

# Where Will Our Workers (or Children) Live?

Maintaining a Balanced Community and Meeting Naperville's  
Housing Needs

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BUSINESS AND PROFESSIONAL PEOPLE  
FOR THE PUBLIC INTEREST

# Introduction

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- ❑ What is affordable housing?
- ❑ What is the housing crisis facing Naperville and DuPage County?
- ❑ How can we maintain a balanced community for Naperville?
- ❑ Policies in action: what's working around the Chicago region and around the country?

# What is Affordable Housing?

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**“Housing for which the occupant is paying no more than 30% of his or her income for gross housing costs, including utilities.”**

U.S. Department of Housing and Urban  
Development



Community Housing Association of DuPage (CHAD)  
JUST Homes Program  
Four-Bedroom Home in Carol Stream selling for \$127,740

# Who Needs Affordable Housing in Naperville and DuPage County?

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**The 2006  
Area Median Income (AMI)  
for the Chicago region is:**

**\$72,400\***

**80% AMI = \$59,600\***

- ❑ Teachers
- ❑ Police Officers
- ❑ Retail Clerks
- ❑ Retirees
- ❑ Nurses
- ❑ Secretaries
- ❑ Firefighters
- ❑ Bank Tellers
- ❑ Social Workers
- ❑ Hospital Aides
- ❑ Clergy
- ❑ Paralegals

\*Denotes a household of four.

# Who Needs Affordable Housing in DuPage County?

<u>Occupations</u>	<u>Combined Median Wage</u>	<u>Affordable Home*</u>	<u>Actual Median Home**</u>	<u>THE GAP</u>
Registered Nurse and Bank Teller	\$73,398	\$220,194	\$328,500	(\$108,306)
Preschool Teacher and Police Officer	\$72,568	\$217,704	\$328,500	(\$110,796)
Bookkeeping Clerk and Paralegal	\$71,944	\$215,832	\$328,500	(\$112,668)
Fire Fighter and Nursing Aide	\$62,933	\$188,799	\$328,500	(\$139,701)
Receptionist and Security Guard	\$46,316	\$138,948	\$328,500	(\$189,552)

\*Affordable home price calculated as three times income

\*\*2005 median single-family home price. Multiple Listing Survey

# Common Misconceptions About Affordable Housing

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## **Affordable Housing Will Drive Down Property Values**

- ❑ Numerous studies over time from around the country have shown that affordable housing has no negative impact on the price or frequency of sales of neighboring homes

## **Affordable Housing Will Look Like “Cheap” Housing**

- ❑ Must comply with the same building restrictions and design standards as market-rate housing
- ❑ Blends in with market-rate housing

# What Does Affordable Housing Look Like?



Fairfax County, Virginia



Lincoln, Massachusetts



Boulder, Colorado



Weston, Massachusetts

# What Does Affordable Housing Look Like?

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Market Rate



Affordable

Fairfax County, Virginia



# What Does Affordable Housing Look Like?

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Market Rate



Affordable

# What Does Affordable Housing Look Like?

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Market Rate



Affordable

Andover, Massachusetts

# Why Do We Need More Affordable Housing In Naperville?

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- ❑ Provides stability for workers, families, children, and seniors
- ❑ Reduces traffic congestion and air pollution
- ❑ Benefits employers and increases worker productivity
- ❑ Strengthens the social fabric



Longmont, Colorado

# What is the Affordable Housing Crisis in DuPage?

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- ❑ In 2005, the median sales price for a single-family home in DuPage County was the **highest in the state**
- ❑ **40%** of DuPage County renters pay more than 30% of their income for rent
- ❑ **About 30%** of DuPage homeowners are paying more than 30% of their income on mortgage costs
- ❑ However, **almost 60%** of owner-occupied households *earning less than \$50,000* in DuPage are dedicating more than 30% towards housing costs
- ❑ And, **over 55%** of DuPage renter households *earning less than \$50,000* pay more than 30% of their income toward rent

