved Home Rule status for the City of Lake Forest. Based on the recognized methods of preemption authorized under the Illinois Constitution and Illinois Supreme Court cases, the Affordable Housing Act does not preempt Home Rule authority and thus does not apply to Home Rule units of local government. Therefore, the City of Lake Forest, being a Home Rule unit of local government, is not subject to the Act. Nevertheless, because the City of Lake Forest desires to promote healthy, stable, and vibrant neighborhoods through policies and programs that provide for a variety of housing opportunities, the City has set targets for affordable housing consistent with the spirit of the Act. The following plan, approved by the Lake Forest City Council, is filed not as an acknowledgement of the Act’s applicability, but merely for information.¹

Simply developing and filing a plan will not sustain and increase the availability of affordable housing in Lake Forest. The City Council agrees that such housing is both desirable and necessary for the City. Moreover, the City of Lake Forest has always had a strong, diverse housing stock and population and seeks to maintain that diversity – a goal expressed in the City’s Comprehensive Plan adopted in 1998. However, maintaining diversity of housing stock has become increasingly difficult as market forces have pushed housing and land values upward in Lake Forest and throughout the region, and land for new development along the North Shore has become increasingly scarce.

II. INTENT

In identifying lands and structures that are most appropriate for affordable housing and incentives that may be available to attract affordable housing developments, the City of Lake Forest has carefully considered the character and environment of the City. In addition, consideration has been given to the City’s Comprehensive Plan, Zoning Code, and other applicable Code provisions, ordinances and

¹ In preparing this Plan, the City has referred to and relied on various representations set forth in materials issued by the IHDA.

regulations.² The City of Lake Forest desires to establish a plan that will encourage and attract affordable housing developments that are consistent with the character and environment of the City and which can be provided with quality services such as adequate public safety services, schools, and infrastructure. Therefore, while the City of Lake Forest 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 City of Lake Forest.

It is the intention of the City of Lake Forest to set targets for affordable housing units consistent with the spirit of the Act. The challenge in doing so is significant without substantial subsidization because of the existing character and environment of the City. Specifically, the environment of Lake Forest is a forested, nearly fully built-out community of predominately detached single-family residences. In addition, large expanses of open space, parks, and recreational lands comprise a critical element of the City whose preservation define and enhance the City's character and environment. There are limited areas of multi-family housing, a modest central business district centered on historic Market Square, and a secondary neighborhood business district along Waukegan Road. The developed portions of the City are relatively low profile buildings when compared to the existing tree canopy found throughout much of the City.

The City's infrastructure has historically developed in a manner consistent with the community. 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 City. Similarly, the City's public works and public safety services and equipment have been developed, acquired, and maintained to address the public health and safety needs of the low density, primarily residential community. Establishing affordable housing in a manner inconsistent with this character would not be in the long-term best interest of the City and could threaten the community's character, property value, and quality of life.

It is within this context that the City has prepared this Plan. The overall objective of the City and this Plan is to identify locations for, and to undertake steps to promote affordable housing in a manner that preserves the character and environment of Lake Forest and protects the public health and safety of the community.

III. AFFORDABLE HOUSING PLAN

A. 10% AFFORDABLE HOUSING

According to the Multiple Listing Service of Northern Illinois (MLSNI), the average sales price of a single-family home in Lake Forest during the fourth quarter of 2004 (Oct. 1 – Dec. 31) was \$1,490,368.³ The average sales price was based on 89 properties ranging from \$372,000 to \$13,250,000. According to the MLSNI, the average sales price of a condominium unit in Lake Forest during the fourth quarter of 2004 was \$485,307. The above figures indicate that most of the existing housing stock does not include affordable housing as defined by the Affordable

² Although the City is not subject to review by the State Housing Appeals Board to be created under the Act, this focus on compliance with the public health and safety standards set forth in the City's codes is consistent with IHDA's statement that the State Housing Appeals Board to be created under the Act is not expected to "override local zoning ordinances or building codes." *Affordable Housing Planning and Appeals Act (310 ILCS 67/): Recommended Procedural Guidelines for Compliance at 24 (IHDA, 11/23/04) (the "IHDA Guidelines")*.

