



Homes for a Changing Region: Village of Fox Lake Action Plan 2022



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Acknowledgements

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Village of West Dundee

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Community Housing Profile 2020

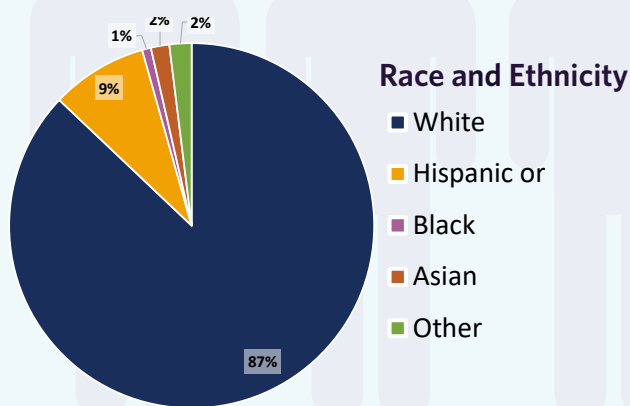
Fox Lake Village, Illinois

POPULATION

10,978 people, +20% since 2000 and +4% since 2010
Regionwide: +5% since 2000

\$60,230 median household income, +29% since 2000

9% poverty rate, +3% since 2000

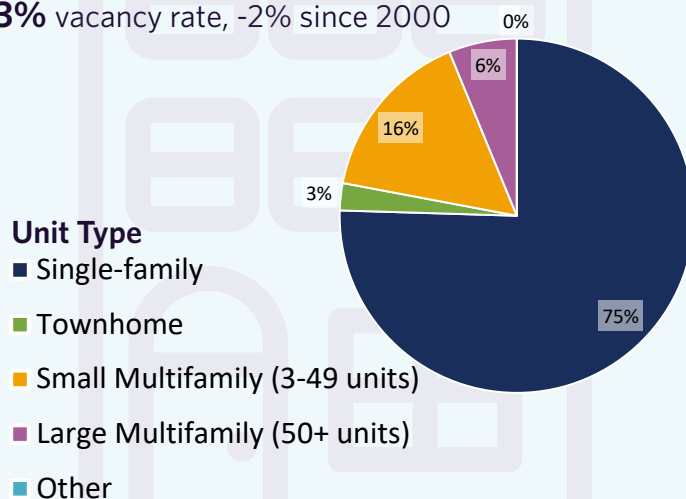


HOUSING

5,127 households, an increase of 27% since 2000 and +7% since 2010. Regionwide, households have increased 12% since 2000

5,828 housing units, +24% since 2000

13% vacancy rate, -2% since 2000



OWNERS AND RENTERS

69% owner-occupied

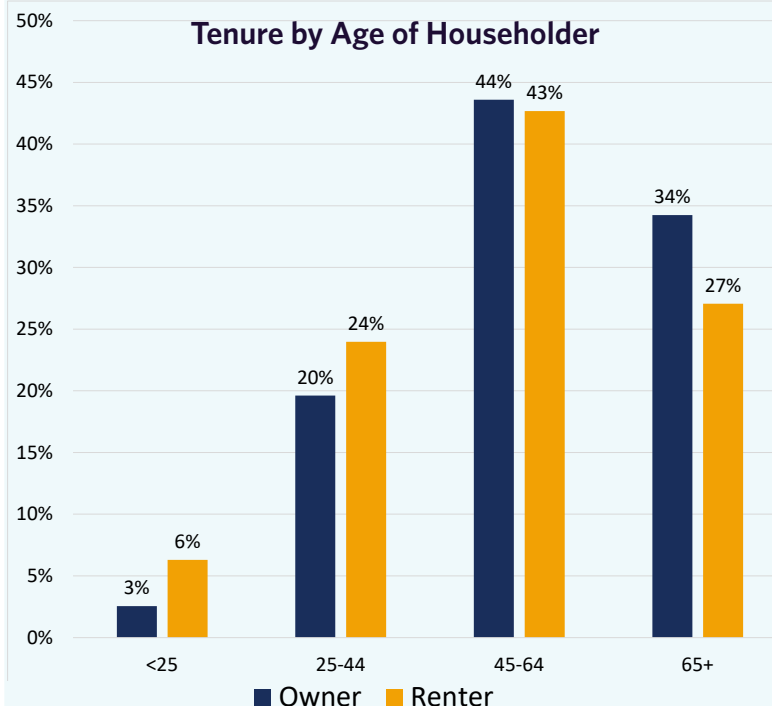
31% renter-occupied



The median household income for homeowners is **\$71,417**, compared to **\$40,804** for renters.

15% of homeowners are cost-burdened, -12% since 2010. An additional **11%** of homeowners are severely cost-burdened, -2% since 2010.

29% of renters are cost-burdened, +14% since 2010. An additional **20%** of renters are severely cost-burdened, -14 points since 2010.



Action Plan:

Executive Summary

October 2022

Homes for a Changing Region (“Homes”) is a program supported by the Metropolitan Mayors Caucus and the Chicago Metropolitan Agency for Planning (CMAP) and funded by the Illinois Housing Development Authority (IHDA). Homes is designed to help localities in the greater Chicago region analyze, diagnose, and develop market and evidence-based solutions for the housing challenges each locality faces. Over the last six months, the Homes team has studied specific housing trends in the Village of Fox Lake. The Homes team has identified a series of recommendations that will allow the Village to achieve a balanced and healthy housing stock. It also noted six key factors that impact housing conditions in Fox Lake:

- **Fox Lake has an aging population:** 76% of homeowners and 70% of renters are 45 or older, and many face increasing costs of home maintenance and may consider downsizing to a smaller home. Rising housing costs in Fox Lake are particularly concerning for seniors on fixed incomes.
- **Fox Lake has an aging housing stock:** More than half of the housing units in Fox Lake were built before 1980. Older homes require maintenance and repair, weatherization upgrades, as well as accessibility improvements, which can be particularly difficult for older and low- to moderate-income homeowners.
- **Fox Lake has a mismatch between ownership housing stock and needs:** Due to the Village’s desirable proximity to the lakes, some homes are being utilized as short-term rentals or ‘second homes’ for leisure and vacation purposes. Increased competition for housing has led to a decline in affordable starter homes for younger people seeking to move to Fox Lake.
- **Fox Lake needs more affordable rental units:** 49% of all renters are experiencing cost-burdened, with 20% of such renters being severely cost-burdened spending more than half of their household income on gross rent.
- **Fox Lake is deciding how to manage vacant properties through the land bank:** The village has identified 30 homes that could potentially become vacant and is deciding the best use for these units, as well as how the county land bank can help get these units occupied.
- **Fox Lake is navigating new development and proposals:** Fox Lake has multiple sites available for development with the potential to add hundreds of units to the housing stock. The Village must decide what type of housing will best meet the needs of the community.