# What is the Affordable Housing Crisis in DuPage?

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## **Low- and Extremely Low-Income DuPage Residents**

- ❑ DuPage saw a **30% increase** in the number of homeless people **between 2002 and 2003\***
- ❑ 3,895 households on Housing Choice Voucher waiting list in DuPage County in 2002\*\*
- ❑ The DuPage Housing Authority will face a funding shortfall of over \$930,000 in 2005. That shortfall is estimated to grow to over 6 million by 2010.\*\*\*

Statistic source: Bridge Communities

\*\**Not Even a Place In Line*. Mid-America Institute on Poverty. 2003.

\*\*\* Center on Budget and Policy Priorities, Estimated Voucher Funding Shortfalls. February 2005.

# What is the Affordable Housing Shortage in Naperville?

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- ❑ **34% of Naperville households paying too much for rent in 2000**
- ❑ **20% of homeowners paying too much**
- ❑ **54% of Naperville households earning under \$50,000 pay more than 30% on housing costs**
- ❑ **About 40% of Naperville renters earning under \$50,000 pay too much for rent**

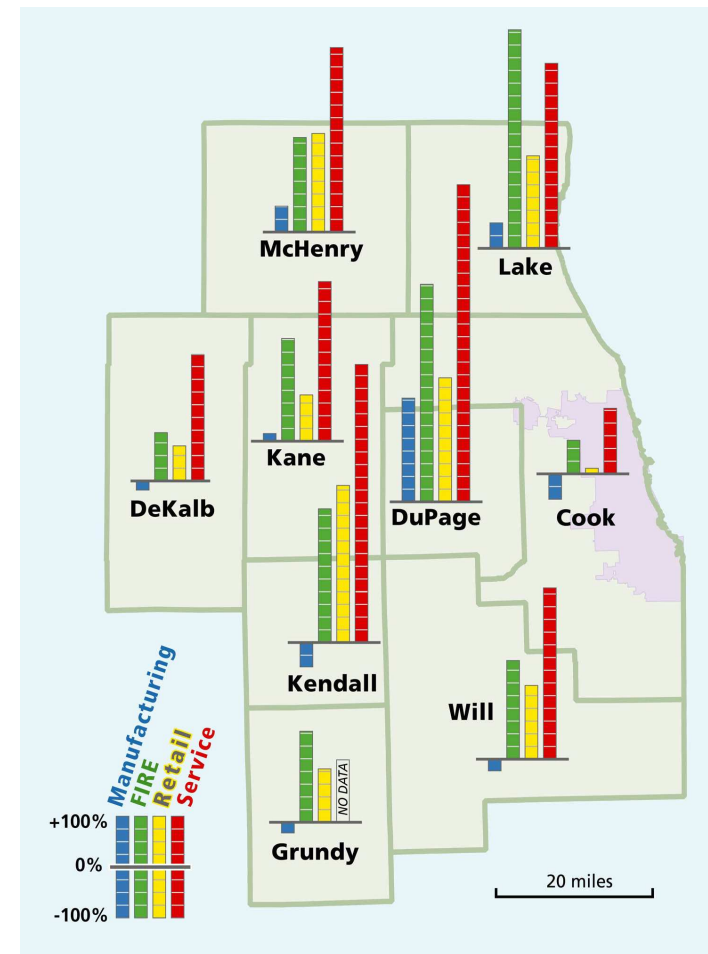
## Home Values

- ❑ **2000: median value for single-family home: \$295,000**
- ❑ **2005: median value for single family home: \$420,000**
- ❑ **2005: median value for new construction SF: \$795,000**

# Housing and Wages in DuPage

- Lower-wage service sector jobs have grown more than three times higher paying manufacturing jobs in DuPage County
- DuPage has seen the highest growth of lower-wage service sector jobs in 9 county region

