Highland Park Affordable Housing Plan

The Nathalie P. Voorhees Center for
Neighborhood and Community Improvement

The University of Illinois at Chicago

January, 2001

Adopted by City Council
January 22, 2001

ACKNOWLEDGEMENTS

The Nathalie P. Voorhees Center for Neighborhood and Community Improvement

The Highland Park Housing Commission has retained the University of Illinois at Chicago Nathalie P. Voorhees Center for Neighborhood and Community Improvement (VNC) and the Great Cities Institute (CGI) as consultants for assistance in reviewing existing conditions and trends, quantifying the need for affordable housing in Highland Park, and in formulating policies and programs to promote the development of affordable housing in the community.

The Nathalie P. Voorhees Center is an applied research and professional assistance unit of the College of Urban Planning and Public Affairs at the University of Illinois at Chicago. Its mission is to improve the quality of life for all residents of the metropolitan area through assisting organizations and local governments in efforts to revitalize the many and varied neighborhoods and communities in the City of Chicago and its suburbs.

Project Team

Project Managers	Patricia A. Wright, Associate Director, Voorhees Center Yittayih Zelalem, Senior Planner, Voorhees Center
Project Authors	Patricia Wright, Associate Director, Voorhees Center Yittayih Zelalem, Senior Planner, Voorhees Center Tom Lenz, Fellow, Great Cities Institute Janet Smith, Assistant Professor, Urban Planning and Policy James Coles, Research Assistant, Great Cities Institute John Betancur, Associate Professor, Urban Planning and Policy
Project Assistance	Cheryl Wilson, Planner, Voorhees Center Claudio Gaete, Research Assistant, Voorhees Center Gia Biagi, Research Assistant, Voorhees Center Cedric Williams, Information Coordinator, Voorhees Center

We would like to thank the many organizations and individuals who helped us collect information for this report, including housing key informants, Highland Park employers, and the Lake County Affordable Housing Commission. The consultations we had with Camiros, LTD. were also very helpful to this process. Special acknowledgement is due to City of Highland Park staff and Highland Park Housing Commission members who made this project a priority and provided invaluable support.

TABLES AND APPENDIXES

PAGE

EXECUTIVE SUMMARY

The Affordable Housing Implementation Plan for the City of Highland Park has been developed by the staff of the Nathalie P. Voorhees Center and the Great Cities Institute at the University of Illinois at Chicago working in conjunction with the Highland Park Housing Commission (HPHC) and planning staff. This report contains findings based on data collected to document changes in the population and housing affecting affordable housing demand in the past few years, and recommendations based on strategies that were deemed feasible and appropriate for helping the city of Highland Park preserve and develop affordable housing.

THE NEED FOR AFFORDABLE HOUSING

The City of Highland Park has a long history of offering a wide range of housing options to meet the community's needs. In the last decade, the mix of options has narrowed as the city has experienced change in its population and housing stock. Since 1990 there have been 1) an increase in housing values, 2) a decrease in the supply of affordable housing, and 3) a decrease in income diversity. Specific evidence of a growing need for affordable housing includes the following changes:

- The income diversity of Highland Park households has been decreasing through the 1990s, affecting specific groups identified below.
- At least 324 affordable rental units are estimated to have been lost since 1990.
- Between 1993 and 1999, the median sales price of a home increased 17.2%, from $238,750 to $332,000. A minimum annual household income of $108,000 is needed to afford the median 1999 home price of $332,000[1].
- The average home mortgage loan has increased 20% between 1993 and 1997.
- Since 1993, the share of home mortgages going to households making less than 80% of the metropolitan area median income has declined.

Based on the data and input from the community and city officials, the following five groups of people have been identified as being in need of affordable housing:

- workers employed in Highland Park who cannot afford to live in the city;
- seniors often living on fixed and limited incomes;
- single-parent families that are struggling due to a drop in income attributed to divorce or loss of a spouse;
- young households, many which grew up in the community, seeking starter homes; and
- persons with disabilities who require affordable and accessible housing.

[1] All dollars have been adjusted for inflation.