Action Plan:

Executive Summary

October 2022

Based on its analysis, the Homes team recommends the following actions for the Village to consider to support a balanced and healthy housing stock:

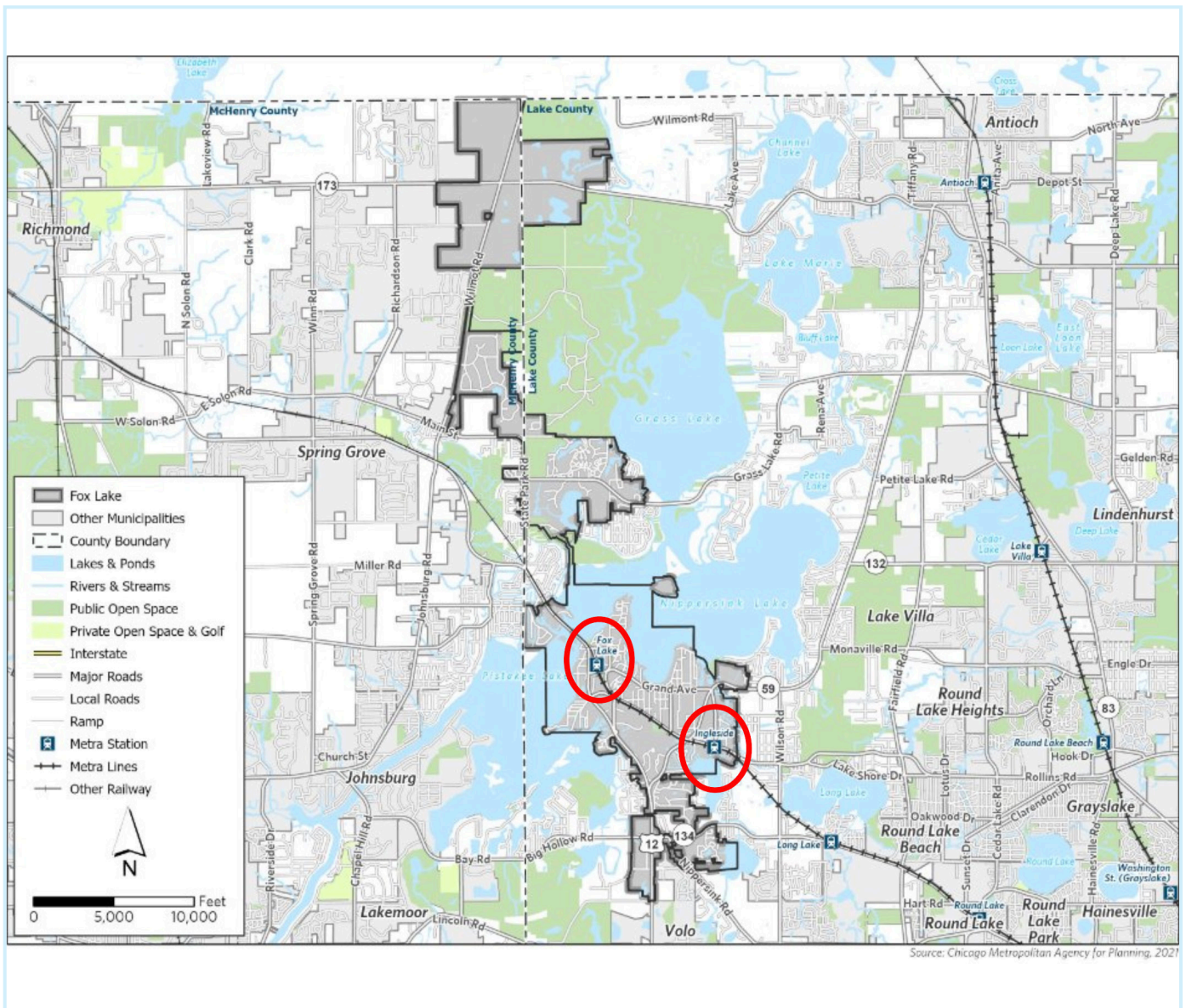
Use the Lake County Land Bank: With help from countywide and regional partners, a stronger Lake County Land Bank Authority could help address and redevelop the 30 properties in Fox Lake for future home buyers seeking starter housing.

Preserve naturally occurring affordable housing: Fox Lake possesses housing affordable to moderate income owners and renters, but it needs better maintenance or investment. Fox Lake can achieve this using public tools such as an SSA or by attracting a developer experienced in 4% Low Income Housing Tax Credits, also known as private activity bonds.

Add new residential multifamily investment: Fox Lake can fill its market gaps in senior, affordable, and high end housing. Other former Homes communities can provide examples of developments and investors willing to work with the municipality and residents to achieve this vision.

Community Map

Village of Fox Lake, Illinois



Chapter One:

Introduction

Homes for a Changing Region (Homes) program provides technical assistance to help municipal leaders address pressing housing issues. It is funded by Illinois Affordable Housing Trust Fund (“trust fund”) as administered by the Illinois Housing Development Authority (IHDA). Trust Fund resources help create and preserve affordable, decent, and safe housing for low-income households throughout Illinois. The Homes process is designed to help Fox Lake identify short-term and long-term action steps to deal with local housing challenges.

In March 2022, the Homes project team held a kick-off meeting with Fox Lake officials and local stakeholders to discuss the Village’s housing market conditions and challenges, develop local housing goals, and investigate its most pressing housing issues. Follow up was presented to Village officials and selected residents by two panels of outside housing experts. The first panel, which met in June 2022, included Brent Denzin of Denzin Soltanzadeh, LLC; Rob Anthony of Community Partners for Affordable Housing; and Nikki Pecori Fioretti, Brendan Kiley, and Amy Bashiti of IHDA. The second panel, which met in August 2022, included Mayor Jeffrey Sherwin of Northlake and Trustee Thomas Price and Timothy J. Scott, Director of Community and Economic Development of West Dundee.

The action plan presented in this report reflects in part the knowledge and feedback collected from these meetings.

Chapter Two:

Housing Needs Analysis

This section summarizes the findings. The complete data workup developed by the Homes team can be found in Appendix A.

