



Homes for a Changing Region: City of Park Ridge

September 2023



Chicago Metropolitan
Agency for Planning



Metropolitan
Mayors
Caucus



ILLINOIS HOUSING
DEVELOPMENT AUTHORITY
www.ihda.org

Acknowledgements

This report thanks the following policymakers and experts who advised Park Ridge during its July 2023 expert panel.

- Heather Ross, Village Trustee, Village of Northbrook
- Amy Kaufman, Director of Development and Community Relations, Community Partners for Affordable Housing
- Allison Laff, Deputy Director of Transportation, Engineering, and Development, City of Naperville
- Amy Bashiti, Community Revitalization Planning Specialist, Illinois Housing Development Authority

An additional thanks to Park Ridge staff who contributed time and effort to coordinate focus groups and meetings with City officials:

Park Ridge

- Drew Awsumb, Director of Community Preservation and Development

Homes for a Changing Region Team

- Nancy Firfer, Metropolitan Mayors Caucus
- King Harris, Advisor
- Kyle Smith, Metropolitan Mayors Caucus
- Ben Schnelle, Metropolitan Mayors Caucus
- Robin Snyderman, BRick Partners
- Beth Dever, BRick Partners
- Inoa Batista, BRick Partners
- Jonathan Burch, CMAP
- Enrique Castillo, CMAP

Table of Contents

Executive Summary	1
Housing Needs Analysis	3
Potential Strategies	11
Further Considerations to Support Chosen Options	26
Conclusion	27
Key Contacts	28
Affordable Housing Trust Fund Alignment	29

Homes for a Changing Region (“*Homes*”) is a program spearheaded by the Metropolitan Mayors Caucus, supported by BRick Partners and the Chicago Metropolitan Agency for Planning (CMAP), and funded by the Illinois Housing Development Authority (IHDA). *Homes* is designed to help local governments in the greater Chicago region analyze, diagnose, and develop market and evidence-based solutions for the housing challenges they face. Over the last nine months, the *Homes* team has engaged key stakeholders and studied housing trends specific to Park Ridge.

The primary purpose of the *Homes* engagement in Park Ridge was to provide the City a menu of options to consider for its Affordable Housing Plan. This *Homes* report helps narrow the broad array of affordable housing strategies, identifying a handful of options based on input from key stakeholders and analysis of housing in Park Ridge. This report can be utilized as a reference document by Park Ridge as it creates an Affordable Housing Plan.

As a first step, the *Homes* team identified three key takeaways regarding housing in Park Ridge:

- **Park Ridge lacks affordable housing according to state law:** The Affordable Housing Planning and Appeal Act (AHPAA) requires that Park Ridge prepare, approve, and submit an Affordable Housing Plan to the State, because (a) the most recent analysis, according to AHPAA definitions, found that 8% of Park Ridge’s homes were affordable, and (b) such plans are required by AHPAA of municipalities with less than 10% affordable housing.
- **Some Park Ridge residents face challenges with housing costs:** One in three Park Ridge renters, and one in four Park Ridge homeowners, are paying more than 30% of their monthly income on housing costs. Nearly half of Park Ridge’s senior renters struggle with housing costs.
- **Park Ridge faces potential loss of existing affordable housing:** Park Ridge’s condos and older apartment buildings provide a supply of affordable housing, yet both face pressures that may reduce the availability of affordable housing over time.

A key part of an Affordable Housing Plan is selecting a goal for increasing the local affordable housing stock. The goals, defined by AHPAA, that Park Ridge can choose from are either: (a) requiring that at least 15% of all new development or redevelopment within the local government be affordable housing, or (b) a goal of 10% of all housing within the jurisdiction being affordable housing. Because Park Ridge is a mostly built out community with a strong market and high housing prices, the first goal listed above would likely be the more attainable goal. An Affordable Housing Plan also includes a list of strategies that a municipality may utilize to work towards its chosen goal. Strategies are not required to be implemented at the time an Affordable Housing Plan is adopted. The *Homes* team suggests the following menu of options for Park Ridge to consider including as strategies in its Affordable Housing Plan:

- **Inclusionary Zoning:** An Inclusionary Zoning Ordinance is a tool to ensure that new multifamily developments “set aside” a certain percentage of the new housing options for affordable housing, whether for-sale or for rent. Inclusionary Zoning is one of the strategies that communities can deploy to stay in compliance with AHPAA.
- **Affordable Senior Housing:** An affordable senior housing development can provide an option for Park Ridge residents to age in the community. Examples from similar communities demonstrate how high-quality affordable senior housing can be built at no cost to local taxpayers.
- **A Housing Trust Fund:** A Housing Trust Fund creates a new pool of money that grows over time for the community to use to help finance affordable housing, housing repairs, or other related programs.
- **Preservation of Existing Affordable Rental Options:** Resources offered by the Preservation Compact and IHDA can help multifamily property owners make improvements while preserving affordable rental options.
- **Preservation of Existing Affordable Homeowner Options:** A Community Land Trust is a non-profit organization, governed by a board of residents and public representatives, that can preserve homes to be affordable for years to come.

The City may choose to include any of these options, which help Park Ridge create and preserve affordable housing without burdening local taxpayers or dramatically changing the community’s physical character, as strategies in its Affordable Housing Plan.

Housing Needs Analysis

This section summarizes the quantitative and qualitative findings of the housing needs analysis, initially presented to stakeholder groups in Park Ridge in June of 2023. Unless otherwise stated, data is provided by the U.S. Census Bureau, including its American Community Survey.

Background

The City of Park Ridge is a community located just northwest of the City of Chicago. From 2010 to 2020, Park Ridge’s population increased from 37,480 to 39,656, a 1% annual increase. During this time, the number of households in Park Ridge increased from 14,118 to 14,731, a 0.4% annual increase. Both rates of growth are less than that of the region, in large part due to Park Ridge being mostly developed.

According to the 2020 Census, 85% of Park Ridge residents are White, 5% are Hispanic or Latino, 1% are Black, 6% are Asian American, and 2% are another race or two or more races..

Park Ridge’s older adults make up a large and growing portion of the community. About 20% of all residents in Park Ridge are 65 years or older, a figure higher than that of Cook County or the Chicago region where this group makes up 15% of the population. As shown in the chart below, residents age 50-64 make up a larger portion of the Park Ridge community than twenty years ago.