Strategies and Recommendations

Each group requires affordable housing, which, depending on their income level, may be in the form of rental or for-sale housing. In general, households with lower-income levels are expected to need rental housing. Regardless of tenure, three specific strategies have been identified that can help the city preserve and expand affordable housing options:

- establishing a land trust to preserve existing stock by taking it off the market and limiting appreciation;
- a trust fund to subsidize rehabilitation and new construction of affordable housing, as well as to become a depository of funds for the land trust; and
- employer-assisted housing to improve recruitment and retention of workers in the city.

In addition, several special opportunities have been identified where affordable housing can be incorporated:

- Fort Sheridan redevelopment, which may occur in the near future, can result in additional units of affordable housing for Highland Park if the city intervenes to accomplish such a goal;
- The city can use its regulatory and zoning powers to promote affordable housing, e.g., through establishing set-aside requirements, incentives, and fee waivers; and
- other large tracts of land that might become available in the future can also be used to build new affordable housing, either directly on-site or through the use of a fee to support development elsewhere.

Implementation

The proposed strategies and policies are viable vehicles for the city to accomplish its declared objective of promoting affordable housing through both the preservation of old stock and the construction of new developments. A number of sources of funding, including federal, state, and county programs that will assist the city in carrying out its commitment, have been identified in the report. A key to successful implementation of any of these strategies, in addition to continued commitment by city officials and leadership by HPHC, is the placing of staff with housing finance and development skills in charge of day-to-day operation of the proposed plan.

INTRODUCTION

The suburb of Highland Park distinguishes itself from its North Shore peers through a unique history of religious pluralism and deliberate tolerance. From its establishment in 1869, the Highland Park promoters and residents marketed the area as distinct from rival suburbs as an "inclusive" area to attract new residents.[2] This history of "inclusiveness" is reflected in 1874 by the Highland Park Building Company's promise of "great harmony" among residents, the absence of restrictive covenants, and the presence of an income mix of residents living in a diverse housing stock from mansions to affordable rental apartments in the central business area.

Highland Park has a history of inclusiveness

Beginning in 1970, there was a concern that the diversity of housing and residents was decreasing. This concern precipitated the formation of the highland Park Housing Commission in 1973. Since the establishment of the HPHC, there has been some development of affordable or government-assisted housing units in the city. Despite these efforts of HPHC, the conditions first recognized in 1970 have continued to intensify and threaten to change the Highland Park character and legacy of inclusiveness.

In this last decade of the twentieth century, Highland Park has become an increasingly attractive place to live. This has resulted in higher home prices and the conversion or demolition of many affordable housing units to make way for larger and/or more expensive homes. The upgrading and expansion of the central business district has also caused the demolition of rental housing that was home to lower income families. These events are squeezing out lower-income families and long-time residents on fixed incomes. The decrease in affordable units is also affecting the ability of local businesses to hire and keep employees, especially as the labor market remains tight and unemployment remains low.

The attractiveness of Highland Park has contributed to the demolition of affordable housing in the community

In May 1997, the Highland Park City Council adopted goals for the city's new master plan that included the goal "to preserve, maintain, and promote housing of high quality that reflects the community's commitment to cultural and economic diversity." The goals recognize the need to provide affordable housing that is an integral part of neighborhoods throughout the community, particularly for senior citizens, single parent households, developmentally disabled residents, and others with special needs, low- and moderate-income families, families with young children, young adults and employees who work in Highland Park but cannot afford to live here.

[2] Ebner, M. Creating Chicago's North Shore, The University of Chicago Press: Chicago, 1988.

To implement the city's housing goals, the HPHC, the Human Relations Commission, the Historic Preservation Commission, and the Plan Commission recommended the development of an Affordable Housing Implementation Plan as part of the city's updated master plan. On November 23, 1998, the city council approved a resolution that directs HPHC to coordinate efforts to prepare such a plan as an element of the master plan, recognizes the need for affordable housing, and supports and seeks to increase affordable housing options in the city. HPHC has retained the University of Illinois at Chicago Nathalie P. Voorhees Center for Neighborhood and Community Improvement (VNC) and the Great Cities Institute (CGI) as consultants for this planning process. Specifically, HPHC sought assistance in quantifying the need for affordable housing in Highland Park and in formulating policies and programs to promote the development of affordable housing in the community.