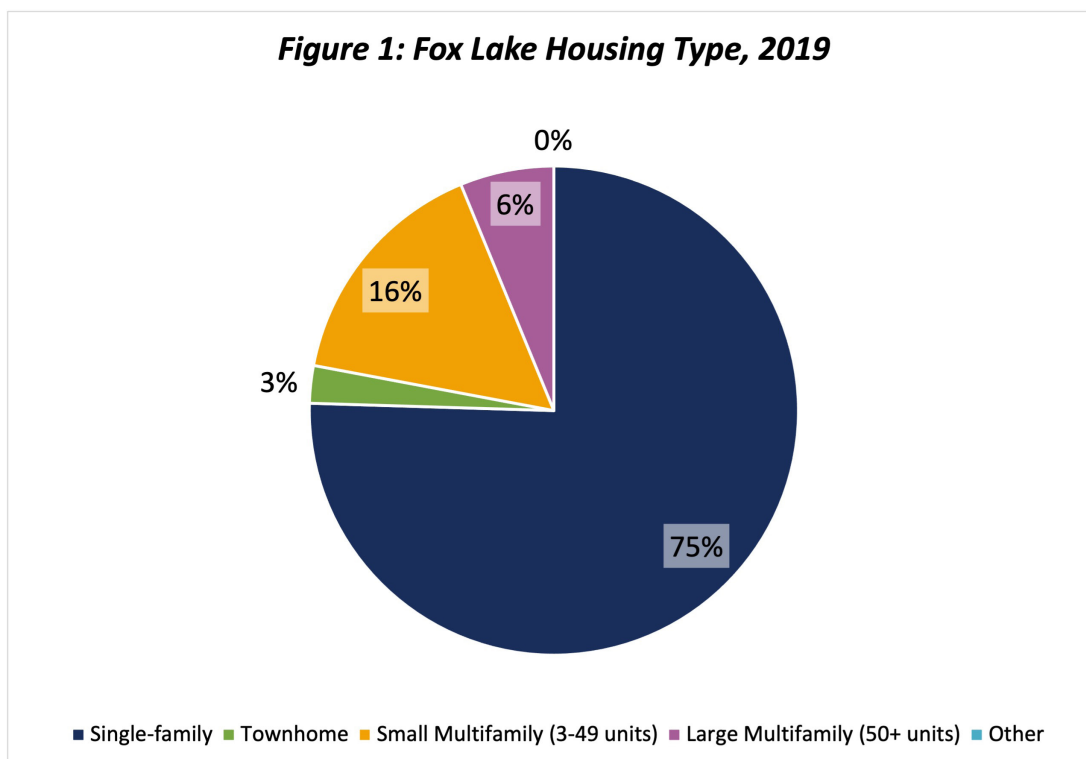
The Village of Fox Lake, located in Lake County, is adjacent to the Illinois-Wisconsin border. Over the last two decades, Fox Lake's population and households have grown faster than the region. In 2020, the Village population was 10,978, a 20% increase from its 2000 population of 9,178. Households increased 27% from 4,046 in 2000 to 5,127 in 2020. Most of the growth in population and households occurred from 2000 to 2010, with growth continuing at a slower rate from 2010 to 2020.

Fox Lake is becoming more racially and ethnically diverse. The population is 87% White, 9% Hispanic/Latino, 2% Asian, 1% Black, and 2% all other racial/ethnic groups. The share of the population that is Hispanic/Latino grew from 6% in 2010 to at least 9% today. During the March housing analysis meeting, stakeholders questioned the accuracy of this data and stated that the Hispanic/Latino population may have been undercounted during the 2020 U.S. Decennial Census.

Fox Lake is a moderate-income community with a median household income of \$60,230, slightly less than that of the region. Between 2000 and 2020, the median income grew by 29%. Since 2010, it has grown by 7%. The typical homeowner earns significantly more than the typical renter: the median income for homeowners is \$71,417 compared to \$40,804 for renters. Approximately 43% of households in Fox Lake earn less than \$50,000 per year and 9% of the population is below the poverty line.

Chapter Two:

Housing Needs Analysis



Source: American Community Survey 2015-2019

The housing stock in Fox Lake is primarily single-family homes (see **Figure 1**). As of 2019, 75% of all residential units are single-family homes; 16% are in small multi-family buildings (3-49 units); 6% are in large multifamily buildings (50+ units), and the remaining 2% are townhomes. Most of the housing units are owner-occupied (69%). The remaining 31% are renter-occupied, which is an increase from 2010 when only 26% of units were renter-occupied.

Chapter Two:

Housing Needs Analysis

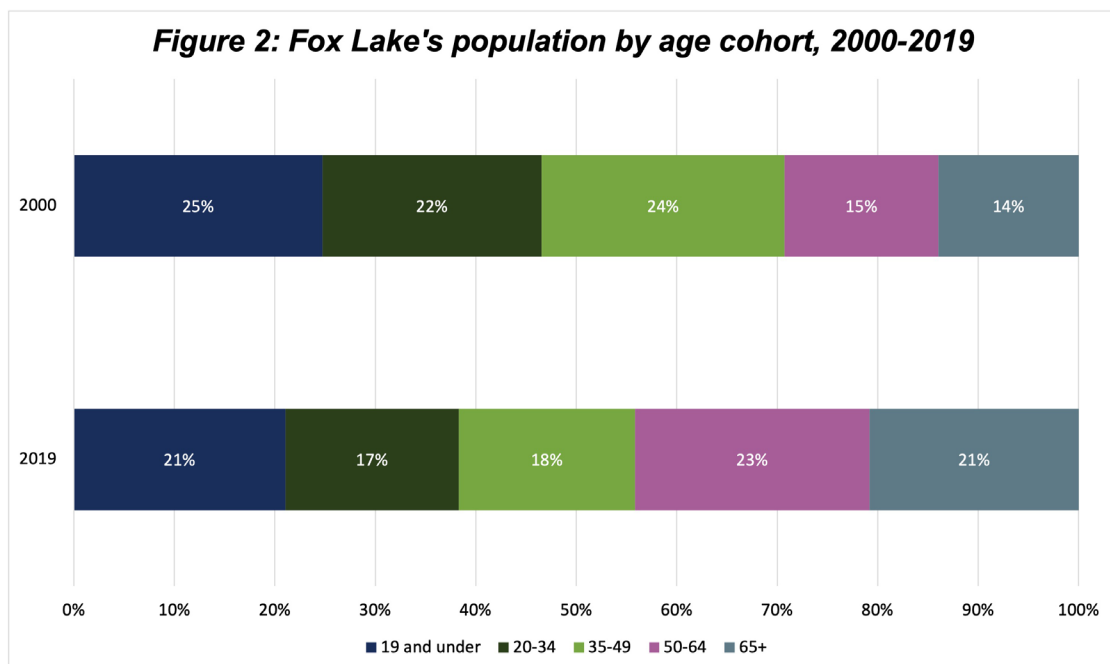
Beyond the above baseline information, a review of housing data and discussions with local stakeholders has identified the following six key takeaways about housing in Fox Lake.

Fox Lake has an aging population

Fox Lake's population is aging. Between 2000 and 2019, the total population whose age is 50 or older more than doubled. **Figure 2** indicates the shift in population by age cohort. The senior population (65+ years) increased from 14% to 21% of the total population. The share of the population approaching retirement age (50-64) has substantially increased from 14 percent in 2000 to 23 percent in 2019.

By 2019, more than three out of every four homeowners were 45 years or older. Additionally, 70% of renters were 45 years or older.