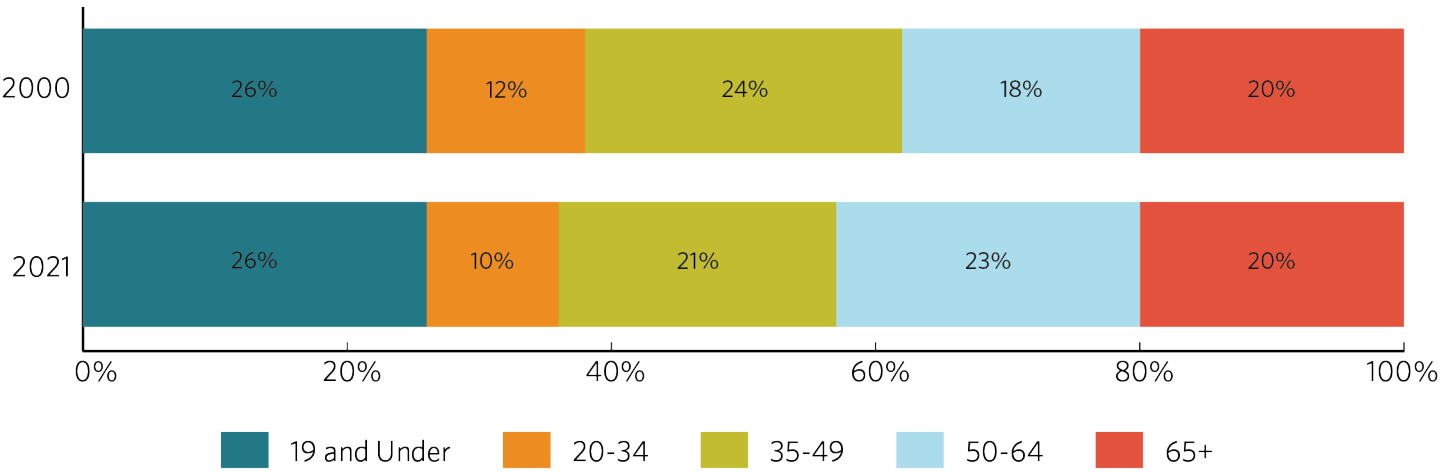


Figure 1.
Age of Residents

Housing Needs Analysis

The median household income in Park Ridge is \$124,535, which is much higher than the regional median of \$78,790. The median income for homeowners in Park Ridge is \$140,735 while the median income for renters in Park Ridge is \$65,556.

Most homes in Park Ridge are single-family homes, with this housing type making up about 72% of homes in Park Ridge. The rest of Park Ridge’s housing stock includes townhomes (4%), 2-4 unit buildings (4%), small multifamily buildings (9%), mid-size multifamily buildings (7%) and large multifamily buildings (4%).

About 85% of Park Ridge households own their homes. Park Ridge has many condo buildings, leading to the majority of multifamily homes being owner-occupied.

Beyond this background information, discussions with local stakeholders and a review of housing data have identified the following three key takeaways regarding housing in Park Ridge.

Housing Stock in Park Ridge

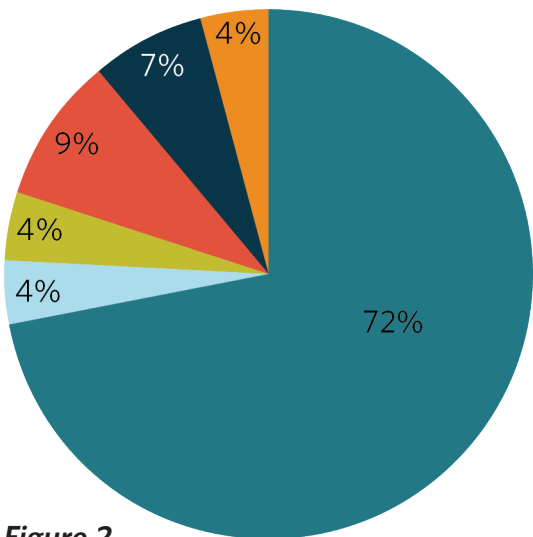


Figure 2. Housing Stock

- Single-Family Home
- Townhome
- 2-4 Unit Building
- Small Multifamily Building (3-19 Units)
- Mid-size Multifamily Building (20-49 Units)
- Large Multifamily Building (50+ Units)

Housing Stock in Park Ridge

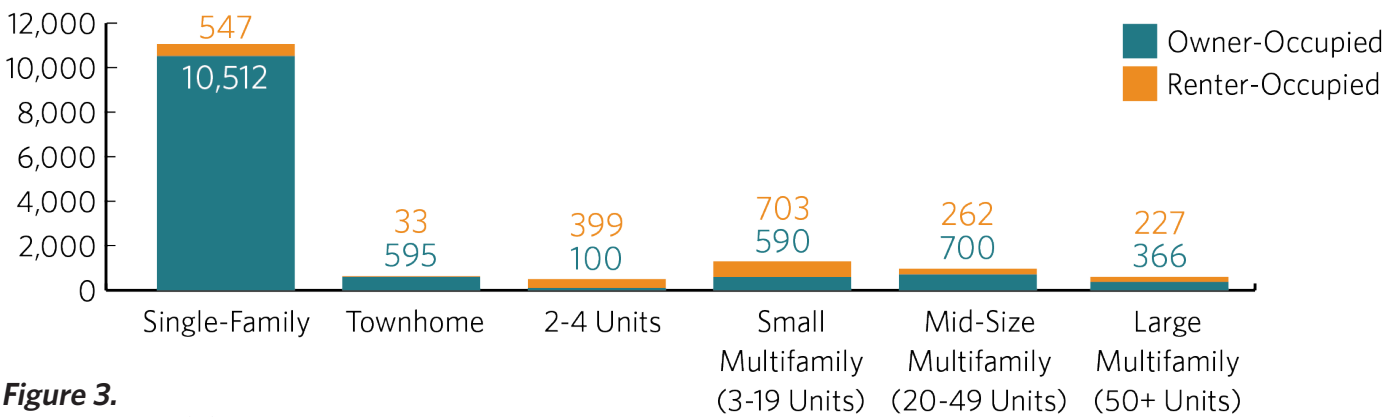


Figure 3. Housing Stock by Tenure

Housing Needs Analysis

Park Ridge Lacks Affordable Housing According to State Law.

The Affordable Housing Planning and Appeal Act (AHPAA) was signed into law in 2003 to encourage local governments to incorporate affordable housing into their communities. AHPAA requires that municipalities in which affordable housing represents less than 10% of the entire housing stock prepare, approve, and submit an Affordable Housing Plan to the State.