Chart Source: The Brookings Institution Center on Urban and Metropolitan Policy

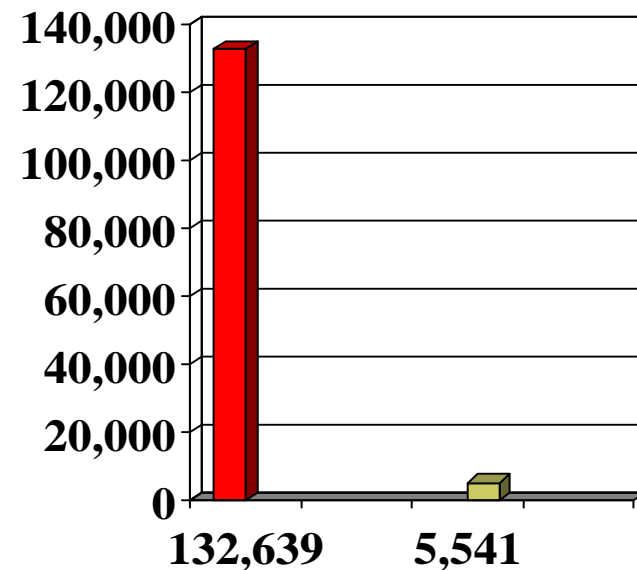


Percentage change in employment by economic sector, 1970-2000, Bureau of Economic Analysis

# Housing and Jobs in DuPage

- The supply of rental housing has not kept pace with growth in lower-wage jobs

**New Jobs vs. New Rental  
Units in DuPage County  
1990-2000**



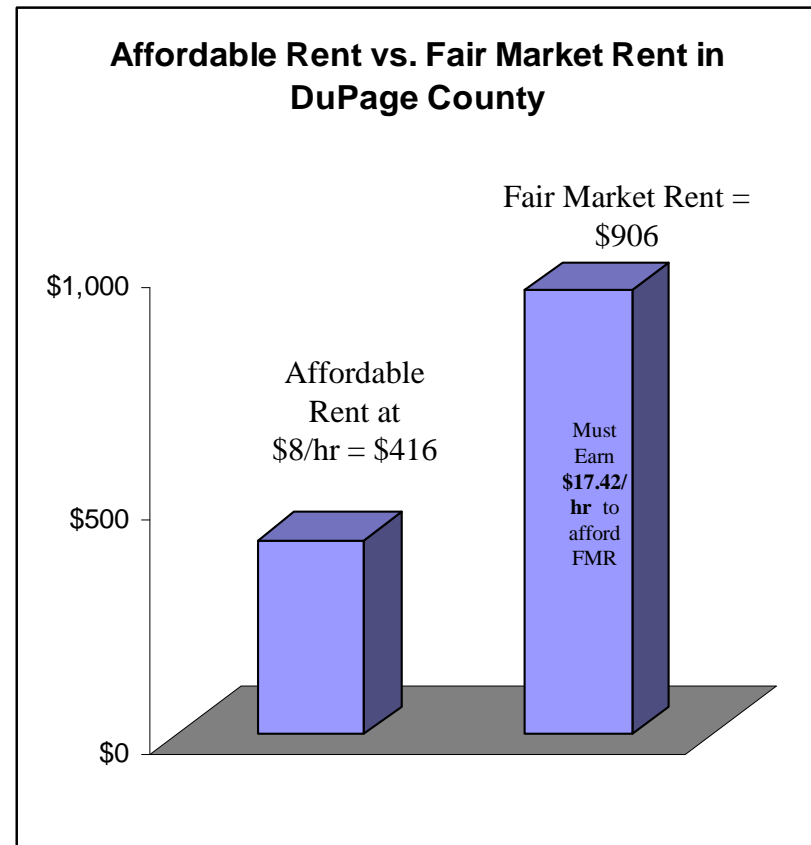
■ **New Jobs** ■ **Rental Units**

Source: Chicago Metropolis 2020, "Recommendations for Developing Attainable Workforce Housing in the Chicago Region," 2002