As homeowners age, the maintenance responsibilities that go along with ownership, such as doing yard work, taking out the garbage, or shoveling snow, can become increasingly difficult. Additionally, some older homeowners may live on fixed incomes and lack the funds needed for repairs, which can cause homes to deteriorate over time. Limited mobility, disability, and/or social isolation can exacerbate these needs over time. At some point, some older owners may need to downsize into a smaller unit out of physical or financial necessity.

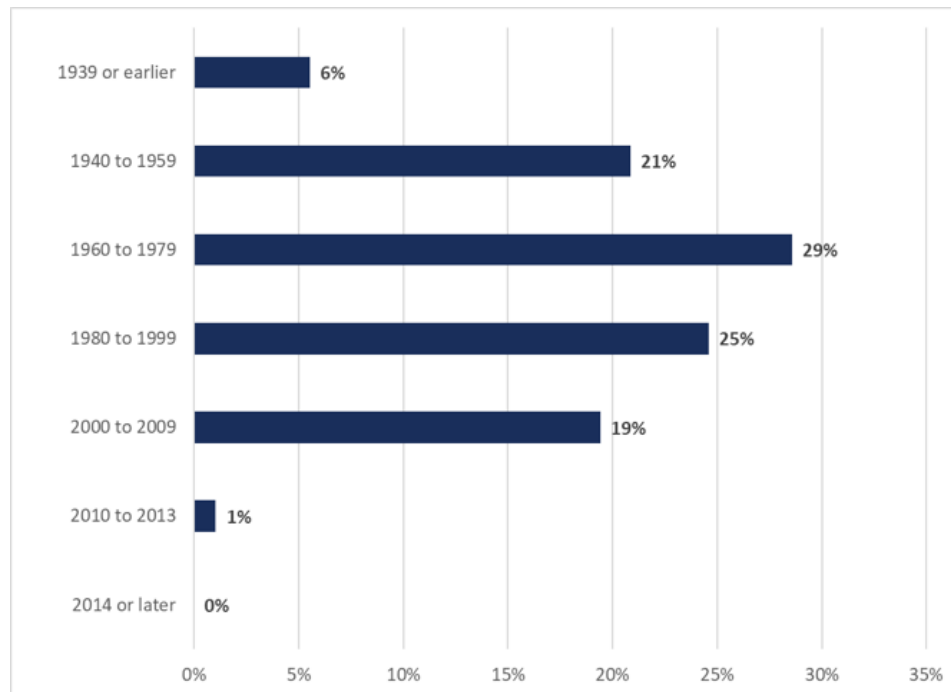


Source: U.S. Census 2000 and American Community Survey 2015-2019

Chapter Two:

Housing Needs Analysis

Figure 3: Fox Lake Housing Age



Source: American Community Survey 2015-2019

Fox Lake has an aging housing stock

More than half of the housing structures in Fox Lake were built before 1980 (see **Figure 3**). While 44% of housing was built between 1980 and 2009, only 1% of Fox Lake's housing stock has been built since 2010.

Many of the aging homes in Fox Lake are owned by residents who are also aging. This can create delays in housing maintenance.

Fox Lake has a mismatch between ownership of housing stock and needs

As Fox Lake's population has changed over time, housing needs have changed, as well. The current housing stock does not meet those diverse needs. While fewer owners are cost-burdened now than during the Great Recession, the hot housing market has also increased the price and decreased the availability of for sale homes. As a result, there are not enough units available and affordable for those seeking to become homeowners.

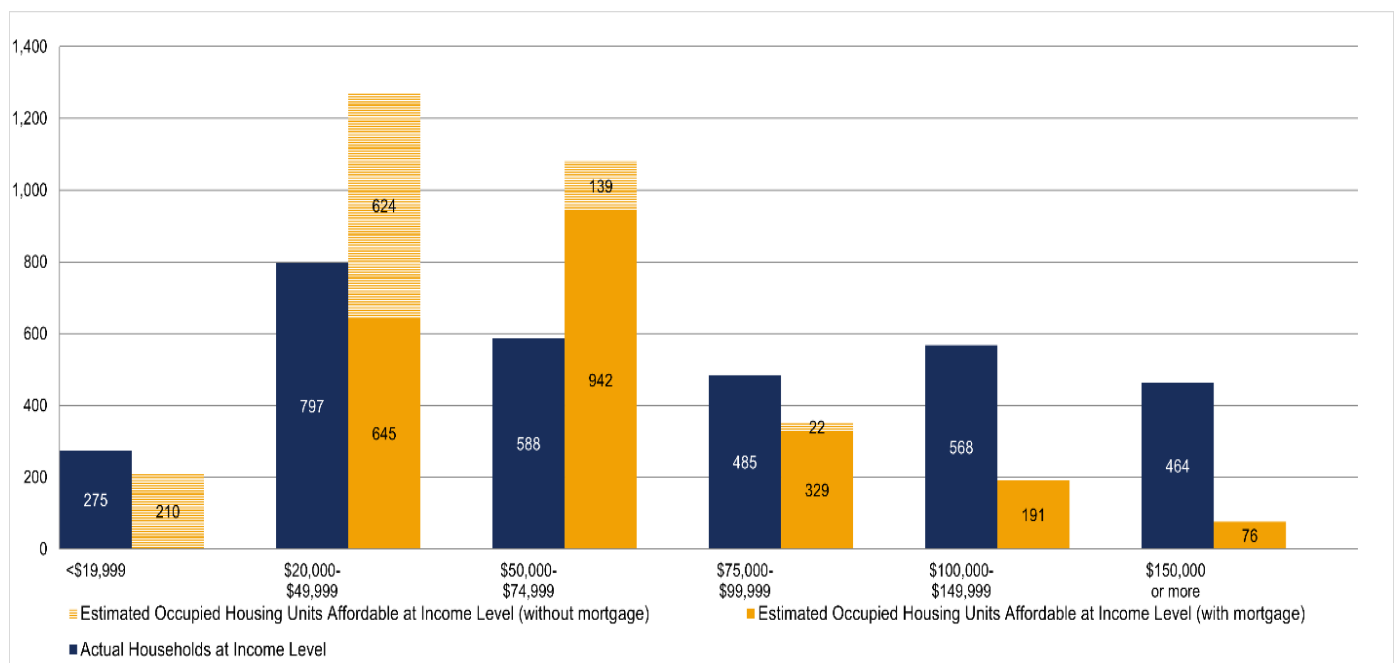
Chapter Two:

Housing Needs Analysis

The percentage of owners living in unaffordable housing in Fox Lake has decreased over the past decade. In 2010, 27 percent of homeowners were cost-burdened, spending 30 percent to 50 percent of their household income on housing costs. As of 2019, 15 percent of homeowners were cost-burdened.

Figure 4 below visualizes the supply of homes affordable at various income levels compared to the number of Fox Lake homeowners at that income level. The largest category of homes is those affordable to working households that earn between \$20,000 and \$50,000 per year. Approximately half of those homeowners live free and clear without a mortgage, and many of these are likely older homeowners described above. If some of these owners downsize, their homes may free up a relatively affordable purchase opportunity for a younger household. However, some of these more moderately priced homes may require rehabilitation.