How does AHPAA define affordable housing?

AHPAA established a process for identifying communities with the most acute shortage of local housing that is affordable to:

- **Homebuyers with incomes at 80% of the regional median household income.**
- **Renters with incomes at 60% of the regional median household income.**

The regional median household income as of this report is \$78,790. Therefore, 80% of the regional median income is \$63,032 and 60% of the regional median income is \$47,274. AHPAA further defines affordable housing as housing that costs no more than 30% of the monthly income of homebuyers and renters earning the income thresholds mentioned above.

AHPAA tasks the Illinois Housing Development Authority (IHDA) to calculate the availability of affordable housing within each local government every five years. IHDA last calculated affordable housing needs in 2018, finding that 8% of Park Ridge’s homes were affordable. Park Ridge was 272 affordable homes short of the 10% threshold defined by AHPAA.

Figure 4.
***IHDA’s 2018
Calculation of
Affordable Housing
in Park Ridge***

	Renter-occupied	Owner-occupied	Park Ridge Total
Affordable Homes	599	512	1,112
Total Homes	2,365	11,469	13,834
Percent Affordable			8.0%

1 For more information on the 2018 calculation, please review this [handbook](#).

Housing Needs Analysis

It is anticipated that IHDA's 2023 affordability calculations will be released by early 2024. In the meantime, to comply with state law, Park Ridge should prepare, adopt, and submit an Affordable Housing Plan to the State. Once the 2023 IHDA calculation is released, if Park Ridge remains below the 10% threshold defined by AHPAA, the City should then update its Affordable Housing Plan.

A key part of an Affordable Housing Plan, as defined by AHPAA, is selecting a goal for increasing the local affordable housing stock. The goals, shown in Figure 5, are defined by AHPAA. In addition, an Affordable Housing Plan includes a list of potential strategies that a municipality may utilize to work towards its chosen goal.

Because Park Ridge is a mostly built out community with a strong market and high housing prices, the first goal shown in Figure 5 would likely be the more attainable goal. The strategy to work towards this goal is an Inclusionary Zoning Ordinance, described below as the first option of this Homes report.

Figure 5.

Goals Park Ridge can choose from in its Affordable Housing Plan:

- 1. Requiring that at least 15% of all new development or redevelopment within the local government be affordable housing, as defined by AHPAA;***
- 2. 10% of all housing within the jurisdiction being affordable housing as defined by AHPAA.***

Housing Needs Analysis

Some Park Ridge Residents Face Challenges With Housing Costs.

The AHPAA calculation is just one measure of local housing need, assessing the affordability of the Park Ridge housing stock relative to the region. There is another relevant measure that speaks to current housing needs of Park Ridge residents.

More than 25% of existing Park Ridge residents experience challenges in paying their mortgages or rents. When a household pays more than 30% of their monthly income on housing, they are considered “housing cost burdened.” This measurement is a time-tested standard reflected in areas ranging from the underwriting standards of private lenders to data from the U.S.

Census Bureau. Currently, one in four Park Ridge homeowners are housing cost burdened, paying more than 30% of their monthly income on housing costs (which includes their mortgage, insurance, taxes, and utilities). One in three Park Ridge renters are housing cost burdened, paying more than 30% of their monthly income on rent and utilities. As shown in Figure 6, some groups in Park Ridge are particularly affected by housing cost burdens.

Taken together, these groups represent a sizeable portion of the Park Ridge community who are currently struggling with housing costs. According to estimates by the U.S. Census Bureau, Park Ridge is home to roughly 700 renters with incomes below \$50,000 and about 1,900 homeowners with incomes below \$75,000 who are housing cost burdened. Park Ridge is also home to about 470 senior renters, of which an estimated 217 are housing cost burdened. When households are housing cost burdened, they are forced to cut back expenses on groceries, healthcare, education, and other necessities. The issue also impacts the local economy, as these households have less income available to spend on local businesses and services.

Figure 6.

What Park Ridge residents are housing cost burdened?

67% of renters with incomes less than \$50,000.

61% of homeowners earning less than \$75,000.

46% of seniors who rent.