# Growing Housing Costs in DuPage

- A full-time minimum-wage worker in DuPage must earn \$17.42/hour to afford a two-bedroom apartment at FMR
- A minimum-wage worker would have to work **107 per week** (or 3 full-time jobs)



# Growing Housing Costs in DuPage

- Home prices are outpacing incomes

-Homes: 40% 2000-2004  
-Income: 3.4% 2000-2004

- In Naperville

-Homes: 42% 2000-2005  
-Income: 8% 2000-2005

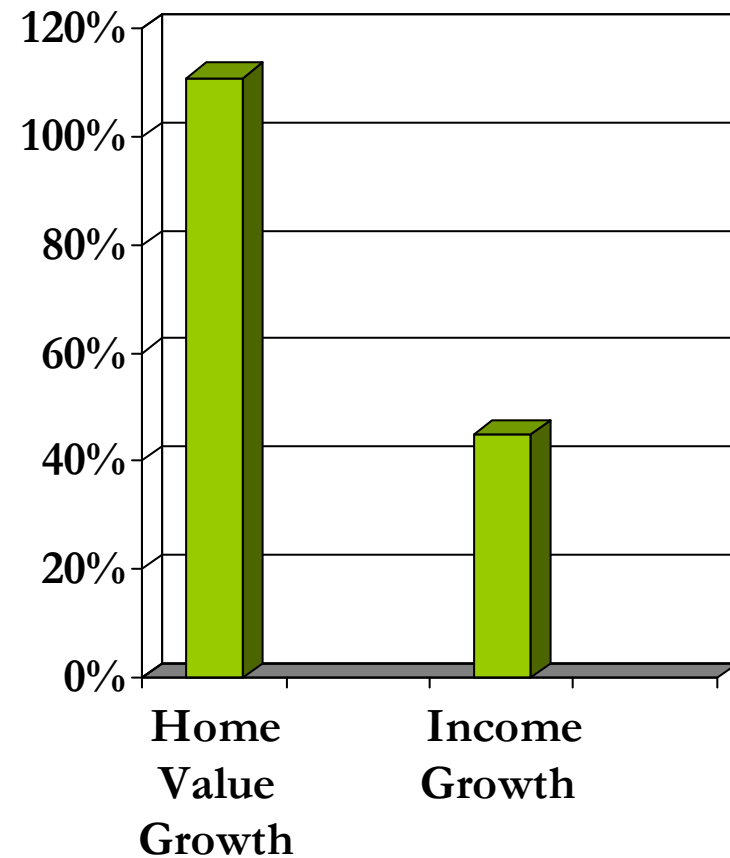
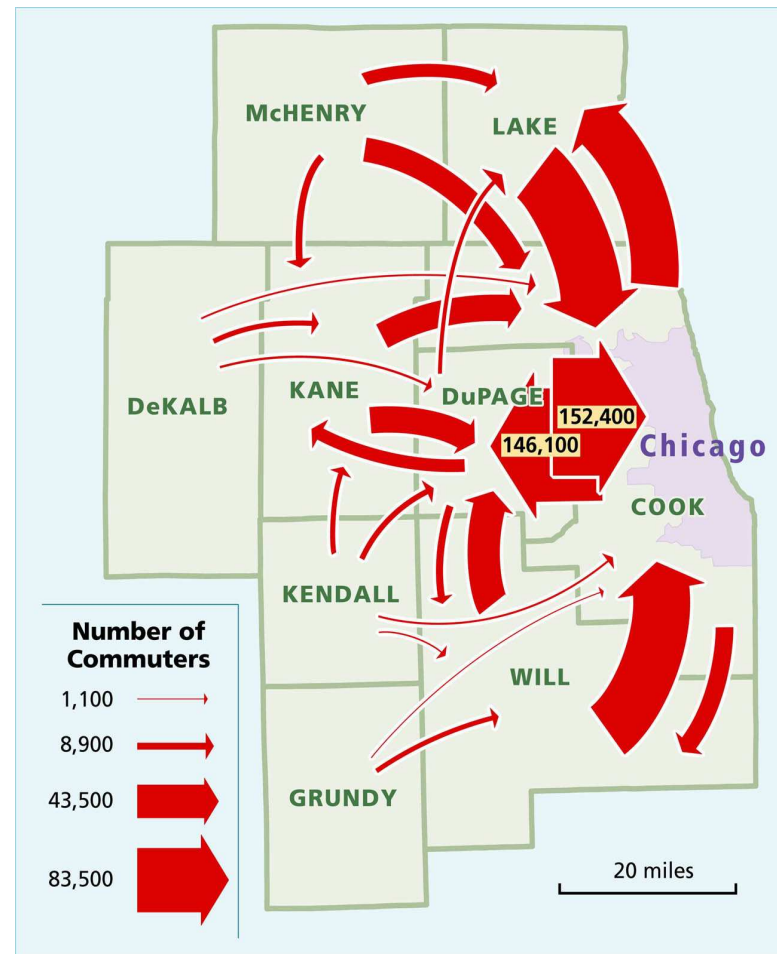