Figure 4: Fox Lake Comparison of Owner household with Occupied Units Affordable at Each Income Level, 2019



Source: Chicago Metropolitan Agency for Planning analysis of Fregonese Envision Tomorrow Balanced Housing Model using American Community Survey

Chapter Two:

Housing Needs Analysis

As older people purchase homes along the lake and real estate values rise, younger people struggle to find starter homes in Fox Lake. The Village has been desirable to young people because it is relatively more affordable than nearby communities; however, young people may choose to move elsewhere if the prices of starter homes continue to rise.

Stakeholders expressed that demand for higher priced homes has increased in recent years. Prior to the COVID-19 pandemic, 15 properties had been on the market but had not sold due to high prices. After the beginning of the pandemic, they sold by August 2020. Prices have increased at lake homes in particular. Houses recently have sold for \$20-\$30k more than the asking price and there has been a decline in homes available for under \$300K. Lake homes have seen a particular increase due to increased demand from remote workers. Finally, many landlords have recently sold rental properties to be converted to homeownership units.

At the expert panel, one realtor noted that in this tight market, buyers without access to conventional financing may not be able to secure a house. In these multiple offer situations, sellers were choosing offers with conventional financing or cash ahead of mortgage products backed by the FHA, due to the inspection requirements. This means that buyers with mortgage assistance, including IHDA programs, were uncompetitive. It is unclear whether this dynamic will remain as mortgage rates rise.

During the March kick-off meeting, stakeholders also expressed that many housing units in Fox Lake are utilized as 'second homes', occupied by residents seasonally for recreation and leisure purposes. Vacation Village is a 460-unit development that is utilized by some as second residences for summers and weekends, although most of the units are permanent housing. Fox Lake has also seen an increase in short-term rentals. Approximately 30 units are used for this special purpose. As more homes are utilized for second homes and short-term rentals, fewer homes are available for people wishing to live in the homes year-round which may contribute to increasing market competitiveness and rising prices.

Chapter Two:

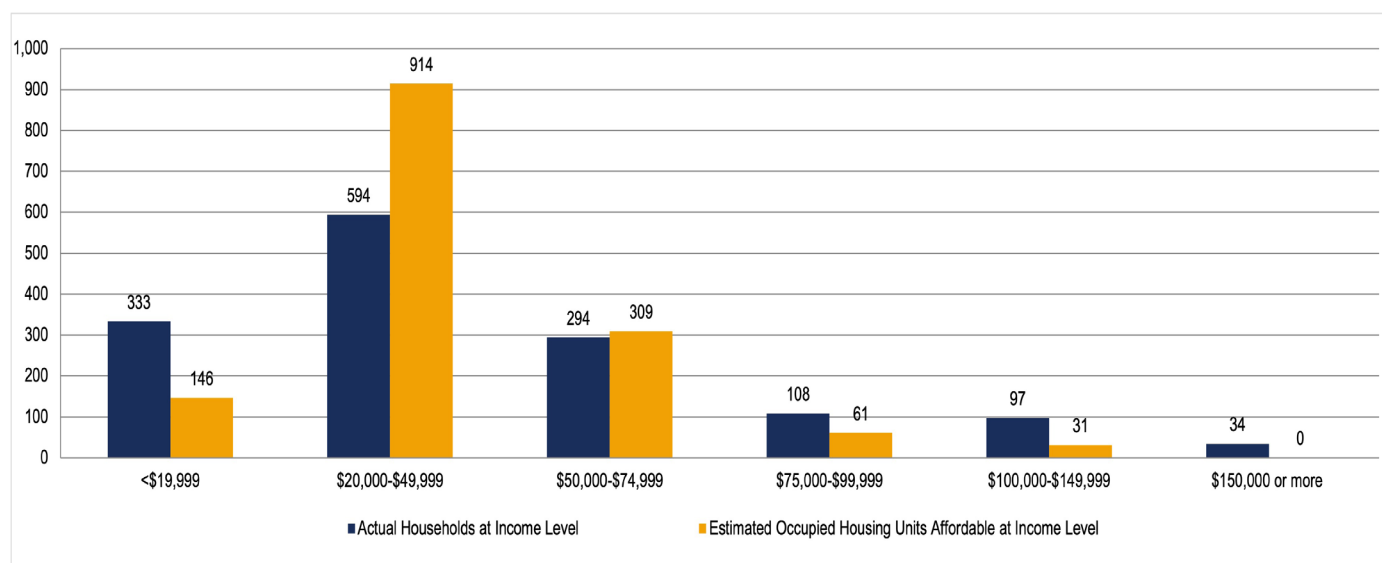
Housing Needs Analysis

Fox Lake needs more affordable rental units

Fox Lake has residents and housing options at multiple income levels, but lower-income renters face ongoing affordability challenges. Nearly half of renter-occupied households struggle with housing costs. The overall percentage of renters who are cost-burdened (spending between 30 and 49 percent of household income on rent) has nearly doubled from 15 percent (2010) to 29 percent (2019) while the share of renters who are severely cost-burdened (spending more than 50 percent of household income on rent) has decreased from 34 percent (2010) to 20 percent (2019).

The multifamily market in Fox Lake has room to add units at upper and lower rent levels, especially for the renter households making \$19,999 or less who cannot find affordable housing to meet their needs (see **Figure 5**). **Figure 6** depicts the need for additional housing units for renter households earning less than \$19,999. According to the analysis, there are only 146 housing units affordable to the 333 renter households that earn less than \$19,999.

Figure 5: Fox Lake Comparison of Rental Household Incomes with Occupied Units Affordable at Each Income Level, 2019



Source: Chicago Metropolitan Agency for Planning analysis of Fregonese Envision Tomorrow Balanced Housing Model using American Community Survey

Chapter Two:

Housing Needs Analysis

Currently, Fox Lake has two Low Income Housing Tax Credit (LIHTC) developments: Lilac Apartments and Lakeland Apartments. Lilac Apartments is a senior, mixed-income community with 105 units, some of which have rents that start around \$300 per month, based on income. Market rate units start around \$895 per month for a one-bedroom unit and \$1,211 for a 2-bedroom unit. Lakeland Apartments also offers affordable 1- and 2-bedroom apartments. Lilac Apartments has a waitlist, indicating additional demand for affordable housing. Stakeholders also expressed those applicants have been turned away from Lilac Apartments because their incomes were above the eligibility threshold, indicating a demand for more affordable housing for moderate-income households.

Fox Lake is also experiencing a supply shortage at the upper end of the rental market. Only 31 rental units match the earning power of the 131 Fox Lake households earning more than \$100,000 per year. This gap may be driving increased investor interest in multifamily projects, described in more detail in the next section.