Housing Needs Analysis

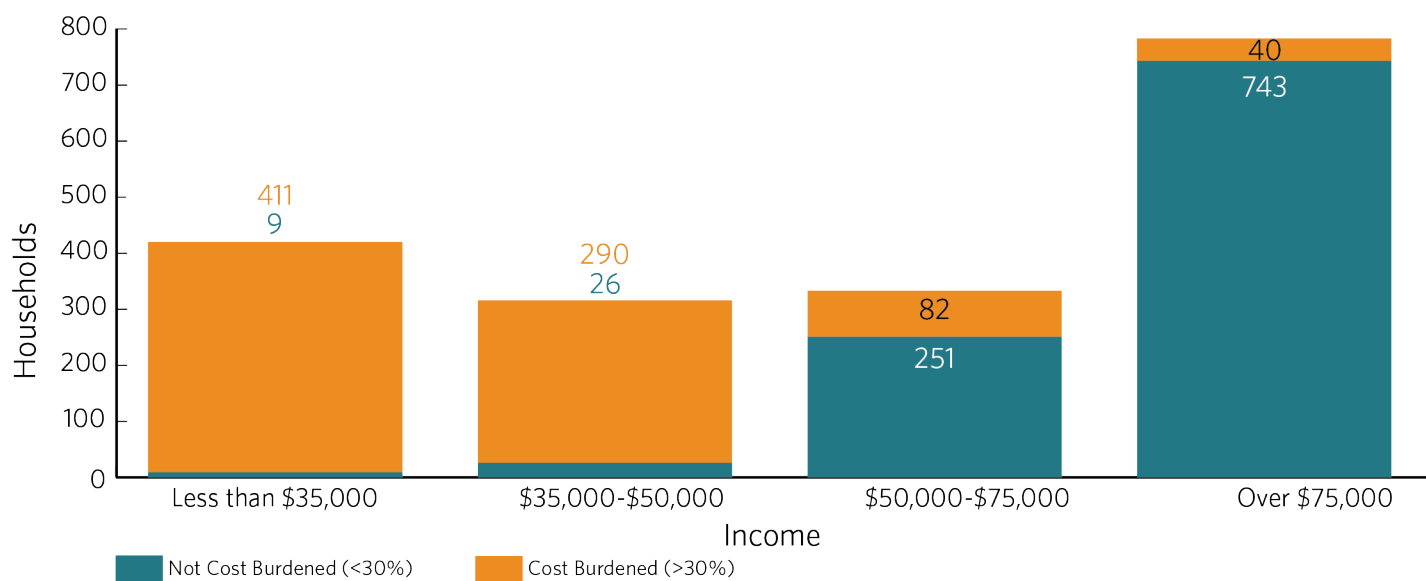


Figure 7.
Housing Cost Burden Among Renters

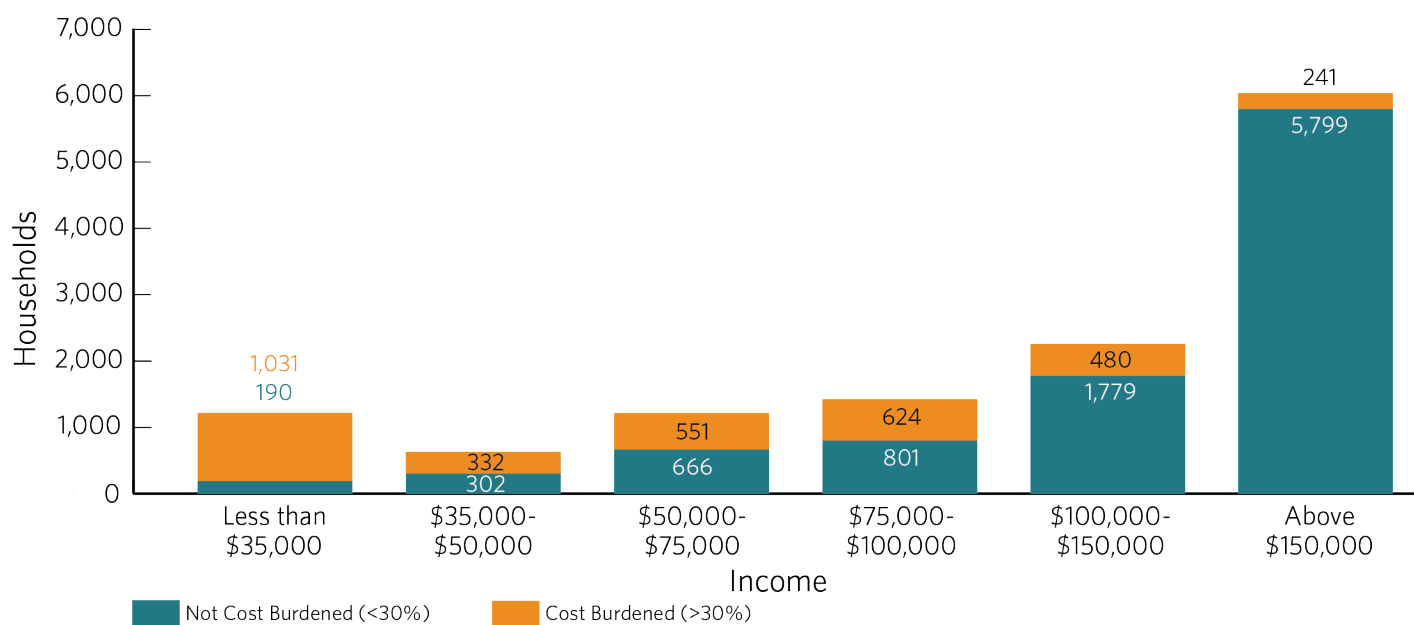


Figure 8.
Housing Cost Burden Among Homeowners

Housing Needs Analysis

Taking Stock of Existing Affordable Housing in Park Ridge.

Park Ridge focus group attendees shared that smaller condo options make up the more affordable and moderately-priced homeowner options in Park Ridge, a statement supported by available data on home sale prices.² Since 2020, the median sales price of single-family homes has risen from the \$400,000s to the \$500,000s, with some months peaking above the \$600,000 mark. The median sales prices of condos have been lower, rising from the \$200,000s to the low \$300,000s in recent years.

As discussed by Park Ridge focus group attendees, condos in Park Ridge provide options for seniors to downsize. These condos also offer opportunities for younger households to access homeownership and build equity, which can later be used as a down payment to purchase a larger home if desirable. Looking forward, Park Ridge can explore creative ways to ensure a portion of its condos remain affordable for moderate-income households.

While most housing in Park Ridge is owner-occupied, the community also has several aging multifamily rental buildings. As shown in Figure 9, rents in older multifamily buildings are lower than rents in newer multifamily buildings.

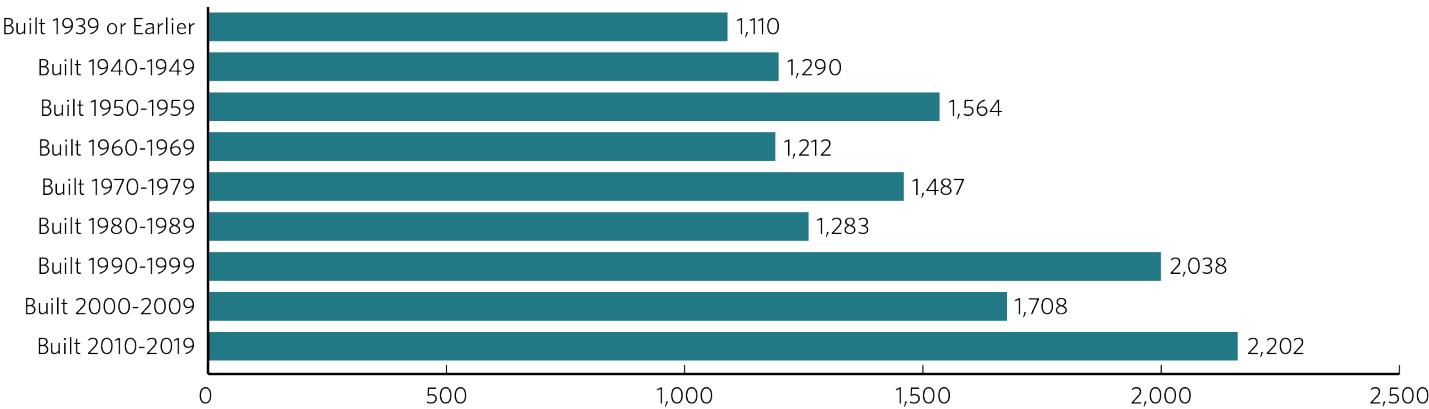


Figure 9.
Median Rent by Age of Housing

² Data provided by RedFin <https://www.redfin.com/news/data-center/>

Housing Needs Analysis

While providing a significant portion of Park Ridge's affordable rental options, aging multifamily buildings are often exposed to several risks. The properties themselves may present a financial challenge to owners due to needs for significant or unanticipated repairs. Ownership turnover and redevelopment, while addressing repair needs, often leads to price increases that shrink the supply of affordable housing in a community. As discussed below, there are multiple external resources that can help property owners make improvements while preserving affordability of these rental options.