Overview of the Planning Process

Preparing the plan was an interactive process. Staff from VNC and GCI worked with HPHC members to finalize a scope of work and to identify key informants and others to contact for interviews and information. During the fall and winter of 1999, VNC and GCI staff completed the following tasks aimed at assessing and quantifying the affordable housing needs of Highland Park:

- Analyzed existing Highland Park population and housing data from the 1990 U.S. Census and 1999 projections from the Claritas marketing firm on population, housing, and income distribution.

- Analyzed existing data on housing prices and turnover in Highland Park using sales transaction data from Inter-Realty a real estate firm, needs ID for the 1993-98 period. Analyzed existing data on home prices from Multiple Listing Service for 1999.

- Analyzed existing Home Mortgage Disclosure Data (HMDA) to compare changes in mortgage loan dollars in Highland Park from 1993-97.

- Interviewed 13 key informants from affordable housing, fair housing, private developers, and other organizations in Highland Park and the surrounding area to determine their views on affordable housing issues and recommendations.

- Interviewed six top employers in Highland Park to determine whether their employees live and work in the area. Dun and Bradstreet and Illinois Department on Employment Security (IDES) data on the firms were also analyzed.

- Worked with City of Highland Park staff and consultants to obtain and review existing policies, building permit and code enforcement information, ordinances, and reports related to affordable housing initiatives.

- Reviewed what other cities similar to Highland Park have tried and adopted related to affordable housing initiatives.

While completing these tasks, the Voorhees Neighborhood Center and Great Cities Institute staff conferred with the members of HPHC and other commissioners from the Highland Park Planning and Human Relations Department, as well as city staff. VNC and GCI staff attended six meetings organized by HPHC to discuss findings and progress of the on-going research. In addition, the VNC and GCI staff assisted in the planning and organization of a community meeting on November 18, 1999, to present and discuss the preliminary findings with Highland Park residents. The estimated 75 persons who attended this meeting provided valuable feedback on community concerns. Two meetings with staff from Camiros and Associates were also held to clarify specific questions dealing with zoning-related issues.

Producing this document was also interactive, with staff providing drafts to HPHC members at different stages for review and comment. Feedback received was then incorporated into a final plan, which consists of three parts. Section One reviews existing conditions, providing an overview of trends and changes in the housing and people living in Highland Park since 1990. Section One also identifies different groups of people in the community that can benefit from affordable housing. Section Two lays out different strategies for preserving and producing affordable housing. This includes examples of how other communities have used these mechanisms and discussion of the potential opportunities and conditions that make certain strategies more applicable than others to Highland Park. Section Three describes policy initiatives that can be used to promote affordable housing in Highland Park, including special opportunities that may present themselves in the future. Section Four sets forth short-term, midterm, and long-term action steps to implement the affordable housing plan. Also included in the appendix is a detailed catalogue of various affordable housing programs and resources that the city can utilize when implementing the plan.

SECTION ONE: EXISTING CONDITIONS, TRENDS AND AFFORDABLE HOUSING NEEDS

In recent years, Highland Park has experienced a dramatic decrease in the proportion of lower-income households in relation to the number of higher-income households, a decrease in rental housing, and an increase in home prices. Together, these three factors are making it more difficult for families of lower and modest means to move to or remain in Highland Park.

HOUSEHOLD CHANGES

Highland Park is becoming less diverse in terms of household income levels

The number of households in Highland Park has increased slightly since 1990, from 11,023 to 11,131 (+1%). At the same time, the income diversity of Highland Park has been decreasing. As Table 1 shows, there were fewer households making less than $100,000 and more households making more than $100,000 in 1999 than there were in 1990.

Table 1: Comparison of Highland Park Household Income: 1990 and 1999

	1999		1990*	
	N	%	N	%
Total Households	11,131	100	11,023	100
Less than $50,000	2,467	22	5,595	50
$50-100,000	3,143	28	3,036	28
$100,000 or more	5,521	50	2,392	22

Source: U.S. Census 1990, Claritas, Inc. 1999.
*1990 dollars adjusted to 1999 dollars

Based on our review of the available data and interviews with key informants, the following five groups were identified as the households who are finding it increasingly difficult to afford to live in Highland Park: people working in Highland Park, seniors, younger households, single-parent families, and persons with disabilities. Below is a more detailed account of the particular conditions affecting each of these groups.