Fox Lake is navigating new development and proposals

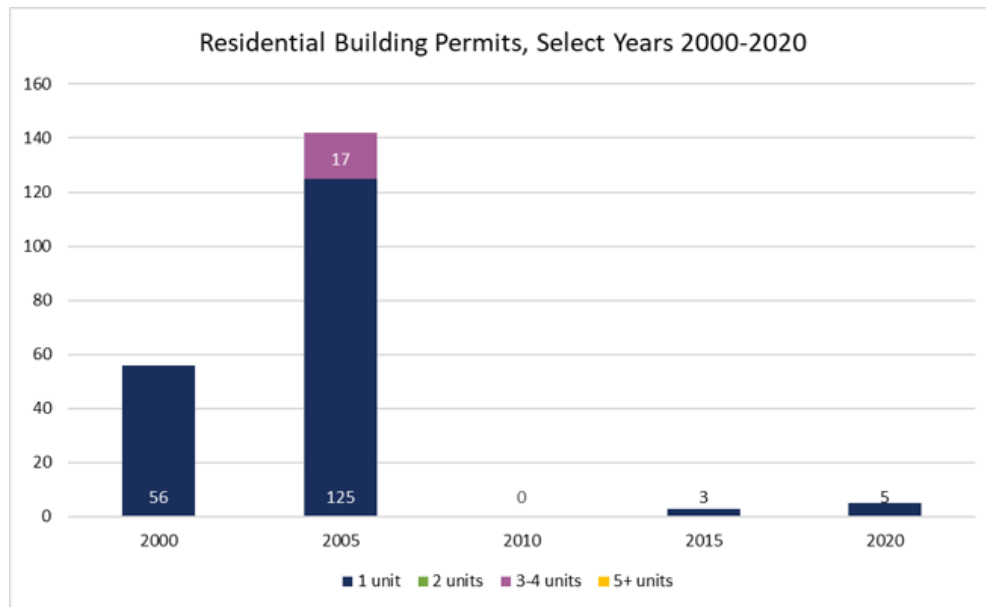
Fox Lake will be experiencing significant market interest for residential development. At the time of the March expert panel, two rental developments of approximately 150 units each were under consideration in the south area of the Village. Additionally, the site of a former golf course within the Village is being considered for multifamily housing development which has the potential to add many new units to the housing stock.

New developments represent the most substantial increase in development since the housing boom of the 2000s. The amount of newly permitted development in Fox Lake dropped substantially from 2005 to 2020. In 2020, only 5 building permits were authorized compared to 142 in 2005 (see **Figure 6**). All new building permits authorized in 2020 were for 1-unit buildings (single-family). Since 2002, there have been 843 total housing starts or 21 housing developments in Fox Lake.

Chapter Two:

Housing Needs Analysis

Figure 6: Fox Lake Building Permits Authorized, 2020



Source: U.S. Census Building Permits Survey

The golf course is intended to have no more than 6-units per acre, with some stakeholders expressing that a lower density of 4-units per acre would be more appropriate. The Village must decide whether low-income, workforce, market-rate, or luxury housing would be most appropriate. Some stakeholders expressed concern about building low-income housing that would be financed through Low-Income Housing Tax Credits and/or accept applicants with Housing Choice Vouchers.

Workforce housing may be warranted as economic development in the Village's Entertainment District spurs new employment opportunities. Currently, most people who work in Fox Lake do not live in Fox Lake, and most who work in the Village are paid less than \$40,000 per year. A lack of workforce housing may hinder economic development by limiting employment to only those who are willing and able to commute to Fox Lake.

Additionally, the Village is considering the development of luxury apartments. A market study presented by a luxury housing developer provided evidence to support that units renting for \$1,500-1,800 could be absorbed by the Fox Lake housing market. Property tax revenue for the Village would be higher from luxury apartments than workforce or affordable housing. The Village will have to weigh the potential benefits and drawbacks of each housing type to determine which will best suit the needs of Fox Lake.

Chapter Two:

Housing Needs Analysis

Fox Lake is deciding how to address vacancy

Fox Lake faces a high demand housing market with a low supply. Specifically for moderately priced properties, there are a number of vacant or abandoned properties that could be redeveloped. The Village is deciding how to best utilize vacant properties to better meet community housing needs. Currently, the Village utilizes ProChamps to monitor units **that are vacant or at risk of vacancy**. **Thirty** properties are on this registry. The properties tend to be scattered throughout Fox Lake, with some clustering around the areas of the Village with more amenities and economic development.

The Village is extremely interested in tools to help facilitate the redevelopment of these properties. During the needs assessment meeting, Mayor Schmit inquired about Village utilization of the Lake County Land Bank Authority (LCLBA), created in 2018 to address issues of vacancy and blight across the county. Mayor Schmit serves as Vice Chair of the land bank, and its creation was also advised by Village staff. As of the needs assessment, the land bank had not assisted with any action on the 30 properties that have been identified by the Village.

Chapter Three:

Recommendations

In June and August 2022, the Homes team convened two expert panels to help Fox Lake address its tight housing market by acting on two housing challenges identified during the engagement: a need to address and redevelop vacant and distressed properties, and a need to evaluate the impact of new multifamily proposals on the housing market and the community. As part of these two conversations, this action plan recommends the following strategies to expand housing supply within the Village:

- **Use the Lake County Land Bank** to redevelop vacant and distressed properties for purchase by homebuyers
- **Invest in existing multifamily and condo properties** through public and/or private investment; and
- **Set and pursue a vision** for new residential investment in the Village.

Each recommendation is detailed more thoroughly below.

Use The Lake County Land Bank to Address Vacancy and Distress

Even though the Village has a tight supply of homes for sale, it also possesses around 30 vacant and distressed properties. Each of these properties **could** create a financial burden for the Village at \$15,000 to \$20,000 in legal fees. Their redevelopment would free the Village of this burden, increase the local tax base, and alleviate some of the housing inventory issues identified during the needs assessment process.

The Lake County Land Bank Authority can assist in addressing and redeveloping these homes. However, the LCLBA currently lacks core operational funding to conduct its work. Without operational funding, it cannot hire a full-time staff person or build its capacity for a pipeline of properties to acquire or sell for redevelopment. The land bank is also a recipient of a technical assistance contract via IHDA and all communities within the land bank may take advance of these free legal services, detailed below.

Chapter Three:

Recommendations

The LCLBA is under contract with Community Partners for Affordable Housing (CPAH), which can redevelop the houses that the land bank acquires. Under the agreement, CPAH may repurpose properties that the land bank acquires and transform those properties into productive uses (such as an owner-occupied residence). Because of CPAH's rehabilitation expertise, the model dramatically reduces the costs of redeveloping these properties. CPAH can also provide some additional funding into each deal that it recoups when it sells the end property.

There are two strategies that Fox Lake and partners can act on the 30 properties the LCLBA.

Strategy #1: Immediate Action

First, Fox Lake can utilize the LCLBA to address legal fees associated with its vacant and abandoned properties. As noted above, these fees alone could cost the Village between \$15,000 and \$20,000 per unit. Through a technical assistance contract under IHDA, the LCLBA can cover this legal work at no cost and provide immediate savings to the Village.