Chart Data: U.S. Census 2000; Multiple Listing Service

# Housing and Traffic Congestion in DuPage

- Jobs/Housing mismatch contributes to complex commuter patterns throughout the region



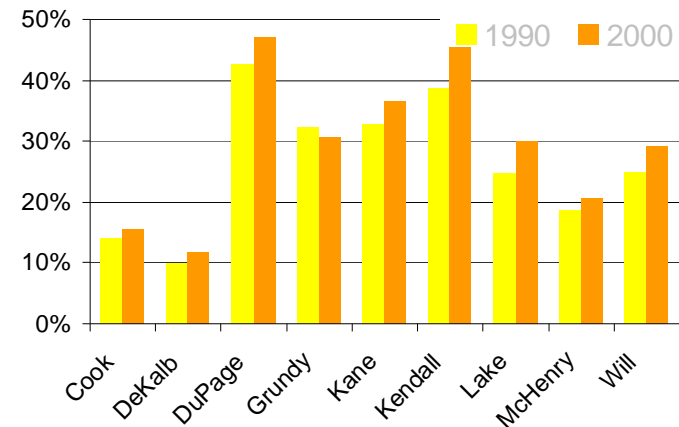
\*Chart data source: Brookings Institution: Center on Urban and Metropolitan Policy

County-to-County Worker Flow (2000)

# Housing and Traffic Congestion in DuPage

- Since 1970, DuPage has seen a **478% increase** in the number of commuters coming into DuPage to work. That's higher than any of the other 5 counties in the region, including Cook.
- Now almost half of the commuters working in DuPage County now come from elsewhere in the region

**Percent of Commuters Each County Receives from Other Counties - 2002**



Source: Brookings Institution: Center on Urban and Metropolitan Policy

# Impact of Affordable Housing Shortage Affects Us All

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## **The “Cost” of the Jobs-Housing Mismatch**

- ❑ Increased air pollution and traffic congestion that costs the Chicago region over \$4 billion a year in wasted fuel, delayed shipments, and lost work time.
- ❑ Social Fabric: (diversity, seniors, young families, young adults, public servants and professions that serve the community)

# What Can Be Done?

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1. Inclusionary Housing/Flexible Zoning
2. Funding/Financing: Trust Funds
3. Community Strategies: Community Land Trusts



Lincoln, Massachusetts

# Inclusionary Housing

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- ❑ Local Power of Zoning
- ❑ Market-Driven Tool
- ❑ Flexible/Multi-Faceted



St. Paul, Minnesota

# Inclusionary Housing

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- Promotes the production of affordable housing by requiring all new developments of a certain size to include a percentage of housing affordable to low- and moderate-income households.
- Developers can receive “cost-offsets” – such as flexible zoning – to help make the cost of developing the affordable units feasible.