HIGHLAND PARK WORKERS

According to Dun & Bradstreet’s Marketplace Analysis for January through March of 1999, more than 1,800 businesses were located in Highland Park. During this time period, total employment for these firms was more than 14,000 employees, for an average of eight employees per firm. Of these 14,000, it is estimated that 50%, or 7,000, make less than $50,000 a year.[3] Of these, it is estimated that 90% live outside of Highland Park.[4]

During the 1990s, the number of employers increased in Highland Park. According to the Illinois Department of Employment Security (IDES), the total number of employers in Highland Park increased by 17% (from 1,315 to 1,577) between 1990 and 1997. At the same time, the total number of employees remained relatively stable. However, IDES figures do not include workers not covered by unemployment insurance. Representatives from local firms and other local informants reported that a large and growing number of these workers exist in Highland Park. Such workers often operate in lower-wage, cash economy occupations, such as landscapers, maids, and people who serve local households in multiple capacities (from home repair and snow removal to childcare and nursing of the elderly). Most of these lower-wage workers have incomes well below $50,000 per year. The main finding of our key informant interviews was the strong interest on the part of most of the interviewees to provide affordable housing options to low-income workers, many of whom have been displaced by the redevelopment of the downtown.

In terms of professionals working in the city, the median salary for a fireman, police officer, or schoolteacher -- employees who play a vital role in Highland Park -- is about $50,000 per year. In addition, our survey of large local employers[5] indicates that many people employed in Highland Park earn less than $50,000 annually. Table 2 below shows that among the respondent firms

- larger firms tend to employ workers who are not residents of Highland Park.
- most employees of these firms do not live in Highland Park, and
- of employees who live in Highland Park, more than one-half earn less than $50,000 per year.

[3] This is based on information from key informant interviews.
[4] This percentage is based on the number of households in Highland Park with incomes less than $50,000 (2,467) and of which about 28% are within 15 minutes of their work (690). It assumes one wage earner per household.
[5] VNC staff attempted to survey all employers who: (1) had employer operations located in Highland Park, and (2) had 100 or more employees working at that Highland Park location. Of the 15 eligible firms initially approached for an interview, 13 were contacted by mail and two by phone; they are identified in Appendix 2. Six replied with a positive response to our interview request -- a 40% response rate. For further details, consult the survey located in Appendix 3.

Table 2: Highland Park Employer Survey Responses

Respondent	Total Number of Employees	Number of Employees living in Highland Park	% of Total Employees	% of HP Employees Earning less than $50,000 per year
Firm 1	140	--	10%*	--
Firm 2	1400	--	--	--
Firm 3 +	500	98	20%	57%
Firm 4	200	150	75%	100%
Firm 5	490	36	8%	42%
Firm 6 +	353	60	16%	--

(*) Indicates an estimate.
(--) Indicates data not available at time of interview.
(+) Indicates a public employer.

Generally speaking, workers who make less than $50,000 per year are more likely to rent rather than own. In Highland Park's downtown area, a significant number of units formerly occupied by lower-income workers have been torn down and replaced with higher-income units. This depletion of affordable housing further increases the need among Highland Park's workers. For example, a Latino construction worker who makes $25,000 per year rented on Green Bay Road until he was displaced by the development of Renaissance Place. He had shared the apartment with his family, for $800 per month, until the building was demolished. He looked for another apartment in Highland Park but could not find one for less than $1,000 per month, and therefore had to relocate outside of the city. He had been a resident for 10 years.

All employers interviewed agreed that affordable housing would improve their ability to hire and retain employees

Of those interviewed, private employers reported that less than 10% of their employees lived in Highland Park, and public employers reported that approximately 17-20% of their employees lived in the city.

❖ **Recruitment efforts toward professional, retail, service, and entry-level workers suffer from high home prices and rents in Highland Park.**

- In reference to retail, service, and entry-level jobs, employers agreed that employees of this kind are not easily found in Highland Park or even Lake County, and that the market for such employees is highly competitive. According to one public employer, recruitment difficulties forced the firm to recruit workers from as far away as Waukegan and Zion, Illinois; and Kenosha. Wisconsin

- According to a private retailer, "If we can't get good employees from other suburbs, there's no one in Highland Park to do the work and no workers means no money [for businesses] and no money means no businesses in Highland Park."