Second, Fox Lake can identify properties that the LCLBDA may be able to redevelop under its current capacity. This starts with the list the Village maintains through ProChamps. Fox Lake can identify which of these properties are abandoned through the following standards: unpaid utility bills for two years, shut off water service, foreclosures, or unpaid taxes. The Village can utilize water data to determine whether the property has been occupied. Fox Lake can further categorize these by their level of disrepair: in good condition, in disrepair but salvageable, and in need of demolition. The Village can do this through a curbside inventory and/or conversations with code officials.

Lastly, Fox Lake can deliver this list to the Lake County Land Bank Development Authority. This list should include the Property Identification Number, address, state of condition, and any other relevant information. Although the LCLBDA cannot redevelop all properties under its current staff capacity, there may be "low hanging fruit" without major structural issues that can be rehabilitated by CPAH at relatively lower cost; the land bank can potentially generate revenue from these early properties. While it can be difficult to identify which properties can be efficiently redeveloped, CPAH has the expertise to do so. Mr. Denzin recommended that the Village send the land bank (as represented by him) a list of properties and that he and CPAH do a curbside inventory together to identify the easiest to redevelop. This can create some momentum, but the land bank will need additional capacity for other properties with more significant issues.

Chapter Three:

Recommendations

Strategy #2: Capacity Building

Ultimately, the LCLB needs a dedicated Executive Director to develop a sophisticated pipeline to handle and redevelop the multiple categories of distressed properties in Fox Lake and in other member communities. The dedicated staff person can manage the volume of properties entering and exiting the land bank, and relationships with communities across Lake County. The LCLB also requires a greater revenue stream to handle the legal fees, which now are covered through the IHDA technical assistance project.

At the expert panel, Mr. Denzin described the experience of the state's other land banks, many of which have a larger operating budget and staff support. These organizations can handle a much higher volume of properties than the LCLBDA. On the other hand, these other land banks lack a strong, experienced partner like CPAH, which has a long history of redeveloping single family houses in communities like Highland Park, Lake Forest, North Chicago, and Evanston. Mr. Denzin believed that a seed investment in staff capacity would be able to leverage the expertise of CPAH and transform the land bank into a top performer among land banks in the state.

Based on the operating budgets of other land banks, Mr. Denzin estimated a 3-year budget of \$100,000, or \$300,000 total, to hire a full-time Executive Director and begin the pipeline of property acquisition that could create a revenue stream. Mr. Denzin also described how other land banks receive some operating support from their municipal members. As part of the IHDA technical assistance network, Teska Associates has projected a 5 year budget that supports these estimates.

Chapter Three:

Recommendations

Next Steps

Strategy #1: immediate action on some properties

- **Fox Lake** should utilize pro bono legal assistance available through the LCLBDA for legal work related to its troubled buildings;
- **Fox Lake** should develop a list of troubled properties, including address, PIN, and level of distress, and send to the Lake County Land Bank to review;
- The **LCLBA** (as represented by Denzin Soltanzadeh) and Community Partners for Affordable Housing will visit properties & select candidates for immediate action.

Strategy #2: build capacity of Lake County Land Bank

- **Denzin Soltanzadeh** and **Teska Associates** will develop a 5-year budget to build capacity for LCLB and send to Fox Lake, the Homes team, and IHDA;
- **Mayor Schmit** will be able to bring this information to the Land Bank Board for further discussion;
- **IHDA** should review this budget in conjunction with existing programs for land bank TA

Chapter Three:

Recommendations

Preserve Naturally Occurring Affordable Housing for Moderate Income Households

Fox Lake has a significant supply of both owners and rental housing for moderate income households earning between \$20,000 and \$50,000. The Village possesses more of these “naturally occurring” rental and ownership properties than households at this income level. However, because more than half of all housing units in the Village were built before 1980, many have deferred maintenance or could benefit from new investments and upgrades. Additionally, these homeowners and renters are themselves aging, and this may make it harder for them to invest, maintain, or even live in these properties.

During the expert panel, Village officials discussed Vacation Village, a 440 unit, 56 building condo complex at on State Park Road. The building houses many lower income older adults, and the market price of the units are attainable at between \$45,000 to \$55,000 per unit. However, the property badly needs upgrades to the exterior of the property to make it safer and more livable for its aging residents. The property has seen little maintenance for 8 years after its property manager embezzled funds from its reserves. During the second expert panel, guests discussed options for Fox Lake to address issues at this property and others in the community.

Strategy #1: Directly Invest in NOAH through Public Financing Tools

Northlake Mayor Jeffrey Sherwin described several City efforts to preserve NOAH. One of these, an 80 unit apartment complex, Creekside Village, fell into decline over the 1980s and 1990s. The City engaged in direct communication with the owner, who revealed that he was thinking of selling the complex. Using its bonding authority, the City negotiated the purchase of the entire complex, made necessary improvements, and hired a management company to run it. The City continues to own the complex, which continues to provide housing at rents affordable to low-income residents while also providing net revenue for the annual budget.

Because Fox Lake is not a home rule community, it is limited in its avenues to raise revenue or issue bonds for direct purchase, but it may be able to do so via Special Service Area (SSA). An SSA is a local district that generates revenue for improvements and services through an additional increment in tax revenue exclusive to that district. SSAs are governed through a board of directors that approve all expenditures made in the district. SSAs are sometimes called Business Improvement Districts and may apply to a corridor, but also can be established for a residential complex or single residential building.

Chapter Three:

Recommendations

Northlake utilized this tool for a residential complex, King Arthur, which had also fallen into disrepair. Residents approved the SSA, which then issued a 10-year bond through the City to finance sprinklers and other life safety improvements in the property. The bonds were then paid off in 10 years, via local property tax bills, which now included the SSA special assessment.

This tool could also help finance needed improvements to the Vacation Village. However, the Village should consult with its Attorney to confirm that it can utilize its bonding authority through an SSA as a non-home rule community.

Strategy #2: Encourage Private Investment through Low Income Housing Tax Credits

Alternatively, the Village could seek a developer experienced with Low Income Housing Tax Credits to purchase, deconvert the property, and preserve the units as affordable housing for residents. At the panel, Amy Bashiti of the Illinois Housing Development Authority discussed the credits, which provide housing to seniors and families earning below the regional median income. There are two subtypes of the program:

- **9 percent LIHTC credits** are allocated to Illinois based on its population and are awarded competitively according to IHDA's Qualified Allocation Plan. These credits can be used for new construction and are described in the next section.
- **4 percent LIHTC credits** are non-competitive. Developments that utilize state private activity bonds are eligible. As noted above, these credits could be a source for the rehabilitation and preservation of existing multifamily units in the Village.

