



Village of River Forest
Village Administrator's Office
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MEMORANDUM

Date: August 15, 2018

To: Catherine Adduci, Village President
Village Board of Trustees

From: Eric J. Palm, Village Administrator

Subj: North Ave. TIF Livable Housing Policy

Issue: Attached please find a draft Livable Housing Policy that would set parameters for providing funding for livable housing in the North Avenue TIF District.

Analysis: The purpose of the policy is to provide a framework for the Village to provide matching funds or grants for owners and landlords for two main purposes¹:

- Providing matching funds and/or grants for the costs of rehabilitation, reconstruction, repair or remodeling of livable housing to ensure that the livable housing unit meets all applicable life-safety codes and requirements.
- Providing matching funds and/or grants for the costs of rehabilitation, reconstruction, repair or remodeling of livable housing to extend the useful life of livable housing units.

Qualification would be determined by whether or not the property is at or below the Affordable Purchase Price limits set by the Illinois Housing Development Authority (IHDA). Further, Staff is recommending a five-percent variance to the homeowner's assessed valuation to allow for individuals who are very close to the IHDA limits.

Staff conducted a review of existing owner-occupied multi-family property in the North Avenue TIF District.² Of the 266 units that Staff examined, assuming only one person lived in them, 138 units would qualify, or 52%. If two people lived in each unit, then 204 units would qualify, or 77%. There is no way to determine with certainty how many people reside in each unit, but at a minimum, the policy provided qualifies over 50% of the existing housing stock.

¹ It is possible that individual renters could apply for this program, but more likely the landlords would ultimately be making the investments in these projects – not the renters.

² Single family properties would not typically qualify and were not included. As mentioned above, rental units are eligible under the policy, but due to a lack of available data, was not included in this analysis.

Other Considerations:

This sets out policy for the Village regarding livable housing in the North Avenue TIF District and is intended to reinforce the **existing** housing the stock. Please note that the program is dependent on funds being available as well as Village Board approval of any requests. It takes several years before increment starts to generate in a TIF district.

Recommendation: Consider the attached livable housing policy of the North Avenue TIF district. Please let me know if you have any questions.

Attachment

**Village of River Forest
Livable Housing Policy
North Avenue TIF**

In order to promote and strengthen livable housing in the North Avenue TIF District, the Village commits to the following policies and incentives for livable housing:

- Providing matching funds and/or grants for the costs of rehabilitation, reconstruction, repair or remodeling of livable housing to ensure that the livable housing unit meets all applicable life-safety codes and requirements.
- Providing matching funds and/or grants for the costs of rehabilitation, reconstruction, repair or remodeling of livable housing to extend the useful life of livable housing units.

For purposes of this Policy, livable housing is residential housing in the TIF District which is the definition of “affordable housing” in Section 15 of the Illinois Affordable Housing Planning and Appeal Act, 310 ILCS 67/15, as amended from time to time. The most recent information from the Illinois Housing Development Authority (“IHDA”), dated April 1, 2018, is attached hereto as Exhibit A.

The dollar limits in this Policy shall be adjusted on or around January 15 of each year this Policy is in effect, based on information provided to the Village by the IHDA.

The incentives available under this Policy shall be given consideration given the availability of funds of the TIF District. Requests for incentives under this Policy shall be made to the Village in writing, and such requests shall be reviewed by Village staff. Incentives shall be granted under this Policy only after approval by the Village Board of Trustees, and incentives granted under this Policy shall include such terms and conditions as approved by the Village Board of Trustees.

References & Definitions:

IHDA Affordability Chart, <https://www.ihda.org/wp-content/uploads/2015/07/2018-Affordability-Charts.pdf>, last retrieved August 15, 2018.

“Assessed Valuation” means the value of the housing unit as defined by the Cook County Assessor’s Office allowing for a variance of up to, but not more than, five-percent. For example, if a property is assessed at \$100,000, and the limit was \$98,000, it may be lowered to \$95,000 for purposes of qualification under this policy.