- The same issues may even be affecting recruitment and retention of professional employees. One public sector employer found that the high cost of housing in Highland Park restricted the organization's ability to hire professional and entry-level workers despite the firm's competitive salary and benefit structure. Another employer said that many of his professional employees experience "sticker shock" at the high cost of Highland Park housing.

- Many employers have had to raise wages above usual averages for particular occupations or had to cut services. These adjustments can result in higher prices for goods and services for local residents.

❖ **Distance to work can affect tardiness, absenteeism, and retention. This produces additional costs for businesses and additional demands and expenses for the City of Highland Park.**

- Several firms said that most of their employees live outside Highland Park. One retailer, in particular, said that many of their employees live in the City of Chicago.

- Most employers agreed that employees who lived outside of Highland Park faced more difficulties in terms of tardiness and absenteeism than local employees did. One retailer reported that many of her employees who do not own cars or have access to public transportation travel to work by bicycle. As such, inclement weather and seasonal changes (winter) force many of those workers to miss work or quit altogether.

All interviewed employers agreed that affordable housing would improve their ability to hire and retain employees. Most concurred that affordable housing would help alleviate the congestion, tardiness, and absenteeism problems related to a nonresident workforce.

With regard to the development of affordable housing, employers interviewed offered suggestions to the City of Highland Park. In general, most employers expressed interest in a collaborative effort, between the City of Highland Park and employers, to produce affordable housing. Some employers identified potential challenges to such a collaborative effort, including 1) the difficulty of involving nonlocal upper management, 2) previous failed efforts to create employer-assisted affordable housing, and 3) lack of available land in Highland Park.

Several employers expressed their concern for the kind and location of future affordable housing in Highland Park. In particular, two firms cited the need for any affordable housing in Highland Park to be located close to forms of public transportation. One firm suggested that affordable housing should be developed in concert with collaborative language and training programs for service and entry-level workers. One public employer said that any affordable housing in Highland Park should be "high quality" to protect property values. One private employer stated that the City of Highland Park should attempt to provide rental property in which professionals could live for $750-900 per month.

Based on our interviews and existing information, it is assumed that 700 units of housing would begin to alleviate the problems that low-income workers are facing trying to find affordable housing units close to their place of employment in Highland Park. This would boost the estimated number of Highland Park workers from 10 to 20% who could find affordable housing in the city.

SENIOR HOUSEHOLDS

Highland Park is targeting seniors for affordable housing

Senior households are 38% (937) of the estimated households in 1999 with incomes less than $50,000. The key informants interviewed for this study indicated that there is a need for affordable housing for seniors to accommodate a) retiring households with fixed, often single-source incomes; b) relatives of current residents who cannot afford to live in Highland Park; and c) seniors whose assets have been depleted by health and other large household expenses.

The number of senior households with incomes less than $50,000 decreased by approximately 600 from 1990 to 1999. Based on previous turnover trends in Highland Park, it may be assumed that 50% of these households moved for reasons other than affordability. [6] Thus, it is estimated Highland Park lost 300 elderly households in this income category because affordable housing units were unavailable.

A representative from one of the social service agencies described a case of a senior citizen on a fixed income who lives independently and pays $700 a month for a single room apartment above a retail store. The woman lives on her monthly fixed income of Social Security that is $800 a month. She has to rely on food stamps and Medicare to get by. Still, she had to sell her only material asset, her car, to be able to pay her rent and her $300 a month in health expenses not covered by Medicare. She has been a lifelong resident of Highland Park and worries about how long she can afford to continue to live in Highland Park under these conditions.

Highland Park is currently targeting low- to moderate-income senior households in their housing programs through a combination of the newly planned and existing assisted-housing developments. At this time, there are 124 units in two

[6] Based on 1990 census data, 54% of Highland Park households had moved into Highland Park within the last ten years (1980-1990) and 46% had lived in Highland Park more than 10 years.

federally financed assisted developments. Another 60 units will be added when a third development is completed. Despite these efforts, it is clear that more are needed.