# Inclusionary Housing

- ❑ IH in over 200 communities nationwide
- ❑ Significant production in suburbs, small cities, and large urban centers
- ❑ 30 years of experience and overwhelming evidence shows that IH does NOT slow or stop development
- ❑ No studies showing a negative effect on local property tax values or overall tax base



Boulder, Colorado

# Funding/Financing: Housing Trust Funds

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- ❑ Over 400 affordable housing trust funds across the country (city, county, state) with a variety of dedicated funding streams
- ❑ Secure and sensible way to help address housing needs
- ❑ Flexible – can target range of populations and can consider a range of potential revenue sources



Lincoln, Massachusetts

# Funding/Financing: Housing Trust Funds

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Chapel Hill, North Carolina

**Dollars can be used for a range of housing activities:**

- ❑ **housing production**
- ❑ **rehabilitation or preservation**
- ❑ **first-time homebuyer assistance**
- ❑ **rental support**

# Funding/Financing: Housing Trust Funds

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## Potential Revenue Sources:

- ❑ Sale of City right of ways
- ❑ Linkage Impact Fees
- ❑ Permit Fees
- ❑ Developer Impact Fees
- ❑ Property Tax
- ❑ Real Estate Transfer Tax
- ❑ Document Recording Fees
- ❑ Demolition Tax
- ❑ Redevelopment Tax Increment
- ❑ Sale of City-Owned Land



St. Paul, Minnesota

# Community Strategies: Community Land Trusts

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- ❑ a private non-profit corporation created to acquire and hold land for the benefit of a community
- ❑ CLTs treat land and buildings differently. The land is held permanently by the land trust so that it will always benefit the community
- ❑ the home is sold either back to the CLT or to another lower income household, and for an affordable price.
- ❑ 36 states with CLTs



Highland Park, Illinois

# What's Happening Around the Region?

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First, a note on state context:

- 2003 Illinois Affordable Housing Planning and Appeal Act (10% law)
  
- DuPage communities affected:
  - Burr Ridge
  - Hinsdale
  - Naperville
  - Oak Brook
  - Oak Brook Terrace
  - Wayne
  - Winfield

# Policies in Action: Highland Park

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## **Context:**

- ❑ Rising land values
- ❑ Loss of more moderately priced homes/apts
- ❑ Limited options for those working or struggling to live in the community
- ❑ Difficulty recruiting and retaining workers
  
- ❑ Median Sales Price 2005: \$585,000

# Policies in Action: Highland Park

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## **Inclusionary Housing Ordinance (2003)**

- Any development over 5 units must include 20% moderately priced housing
- Cost offsets to the developer (1-for-1 density bonus, fee waivers)
- 2 developments in the pipeline that will create 9 affordable units

## **Affordable Housing Trust Fund (2003)**

- dedicated funding stream (demolition tax)
- generated \$1.5 million since inception

## **Community Land Trust (2003)**

- Private non-profit organization
- 9 permanently affordable homes to date



# Arlington Heights

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St. Paul, MN

- 108-unit condo development that will include a 20% set-aside. The affordable condos will sell for \$130,000 to \$140,000.
- negotiated through the use of flexible zoning. The developer received a rezoning of the land from industrial to residential and received some additional density. In return, the developer agreed to include the affordable units.
- Affordable in perpetuity

# St. Charles

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- “The Reserves” site:
  - owned by a developer looking to be annexed
  - City negotiated \$1.5 million in seed money for Affordable Housing Trust Fund as part of deal
  
- “Bricher Commons” site:
  - city used flexible zoning (i.e. permitted residential use when originally zoned for office and commercial)
  - provided density bonus
  - Result: 20% affordable component to be included

## Lake Forest

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- ❑ 2003: Formed Ad Hoc Housing Committee
- ❑ 2005: Passed Inclusionary Housing Ordinance (15% over 5 units, fee waivers and density bonus offered, affordable in perpetuity)
- ❑ 2006: Demolition Tax passed (\$10,000 split between AH and GRF)
- ❑ Referendum for local RETT approved by voters

# Contact Information

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