³ The 13.25 million-dollar sale above skews the average home price for single-family homes. If it is not included the average single-family home price is \$1,341,491.

Housing Planning and Appeals Act. In 2004, 121 building permits were issued in the City for new housing units: 101 for housing units built on newly created zoning lots, 20 for homes replacing razed homes.⁴ The average cost of construction for all new housing units was \$649,495.⁵ There were also 123 permits issued for additions to existing residences. The average construction cost of all additions was \$173,456.

The Act seeks a goal of 10% of all units being affordable. However, IHDA has determined from the 2000 Census figures that only 5.10% of owner-occupied and renter-occupied housing in Lake Forest is affordable as calculated under Section 20(b) of the Act. Under IHDA's calculations, of the 6,681 housing units in the City for which affordability could be determined, only 339 units were affordable.⁶ To meet the 10 percent goal, 329 additional units of affordable housing should be available.⁷

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 City of Lake Forest is defined by its well-established single-family residential development patterns and its public and private open space with minimal amounts of developable land remaining.⁸ Based on that, the following areas have been identified as the most appropriate for affordable housing developments:⁹

- Land currently located in and around the City's business districts (B-1, B-2, B-3, B-4, O-1)
- Land located in the multiple-family residential districts (GR-1, GR-2)
- Land associated with Lake Forest College Campus
- Land associated with Barat Campus of DePaul University
- Land associated with Lake Forest Hospital Campus

⁴ 57 units were detached Single-Family residences; 64 units were attached Single-Family residences.

⁵ The average construction cost for just new detached Single-Family residences was \$965,000.

⁶ 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% but does not exceed 80% of the area median household income) or low-income housing (affordable to households with income that does not exceed 50% of the area median household income). IHDA calculated the number of affordable units pursuant to Section 20(b) of the Act.

⁷ It is unclear 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 City 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 City. Because it is impossible to predict how housing will be developed in the City in the future and how market forces may affect existing affordable units, for purposes of complying with the Act the City has (a) used the total housing unit number reported by IHDA to calculate the 10 percent affordable housing unit number, and (b) set its goal based on the assumption that existing affordable units will continue to serve as "affordable housing" as defined in the Act.

⁸ As a built-up community, there is little undeveloped land in Lake Forest other than parks and similar public spaces. Because the maintenance of adequate open space and recreational land is integral to protecting the character and environment of Lake Forest, such public and semi-public lands may not be appropriate for conversion to development for affordable housing or other purposes, which is consistent with the IHDA Guidelines. See IHDA Guidelines at 24.

⁹ The City'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. Conversely, such identification is not intended to affect the existing development rights currently vested in such properties.

Even within those 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 City's Comprehensive Plan;
- Be mixed-use developments (for multi-unit structures);
- Disperse affordable housing units with market rate housing; and
- Be located where there is adequate infrastructure and services to support such housing developments, including but not limited to access to public transportation, shopping, the library and parks.

C. AFFORDABLE HOUSING POLICIES AND INCENTIVES

The City of Lake Forest may, after a careful review to ensure that the public safety and health and the character and environment of the City will be protected and preserved, consider adopting and implementing, or otherwise facilitating, the following policies and incentives to encourage the development of affordable housing in the City:

- An Inclusionary Housing Ordinance;
- A Housing Commission;
- An Affordable Housing Trust Fund;
- A Demolition Tax, with revenues going to an Affordable Housing Trust Fund;
- Amendments to the City's Zoning Code to allow reuse of existing caretaker residences, coach houses, and garage apartments as affordable units;
- Expedited or reduced costs of permitting fees for affordable units;
- Support county initiatives that lower taxes on affordable housing units;
- Reduced rates for water billing;¹⁰
- Cooperation with a developer attempting to use IHDA Housing Trust Funds (matching funds);
- Employer-assisted housing

D. GOALS

In the event there is a determination that the Act applies to the City of Lake Forest as a Home Rule Unit, the City of Lake Forest has identified the following target for the development of affordable housing in the City:¹¹

¹⁰ This may be impacted by any bond covenants that the City may have in place from time-to-time.