Potential Strategies

This report has identified three takeaways regarding housing in Park Ridge:

- **Park Ridge lacks affordable housing according to state law.**
- **One in three Park Ridge renters, and one in four Park Ridge homeowners, are paying more than 30% of their monthly income on housing costs.**
- **Park Ridge faces potential loss of existing affordable housing**

To comply with AHPAA, Park Ridge should prepare, adopt, and submit an Affordable Housing Plan to the State. A key part of an Affordable Housing Plan is selecting a goal for increasing the local affordable housing stock (see Figure 5). An Affordable Housing Plan also includes a list of strategies that a municipality may utilize to work towards its chosen goal.

Based on input from key stakeholders and analysis of Park Ridge, the *Homes* team suggests the following menu of options for Park Ridge to consider including as strategies in its Affordable Housing Plan:

- **Inclusionary Zoning.**
- **An Affordable Senior Housing Development.**
- **A Housing Trust Fund.**
- **Preservation of Affordable Rental Options.**
- **Preservation of Affordable Homeowner Options.**

Each recommendation is detailed more thoroughly below.

Potential Strategies

Option #1: Inclusionary Zoning (IZ)

As discussed by Northbrook Trustee Heather Ross during the July presentation to the Park Ridge City Council, the Village of Northbrook recently searched for an approach to creating housing options for its local workforce that did not cost taxpayers, thwart development, or change the character of their community. To help achieve these goals, like several other municipalities across the region, the Village of Northbrook adopted an Inclusionary Zoning Ordinance in 2020. In terms of AHPAA, the passage and implementation of such an Ordinance can constitute compliance with the State Law as updated in 2023.

How an Inclusionary Zoning Ordinance Works

Inclusionary Zoning is a local policy implemented through a local ordinance that requires new multifamily developments to include some percentage of affordable housing. An Inclusionary Zoning Ordinance does not apply to existing homes or developments. A primary benefit of a well-crafted Inclusionary Zoning Ordinance is that it leads private developers to create well-designed, located and managed affordable homes, whether rental or owner-occupied, at no cost to the local municipality. Inclusionary Zoning efforts work well in strong housing markets, leveraging the demand to build new market-rate homes with the requirement to also add affordable homes. In some cases, municipalities allow developers to opt out of some or all of the creation of new affordable homes by allowing a per-home “fee in lieu” option.

Potential Strategies

Communities can tailor an Inclusionary Zoning Ordinance to local conditions, as shown in Figure 10.

Community	Ordinance Applies To:	Percentage Of Affordable Homes Required	How "Affordable" Is Defined ³
Northbrook	Multifamily developments with 6+ homes.	15% of new homes required to be affordable.	Rented to a mix of households earning up to 50% AMI, 80% AMI, and 100% AMI. Sold to a mix of households earning up to 80% AMI and 120% AMI.
Evanston	Multifamily developments with 5+ homes.	10% of new privately funded homes; 20% if publicly-funded.	Rented to households earning up to 60% AMI; Sold to households earning up to 100% AMI.
Highland Park	Multifamily developments with 5+ homes.	20% of new homes required to be affordable.	Rented to a mix of households earning up to 50% AMI, 80% AMI, and 120% AMI. Sold to a mix of households earning up to 65% AMI and 100% AMI.

Figure 10.
Example Inclusionary Zoning Ordinances

To encourage developers to advance their local priorities, municipalities typically offer incentives to offset the costs of including affordable homes within a development. Northbrook, Evanston, Highland Park, Lake Forest, Oak Park, and St. Charles allow a developer to build an additional market-rate home for each affordable home they are required to include. Other options include waived building and zoning permit fees for affordable homes, modest parking reductions, and priority processing ahead of other residential land use development proposals.

3 "AMI" stands for Area Median Income, a term used interchangeably with "regional median household income" referenced earlier.

Potential Strategies

Applicability in Park Ridge

Per Figure 5 above, Park Ridge will need to choose a goal for its Affordable Housing Plan. Given the fact that Park Ridge is mostly built out, with few undeveloped sites, and has a strong housing market, 15% of all new residential homes being affordable is likely the most attainable goal. If Park Ridge chooses this goal for its Affordable Housing Plan, the strategy to implement this goal would be adopting an Inclusionary Zoning Ordinance.

During Park Ridge's focus groups, several stakeholders voiced concern about affordable housing changing the character of the community while others voiced support for an inclusionary zoning approach. An Inclusionary Zoning Ordinance would add only a select number of affordable homes within the community and do so gradually over time. For example, if 300 homes were developed over a number of years, and every development included 15% its homes to be affordable, this would result in 45 affordable homes.

A first step for the City would be identifying how an Inclusionary Zoning Ordinance can be tailored to Park Ridge. For example, the City can choose its own approach to affordability thresholds, a "fee in lieu", and its own menu of incentives that offset a developer's costs of including affordable homes. To help provide guidance to this process, a temporary or ad hoc Housing Task Force could identify an approach to an Inclusionary Zoning Ordinance that is tailored to the needs of Park Ridge.

Park Ridge can also plan ahead for the administration of an Inclusionary Zoning Ordinance, to manage updates, marketing, waitlist administration, and alignment with other Park Ridge programs and policies. For example, Park Ridge can coordinate the process of adopting an Inclusionary Zoning Ordinance with its Uptown Plan update that is currently underway. The Uptown Plan may identify sites with potential for future multifamily development. Park Ridge could then identify how this new ordinance would inform its approach to the City-owned, Uptown parcels and have in-depth conversations with private sector developers and property owners as well.

Potential Strategies

It would likely take several months to a year for an Inclusionary Zoning Ordinance to be created and adopted. In the meantime, Park Ridge can “pilot” the inclusionary zoning concept. If the Uptown Plan identifies a city-owned site as having potential for multifamily development, the City can release a “Request for Proposals” (RFP), with the RFP clarifying that a certain percentage of homes must be affordable at a certain income level. A competitive RFP could further give developers a menu of options for potential cost offsets, welcoming further suggestions from respondents, and utilizing this experience to inform the pending Ordinance and to understand how to best incentivize developers in today’s market.