310 ILCS 67/15. “Affordable housing” means housing that has a value or cost or rental amount that is within the means of a household that may occupy moderate-income or low-income housing. In the case of owner-occupied dwelling units, housing that is affordable means housing in which mortgage, amortization, taxes, insurance, and condominium or association fees, if any, constitute no more than 30% of the gross annual household income

for a household of the size that may occupy the unit. In the case of dwelling units for rent, housing that is affordable means housing for which the rent and utilities constitute no more than 30% of the gross annual household income for a household of the size that may occupy the unit.

310 ILCS 67/15. “Area median household income” means the median household income adjusted for family size for applicable income limit areas as determined annually by the federal Department of Housing and Urban Development under Section 8 of the United States Housing Act of 1937.

310 ILCS 67/15. “Household” means the person or persons occupying a dwelling unit.

310 ILCS 67/15. “Low-income housing” means housing that is affordable, according to the federal Department of Housing and Urban Development, for either home ownership or rental, and that is occupied, reserved, or marketed for occupancy by households with a gross household income that does not exceed 50% of the area median household income.

310 ILCS 67/15. “Moderate-income housing” means housing that is affordable, according to the federal Department of Housing and Urban Development, for either home ownership or rental, and that is occupied, reserved, or marketed for occupancy by households with a gross household income that is greater than 50% but does not exceed 80% of the area median household income.

2018 Owner-Occupied and Rental Unit Affordability Charts:
Affordable Housing Planning and Appeal Act (310 ILCS 67/)

IHDA publishes annual Owner-Occupied and Rental Unit Affordability Charts as supplemental guidance for communities concerned about exemption status under the Affordable Housing Planning and Appeals Act. Exemption status is determined by calculating the percentage of total housing units in a given community that are affordable to homebuyers at 80 percent of the Area Median Income (AMI) and renters at 60 percent of the AMI. The charts below may be interpreted as a rule of thumb for what would constitute an affordable owner-occupied unit and an affordable rental unit in the Chicago Metropolitan Statistical Area (MSA) (Cook, DuPage, Kane, Lake, McHenry, and Will Counties), the Kendall MSA (Kendall County), and the Rockford MSA (Boone and Winnebago Counties). Adding housing units considered affordable by the guidelines shown below may not numerically affect results in the annual calculation of AHPAA exemption status, but tracking such additions may show a measure of progress.

The **Income Limits** and the **Affordable Rent Limits** are drawn from the U.S. Department of Housing and Urban Development (HUD) guides, published on an annual basis. The 2018 figures are effective as of 04/01/2018. A mortgage industry-standard measure is used to estimate the **Affordable Purchase Price** for families at 80 percent of the AMI. The Income Limits, adjusted by HUD for family size, are divided by .36 to give a rough idea of a purchase price that would result in an affordable monthly mortgage payment that includes principal, interest, taxes, insurance and assessments. Any prospective homebuyer would have to apply for a loan with a more exhaustive analysis of income and debt payments.

Owner Occupied Affordability Chart For Chicago Metro Area (Cook, DuPage, Kane, Lake, McHenry, Will Counties)								
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
2018 Income Limits (80% AMI)	\$47,400	\$54,200	\$60,950	\$67,700	\$73,150	\$78,550	\$83,950	\$89,400
Affordable Purchase Price	\$131,667	\$150,556	\$169,306	\$188,056	\$203,194	\$218,194	\$233,194	\$248,333

Please Note: The Above chart uses 2018 income limits. Municipalities must make sure they are using the most current income limits (available on IHDA's website: www.ihda.org).

Affordable Rental Units For Chicago Metro Area (Cook, DuPage, Kane, Lake, McHenry, Will Counties)						
	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
2018 Affordable Rent Limits for HH @ 60% AMI	\$889	\$952	\$1,143	\$1,320	\$1,475	\$1,625

Please Note: The above chart uses 2017 rental limits. Municipalities must make sure they are using the most current rental limits (available on IHDA's website: www.ihda.org).