¹¹ Although the City of Lake Forest, as a Home Rule unit of local government, is not subject to the Act, the City desires to promote healthy, stable, and vibrant neighborhoods through policies and programs that address the fundamental need for a variety of housing opportunities. Therefore, the City has set targets for affordable housing consistent with the Act. These targets have been established in accordance with the assumptions set forth in this Plan, and particular in footnote 7 of this Plan.

- 15% of all new development or redevelopment in the City will be affordable;¹² or
- 3% increase in affordable housing units in the City over the number of affordable units calculated by IHDA.

The City of Lake Forest has already initiated the following steps toward the goal of providing affordable housing in the City:

- A. On June 21, 2001, the City Council approved amendments to the City's Zoning Code to encourage and attract long-term affordable senior housing developments in the form of "Cottage-style" residences that are consistent with the character and environment of the City and meet a demonstrated need in the community.
- B. On June 21, 2001, the City Council approved the first affordable Senior Cottage Development, completed in 2003 and located on the north side of Conway Road at the north end of Telegraph Road, a 5-unit housing development that is a first step in responding to the community's need for affordable senior housing for Lake Forest residents.
- C. In August 2003, the City Council created an Ad Hoc Housing Committee that has convened on a monthly basis to plan for, examine, promote, and encourage appropriate Affordable Housing in Lake Forest. The Ad Hoc Housing Committee has begun the following tasks:
 - i. Prioritize those persons eligible for Affordable Housing and evaluate the associated demand;
 - ii. Define and determine the types of Affordable Housing that is consistent with the public health, safety, character, and environment of the City;
 - iii. Inventory City property for possible use for Affordable Housing; and
 - iv. Coordinate with the local College and Hospital campuses to ascertain the viability of Affordable Housing on those sites.
- D. On December 1, 2003, the City Council of the City of Lake Forest adopted Resolution 03-19, which states the City Council's commitment to support and encourage the development of Affordable Housing that meets the needs of residents and those vested in the community.

In furtherance of reaching these targets, the City of Lake Forest establishes the following goals for its Affordable Housing Plan

1. Within six months of approval of the Affordable Housing Plan, the Plan Commission shall undertake a review for the purpose of recommending to the City Council possible amendments to the Lake Forest Comprehensive Plan to encourage and attract Affordable Housing in the City while protecting the public health and safety and in a manner consistent with the character and environment of Lake Forest.
2. Within six months of approval of the Affordable Housing Plan, the Plan Commission shall undertake a review for the purpose of recommending to the City Council possible amendments to the Lake Forest Zoning Code to encourage and attract Affordable Housing in the City consistent with the public health, safety, character, and environment of the City,

¹² This target is established based on the definition of "development" and "redevelopment" as defined in the *IHDA Guidelines* (pp. 12-13).

including without limitation, an Inclusionary Housing Ordinance, and other amendments to encourage and promote affordable housing that meets the demands of Lake Forest residents.

3. Within one year of approval of the Affordable Housing Plan, the City Council shall appoint a standing Housing Committee to coordinate and plan for possible Affordable Housing projects within the community and administer an Affordable Housing Trust Fund.
4. Not less than every three years following approval of the Affordable Housing Plan, the City shall review and update the Affordable Housing Plan.

Obviously, the City cannot control market forces that affect the affordability of land and housing within Lake Forest, nor the income levels of households that serve as the benchmark for determining affordability. This is particularly true given the small size of the City in relation to the larger area against which it is measured for establishing affordable housing targets. Because of these unknowns, as well as the overall uncertainty of the real estate development industry and the changing regulatory environment 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 continuing the activities already commenced to encourage affordable housing and pursuing and achieving the goals set forth as 1 through 4 above, the City will have taken steps to create conditions amenable to ultimately achieving the stated affordable housing targets in Lake Forest consistent with the spirit of the Act and in a manner that will not impact the health and safety capabilities of the City and will protect and preserve the character, environment, and property values of the Lake Forest community. Such achievements will represent the full implementation and satisfaction of the goals of this Plan.