Next Steps

- Including establishing an Inclusionary Zoning Ordinance as a strategy in Park Ridge’s Affordable Housing Plan.
- Studying how an Inclusionary Zoning Ordinance can be tailored for Park Ridge.
- Engaging the local development community to understand developer needs.

Potential Strategies

Option #2: An Affordable Senior Housing Development

During focus group discussions, Park Ridge stakeholders voiced the importance of seniors being able to age within the community. While many of Park Ridge's older residents have found downsizing options in condos, there are others in need of an affordable senior housing option. As stated above, Park Ridge is home to an estimated 470 senior renter households, and nearly half of them are struggling with housing costs. Park Ridge is also home to over 1,100 renters in the 45-64 age group, many of whom will continue renting as they age.

More broadly, the Chicago region is expected to see significant growth in its senior population. The Chicago Metropolitan Agency for Planning estimates that the region's number of seniors, currently around 1 million residents, will increase by 80% by 2050. Many of these future seniors are currently working-class households with limited ability to save for retirement.

Aside from meeting these needs, an affordable senior housing development is one of Park Ridge's more feasible opportunities to increase its supply of affordable housing, moving the community closer to having 10% of its homes being affordable.

How New Development Can Be Affordable Without Costing Local Taxpayers

During the July presentation to the Park Ridge City Council, Amy Bashiti of IHDA discussed the Low Income Housing Tax Credit (LIHTC) program. This is a federal tax credit that enables private developers to include a portion of affordable homes in a development. Developers pursue a development and apply to IHDA for tax credits through the LIHTC program. In exchange for the tax credits, developers must rent a portion of their homes to households earning 60% of the area median income or less. LIHTC developments can be targeted for seniors or families. The LIHTC program has a 30-year affordability requirement for the portion of homes that are affordable. To continue utilizing the LIHTC resource, the developer must maintain the property and homes in good condition according to both federal and local standards.

Potential Strategies

The Affordable Housing Special Assessment Program incentivizes the creation and maintenance of affordable housing in Cook County. Property owners are eligible for a reduction in property taxes if they rent a portion of their homes to households earning up to 60% of the area median income. The Affordable Housing Special Assessment offers a specific benefit for properties in communities that lack affordable housing options. A developer can construct a new residential development and have a reduced assessment for up to 30 years, although the reduction diminishes gradually over time.

Relevant Examples

Below are a few of the many affordable senior housing developments from across the region. While no example can be simply replicated in Park Ridge, each one provides a lesson that can inform the approach to developing this housing type in Park Ridge.

Glenview's Thomas Place

Opened in 2006, Thomas Place offers 144 units of senior housing, 108 of which are affordable at a mix of income levels. The building has an exercise room, arts and crafts room, billiards room, library, and common dining area for events. Thomas Place is within the Glen, a mixed-use shopping, dining, and entertainment area in Glenview, as well as a Metra station. While much larger than available sites in Park Ridge, Thomas Place shows how affordable senior housing can successfully be financed and developed next to an area with rich amenities for the residents of these homes to enjoy. Thomas Place was able to make three-quarters of its homes affordable by drawing from multiple funding sources. Of the \$10 million total cost, \$7 million came from private financing, \$1.8 million from a land donation, and the remaining came from federal and state funding such as the HOME program, the Federal Home Loan Bank, and the Illinois Affordable Housing Trust Fund.

Highland Park's Sunset Woods

Opened in 2000, Sunset Woods is a three-story, 60-home senior housing development with 100% of homes being affordable. 48 homes are condos owned by private households while 12 homes are owned by a nonprofit and offered to renter households. All 60 homes have a deed restriction that assures they remain affordable for future buyers and renters. Sunset Woods utilized the same mix of funding as Thomas Place.

Potential Strategies

Of Sunset Woods' \$10 million total cost, \$7 million came from private financing, \$1.8 million from a land donation, and the remaining came from the HOME program, the Federal Home Loan Bank, and the Illinois Affordable Housing Trust Fund.

Evanston's Ann Rainey Apartments

Recently developed, Ann Rainey Apartments is a four story 60-home senior housing development. Every home is affordable for seniors earning up to 60% of the area median income. The development was made possible through funding from the LIHTC program, which provided the bulk of public financing, along with funding from ComEd's Energy Efficiency Program, the federal HOME program, the Housing Authority of Cook County, and Evanston's Housing Trust Fund. At a total cost of over \$23 million, Ann Rainey Apartments shows how funding sources from multiple levels can be combined to make an affordable senior housing development financially feasible for a developer even amid rising construction costs in recent years.

Applicability in Park Ridge

While some residents may desire more affordable senior housing options, these development proposals can often meet community pushback. This report recommends that Park Ridge first engage its residents to discuss housing needs, which may clarify misconceptions and also bring to light important considerations.

Park Ridge can identify sites with potential for an affordable senior housing development. As shown in the examples above, the scale of these developments is tailored to the amount of land available in a community.

Park Ridge elected officials may benefit from a visit to see a quality affordable senior housing development firsthand, ideally one built in a community similar to Park Ridge. Park Ridge can also reach out to municipalities who may be willing to recommend developers with experience building high quality affordable senior housing.

While housing is an important component of proactively planning for an aging population, there are other components related to transportation, services, facilities, and infrastructure. Park Ridge can take advantage of other resources, such as the Metropolitan Mayors Caucus' Age-Friendly Communities Collaborative or Aging in a Changing Region program, which are offered at no cost to municipalities.

Potential Strategies

Next Steps

Park Ridge can ready itself for an affordable senior housing development by:

- Convening residents to discuss senior housing needs;
- Assessing potential for an affordable senior housing development on available sites; and
- Identifying developers who have built successful and high quality affordable senior developments in neighboring communities.

Potential Strategies

Option #3: A Housing Trust Fund

During the July presentation to the Park Ridge City Council, Amy Kaufman, Director of Development and Community Relations for the nonprofit Community Partners for Affordable Housing, discussed the role that a Housing Trust Fund could play in Park Ridge.

A Housing Trust Fund, held by a municipality, receives designated sources of revenue that can later be used to support the production or preservation of affordable housing. Money from a Housing Trust Fund is made available to developers, owners, or operators of housing developments. It may also be used to support other housing programs such as down payment assistance, homebuyer education, or housing repair programs. A major benefit of Housing Trust Funds is their flexibility. The municipality administering the Housing Trust Fund can choose what activities the fund can be utilized for, allowing this tool to be uniquely designed for the community it serves.