Due to the size of the property, the development would be ideally suited to the 4 percent LIHTC credits, which could be used to recapitalize the property, fund badly needed improvements, and preserve the units as affordable for their existing residents. Village stakeholders have expressed some concern that a LIHTC-financed property may eventually turn over to another property manager, who would again defer maintenance and continue the cycle of disinvestment. However, under the regulations governing the program, LIHTC financed projects must preserve affordability for 30 years. As a result, LIHTC-financed properties frequently experience stability in property management. In many cases, the developer remains as manager for that period of time.

Chapter Three:

Recommendations

No matter which option the Village pursues, it should meet with the HOA board at the complex to understand the Board's appetite for recapitalization or deconversion as a strategy to improve the property. If the Village and HOA opt for an outside developer, the Village should proactively contact developers experienced in the LIHTC program to assess their interest in redeveloping the complex. While Homes cannot recommend specific developers, a list of LIHTC investors is available on the [IHDA website](#) under "Currently/Previously Approved Projects".

Next Steps

The Village should meet with residents at Vacation Village to assess their interest in either strategy. Specific next steps depend on the local preference of those in the complex:

Strategy #1: directly invest in properties via special service area

- Confirm with the Village attorney that it can issue bonds via SSA;
- Establish a SSA that encompasses the condominium complex and include residents on its board of directors; and
- Issue a 10-year bond that will finance maintenance, safety, and accessibility improvements.

Strategy #2: attract LIHTC developer to privately invest and preserve units

- Review list of LIHTC-financed developments in comparable communities and build an outreach list of development companies
- Proactively reach out to developers to assess interest in purchase and deconversion
- Organize meetings between interested developers and Vacation Village residents

Chapter Three:

Recommendations

Set A Development Vision for Balanced Residential Investment

Fox Lake has two unmet market needs at both the affordable and upper end of the rental market. The Village currently only possesses 146 rental units affordable to the 333 rental households that earn less than \$19,999 for a gap of 187 units. At the upper end of the rental market, only 31 rental units match the earning power of the 131 Fox Lake households earning more than \$100,000 per year. This gap may be driving increased investor interest, including in the golf course property.

During the expert panel, these stakeholders heard from elected officials from two former Homes communities experienced in screening development proposals: West Dundee and Northlake. Trustee Tom Price and Timothy Scott of West Dundee discussed how it utilized its Homes for a Changing Region plan to attract additional senior and multifamily options. West Dundee is a proud bedroom community, and many community members wanted to ensure their hometown retained its character. Despite local reluctance, the Village did approve a new affordable senior development called for in its plan, and this helped demonstrate that additional housing options could complement, rather than change, the character of the Village.

Using its Homes plan, the Village continues to articulate its development vision. This helps the Village to anticipate community concerns and to communicate its preferred development outcomes in advance of a proposal. For example, a developer just broke ground on Village West, which will add 380 townhomes and ranch homes to its housing supply. The Village was able to proactively work with the developer to preserve 50% of the site as open space and add features to manage stormwater run-off on site. As a result, the development filled a housing market gap, but at a density and with features that fit the character of the surrounding area.

This action plan recommends that Fox Lake proactively pursue new development that fills the housing needs identified earlier: affordable, higher end households, and senior. High quality developments in West Dundee, Northlake, and in other communities demonstrate that it is possible for Fox Lake to attract high-quality residential investment in these market sectors compatible with the character of its community. Though it is outside the scope of this action plan, the Village should also determine the desired level of density, natural features, and amenities that match each of these available development sites.

Chapter Three:

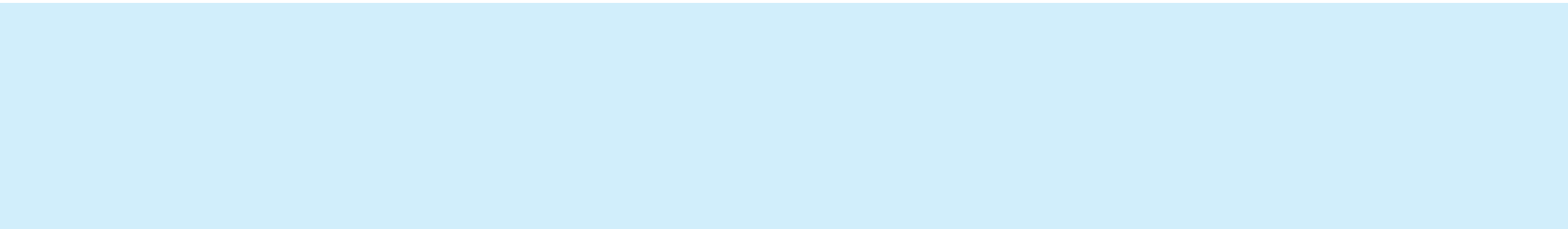
Recommendations

As noted earlier, Fox Lake stakeholders have expressed reservations about how a new affordable housing development would be managed. Any property may be subject to poor management, but due to regulations within the LIHTC program, many affordable developments tend to be well-managed either by the developer or another experienced company. As with the recommendation above, Fox Lake can develop a list of these developers by reviewing prior IHDA awards, especially those made in former Homes communities like West Dundee and Northlake.

Next Steps

The Village should ready itself for new residential investment proposals across all market sectors by:

- Finalizing its vision on density, materials, natural features, and parking and regularly articulating that to developers;
- Citing this Homes plan as a guiding document on housing mix and price points when meeting with developers; and
- Developing a list of preferred LIHTC developers in senior housing and pro-actively reaching out to them to assess interest.



Key Contacts

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Affordable Housing Trust Fund Alignment

As stated earlier, this action plan was made possible by a \$305,000 two-year allocation of the Illinois Affordable Housing Trust Fund. An estimated \$41,070 of that allocation was spent on personnel and travel costs on the development of this action plan, which aligns with the objectives of the Trust Fund across all three recommendation areas.

- **Use The Lake County Land Bank:** The needs assessment found that 275 homeowners earn less than \$20,000 per year, but only 210 are affordable at this income range. Additionally, the Village possesses approximately 30 single family properties sitting vacant and in various states of disrepair. Rehabilitation of these homes by CPAH would help the Village fill the affordability gap for homeownership.
- **Preserve Naturally Occurring Affordable Housing:** The analysis shows that Fox Lake possesses a surplus of housing for renter and owner households between \$20,000 and \$50,000 per year. However, the two meetings determined that many of these privately-held units are in need of maintenance, life safety improvements, and/or accessibility improvements for the aging population. Improved investment would enhance housing for a subset of the 1,391 households earning between 60% and 80% Area Median Income (AMI).
- **Set A New Vision for Balanced Residential Investment:** Fox Lake has limited housing options for renters earning at or below 60% of AMI. The Village currently only possesses 146 rental units affordable to the 333 rental households that earn less than \$19,999 for a gap of 187 units. By adding a new Low Income Housing Tax Credit building, Fox Lake can substantially reduce the housing affordability gap for low-income renters in the community.