Amy Kaufman shared that Housing Trust Funds are becoming more common as more communities adopt Inclusionary Zoning Ordinances. If a municipality adopts an Inclusionary Zoning Ordinance, there must be a fund to collect any “fees in lieu” from developments that do not provide the full number affordable homes within the development. In addition to fees in lieu, many communities such as Northbrook, Highland Park, Evanston, and Lake Forest have established a teardown fee, with these funds being collected in their Housing Trust Funds. For teardowns of single-family homes, Evanston charges \$20,000 while Highland Park and Lake Forest charge \$10,000. A teardown fee can also be set up to provide exceptions in certain cases, such as when a fire or natural disaster requires the home to be demolished.

Potential Strategies

Applicability in Park Ridge

A first step for Park Ridge would be choosing an approach to funding. If Park Ridge elects to implement an Inclusionary Zoning Ordinance, a Housing Trust Fund would collect any fees in lieu generated by the ordinance. Given focus group feedback and concerns regarding the number of teardowns in Park Ridge, a teardown fee may be an appropriate additional revenue source to flow into a Housing Trust Fund.

The City would also need to determine the types of activities a Housing Trust Fund would support. For example, a Housing Trust Fund can provide gap funding for a development that helps the community increase its number of affordable homes (see Option #2) or an initiative to preserve existing affordable housing (see Options #4 and #5). A Housing Trust Fund may also support a housing repair program. A theme heard at the Park Ridge focus groups was that older single-story homes are more likely to be torn down if they have significant deferred maintenance needs. To help preserve these single-story homes, which meet accessibility needs of older adults, a Housing Trust Fund could help moderate-income homeowners address repair needs.

The City can also create a temporary or ad hoc Housing Task Force to provide guidance in establishing a Housing Trust Fund that is tailored to the needs of Park Ridge.

Next Steps

Potential next steps related to a Housing Trust Fund include:

- Including a Housing Trust Fund as a strategy in Park Ridge's Affordable Housing Plan;
- Creating an ad hoc Housing Task Force to provide guidance in creating a Housing Trust Fund;
- Establishing a Housing Trust Fund to collect any fees generated from an Inclusionary Zoning Ordinance; and
- Engaging community members regarding potential for a teardown fee.

Potential Strategies

Option #4: Preservation of Existing Affordable Rental Options

Existing affordable rental options are primarily in Park Ridge's older, smaller apartment buildings. As discussed previously, these aging multifamily buildings often face significant or unanticipated repair needs, presenting a challenge for property owners and potential loss of affordability. Fortunately, there are multiple tools available that can help preserve this stock of affordable housing and help existing renters remain in the community.

The Preservation Compact

A network of public and private sector partners dedicated to the preservation of existing affordable rental options, The [Preservation Compact](#) advances policy solutions, provides financing strategies and offers technical assistance and other outreach and education to entities pursuing the purchase, rehab, energy retrofit and/or refinancing of affordable rental housing. For example:

- For more than 30 years, the Community Investment Corporation has been providing low-cost loans to property owners with five or more apartments.
- Energy Savers has provided \$25 million in loans and grants to multifamily building owners, helping reduce operating costs by conserving energy and cutting utility bills.
- Park Ridge owners might be particularly interested in the Opportunity Investment Fund, a source of financing that encourages the preservation of affordable rental options in strong housing markets. The Fund provides low-cost mezzanine loans to developers who purchase or refinance existing, functioning rental buildings. In exchange, at least 20% of the homes must be rented to households earning 50% of the area median income for at least 15 years.

Low Income Housing Tax Credit

The Low Income Housing Tax Credit program, discussed previously, can be utilized to refinance or purchase an existing multifamily rental property. While the type of LIHTC credits used for improvements to an existing property provides less funding than the larger LIHTC credits used for new development, these smaller LIHTC credits are an ideal resource for multifamily rental properties in need of modest rehabilitation or improvements.

Potential Strategies

Applicability in Park Ridge

Most of The Preservation Compact's financing resources, like the LIHTC, are developer-driven programs that leverage resources to advance City goals. Park Ridge is not eligible to apply for these funds but can ensure that all local owners of existing affordable housing are aware of these strategies and financing sources. Park Ridge can also proactively seek out developers who have used these tools, demonstrating the City's commitment to housing preservation.

If Park Ridge creates a Housing Trust Fund, funds could provide gap financing to make the preservation of affordable housing feasible. This approach would be an efficient use of resources. Because housing preservation is typically less expensive than new construction, dollars put into preservation of existing affordable housing go further, preserving more affordable homes than could be created new.

Next Steps

Park Ridge can preserve existing affordable rental options by:

- Engaging owners of existing affordable rental options to understand their needs;
- Ensuring that property owners and developers are aware of resources for the preservation of affordable rental options; and
- Utilizing dollars from a Housing Trust Fund to preserve affordability of these rental options.

Potential Strategies

Option #5: Preservation of Existing Affordable Homeowner Options

Existing affordable homeowner options in Park Ridge are primarily condos. These condos provide options for seniors to downsize and for younger households to access homeownership and build equity which may be used later as a down payment for a larger home. Available data show the sales prices of condos in Park Ridge increasing in recent years. Market forces may continue to push affordable condo options out of reach of first-time homebuyers.

During the July presentation to the Park Ridge City Council, Amy Kaufman of Community Partners for Affordable Housing discussed the role a Community Land Trust (CLT) can play in preserving affordable homeowner options. A CLT is a non-profit organization, governed by a board of residents and public representatives, that purchases existing properties and then sells the homes at an affordable price. CLTs are effective with both single family homes and multifamily condominiums. In both scenarios, when purchasing from a CLT, only the building is part of the transaction, not the land itself, significantly reducing the cost of the home(s). In exchange, homeowners agree to sell the home at a restricted price, maintaining the affordability of the home for future homebuyers. The resale price of a home is calculated in a way that allows homeowners to gain a fair share of appreciation while still preserving the home as affordable for the next homebuyer.

Potential Strategies

Applicability in Park Ridge

A CLT in Park Ridge could start small and build its capacity over time. A key step would be identifying start-up funds. If Park Ridge creates a Housing Trust Fund, this would be an efficient use of these resources. Over the longer term, a community land trust can obtain funds from other county, state, federal, or foundation resources.

For initial guidance, Park Ridge could turn to the Grounded Solutions Network, a national expert on community land trusts, and/or the local Community Partners for Affordable Housing, which has operated a community land trust in Highland Park since 2003 and has since expanded to offer homes in Evanston, Lake Forest, and Wilmette. There may be interest in replicating the community land trust model in the northwest suburbs as some of these communities search for effective ways to address their affordable housing needs. The Metropolitan Mayors Caucus could help Park Ridge identify interjurisdictional partnerships that could lead to an efficient use of resources in starting a community land trust.

Next Steps

Park Ridge can preserve existing affordable homeowner options by:

- Meeting with Community Partners for Affordable Housing staff and/or the Grounded Solutions Network to understand potential start-up costs of a community land trust.
- Utilizing a Housing Trust Fund to support the creation of a community land trust.

Further Considerations to Support Chosen Options

Employer Engagement

Local employers have much to gain when their employees are able to live near work - in terms of recruitment, retention and overall performance - especially if working virtually is not an option. Engaging these employers in workforce housing discussions can in turn benefit the community, whether they serve as spokespersons at key hearings; provide incentives to employees to choose homes near their jobs; and/or invest in the creation or preservation of housing in a community. First steps in this engagement effort can include convening the local businesses leaders to learn more about the housing needs of their employees and explore some next steps.

Anchor institutions like hospitals are more commonly engaged in workforce housing solutions. In Park Ridge, where community members have described Advocate Lutheran General's interest in acquiring some properties around the hospital for special needs housing, the City may want to reach out to hospital leadership to inform them of IHDA's "[Healthy Housing, Healthy Communities](#)" focus, including the pending Request for Applications, due in January of 2024. Park Ridge would be more likely to benefit from this financing opportunity if the hospital and City work together to advance their common goals, including broader workforce housing solutions for healthcare employees and other local workers.

A Temporary or Ad Hoc Housing Task Force

A temporary or ad hoc Housing Task Force, appointed by the Mayor with support from the City Council, could assist with implementing any potential strategies chosen to be included in the Affordable Housing Plan. For example, an ad hoc Housing Task Force could help with identifying approaches to an Inclusionary Zoning Ordinance and Housing Trust Fund that are tailored to the needs of Park Ridge.

Conclusion

To put the menu of options listed above in perspective, a scenario where all potential strategies are chosen, implemented, and achieve their intended outcomes would result in the following:

- **Affordable homes created through an Inclusionary Zoning Ordinance.**
- **An affordable senior housing development.**
- **Preservation of existing affordable homes, both renter- and owner-occupied, with support from a Housing Trust Fund.**

This *Homes for a Changing Region* report is not an Affordable Housing Plan, which Park Ridge is required by the Affordable Housing Planning and Appeals Act to prepare, approve, and submit to the State.

However, The City may choose to include any of the menu of options listed above, which help Park Ridge create and preserve affordable housing without burdening local taxpayers or dramatically changing the community's physical character, as strategies within its Affordable Housing Plan.

Key Contacts

Village of Northbrook

Heather Ross: Heather.Ross@northbrook.il.us

Community Partners for Affordable Housing

Amy Kauffman: AKaufman@cpahousing.org

City of Naperville

Allison Laff: LaffA@naperville.il.us

Illinois Housing Development Authority

Amy Bashiti: ABashiti@ihda.org

Metropolitan Mayors Caucus

Ben Schnelle: BSchnelle@mayorscaucus.org

Affordable Housing Trust Fund Alignment

This report was made possible by a \$305,000 two-year allocation of the Illinois Affordable Housing Trust Fund. An estimated \$43,571 of that allocation was spent on personnel and travel costs on the development of this report, which aligns with the objectives of the Trust Fund across all five strategies:

- **Inclusionary Zoning:** As noted above, Park Ridge needs more housing options for renters earning below 60% of AMI and homeowners earning below 80% of AMI. Further, our analysis found that Park Ridge is home to roughly 700 renters with incomes below \$50,000 and over 1,300 homeowners with incomes below \$50,000 who are housing cost burdened. An Inclusionary Zoning Ordinance could leverage the private market to create additional homes that are affordable to households earning these incomes.
- **Affordable Senior Housing Development:** Our analysis found that nearly half of Park Ridge's senior renters are housing cost burdened. Since housing cost burdens predominantly affect Park Ridge renters with incomes below \$50,000, most of these senior renters who are housing cost burdened have incomes below \$50,000. An affordable senior housing development would benefit these senior renters with limited incomes below \$50,000.
- **Housing Trust Fund:** As noted above, Park Ridge needs more housing options for renters earning below 60% of AMI and homeowners earning below 80% of AMI. This strategy would fund housing programs that serve, among others, households earning less than 80% of AMI.
- **Preservation of Existing Affordable Rental Options:** IHDA's most recent calculation of affordable housing in Park Ridge found that a portion of Park Ridge's rental options were affordable at 60% of AMI. This strategy supports Park Ridge efforts to preserve the affordability of these rental options.
- **Preservation of Existing Affordable Homeowner Options:** IHDA's most recent calculation of affordable housing in Park Ridge found that a portion of Park Ridge's homeowner options were affordable at 80% of AMI. This strategy supports Park Ridge efforts to preserve the affordability of these homeowner options.

Sources

Page 3

Population: U.S. Census Bureau, 2010 and 2020.

Households: U.S. Census Bureau, 2010 and 2020.

Race and Ethnicity: U.S. Census Bureau, 2020.

Age: U.S. Census Bureau, 2000; U.S. Census Bureau American Community Survey 2017-2021.

Page 4

Income: U.S. Census Bureau American Community Survey 2017-2021.

Housing Stock: U.S. Census Bureau American Community Survey 2017-2021.

Tenure of Housing Stock: U.S. Census Bureau American Community Survey 2017-2021.

Pages 7-8

Homeowner Cost Burden: U.S. Census Bureau American Community Survey 2017-2021.

Renter Cost Burden: U.S. Census Bureau American Community Survey 2017-2021.

Senior Renter Cost Burden: U.S. Census Bureau American Community Survey 2017-2021.

Page 9

Median Home Sale Price: RedFin [Data Center](#)

Median Rent by Age of Housing: U.S. Census Bureau American Community Survey 2017-2021.

Page 16

Renters by Age of Household: U.S. Census Bureau American Community Survey 2017-2021.

CMAQ Senior Population [Projection](#).