Younger Households

Since 1990 there has been an estimated 11% decline in the number of households ages in Highland Park headed by persons between the ages of 25 and 44. A number of young adults who grew up in Highland Park and are starting families of their own find that they cannot afford to move back to or stay in the community. These younger families are essential to providing a multigeneration mix that enhances the quality of life and diversity in the community.

Since 1990, there has been an estimated 11% decline in younger households

In 1999 it was estimated that 802 (20%) of the households headed by this age group make less than $50,000 a year. These younger households are 32.5% of all 1999 households making less than $50,000 a year.

The number of younger households with incomes of less than $50,000 decreased by 1,444 from 1990 to 1999. Assuming that 50% of these households moved for reasons other than affordability, approximately 700 units would be needed over the next decade to provide affordable housing opportunities for younger households in this income category alone.

Single Parent Families

Another group identified in interviews as being in need of affordable housing is single-parent families mostly characterized by divorced women with children. Their situation compares to the households above with lower incomes or those moving from a two-income to a single-income situation. For example, a Highland Park woman who was divorced with two children found herself back in the work force making around $30,000 a year as a day care coordinator. Her house is paid for but her reduced income and unreliable child support payments make paying the property taxes and the upkeep of the house difficult. The heating system and the roof need replacing in the next year or so. She is unsure how she is going to afford these repairs.

Households with Disabilities

Persons with disabilities often wish to live independently and their families want them to live nearby. However, often they work in low-paying occupations, and many disabled adults find it difficult to rent or buy in Highland Park. There are two social service agencies, Lambs Farm and Glenkirk, that provide housing for people with disabilities in the North Shore area. Currently, 10 adults from Highland Park are residents of Lambs Farm's main facility. Lambs Farm also has units within the city, which house an additional 15 Highland Park residents. They have a waiting list of 125 people, 20% of whom are from Highland Park[7]. If given the opportunity, Lambs Farm residents would prefer to have a housing program in Highland Park, closer to their relatives.

Glenkirk owns a facility in Highland Park that has five units and serves 20 people. In addition, there are 11 other "scattered" sites, which they do not own but which people in their programs live in and sign leases for. These sites serve an additional 23 people. In total there are 16 units, 43 people served and 100 people on the waiting list, all of whom are from North Shore neighborhoods, including Highland Park. There has been a growing interest in Glenkirk facilities and programs from the Highland Park High School special education department. A representative from the Highland Park Township School District 113 estimated that each year three students who are residents of Highland Park graduate from the high school and need assisted housing programs. The interviewee at Glenkirk stated that Highland Park is a good place for the people they work with and it has been open to them, but now their number one problem is finding affordable housing for their clients to live in[8].

TRENDS IN HOUSING STOCK

The difficulties that the households discussed above are having in trying to live in Highland Park are related to the changes in the housing stock, home prices, land prices, and rent levels in Highland Park. This portion outlines recent changes affecting the need for affordable housing.

In 1990 Highland Park had 12,657 units of housing.[9] The housing permit data shows that 698 units were added in the 1990s.[10] On average, 77 units a year have been added through new construction. During this same period, the Highland Park demolition permits show that there were an estimated 270 buildings torn down.[11] These buildings included the more affordable homes and a significant number of rental housing units in the city. There is no record of how many units were in the 270 buildings. Conservatively, there was an estimated loss of 270 units (see map on page 13). Most of these 270 homes were replaced with new, larger homes or condominium developments. Based on interviews with key informants, none of the newly constructed units in Highland Park were rental units affordable to low- and moderate-income households.

[7] Interview with Lambs Farm director, 4/13/00.
[8] Interview with Glenkirk facility director, 4/20/00.
[9] U.S.Census 1990. This is the total housing unit universe that includes owner, renter occupied, and vacant unit count**.** Please see Appendix 5.
[10] Northeastern Illinois Planning Commission, Regional Building Permit Data, 1990-June,1999.
[11] The demolition data includes 1990 through June 1999. However, the permit data for 1995 was missing. For 1995 we added the average for the decade, 29 units per year, to the total for the 1990-1999 period. Demolition and permit data are in Appendix 6 and 7, respectively.

TRENDS IN RENTAL UNITS

For three decades, rental units have comprised between 18 and 22% of the Highland Park housing stock.[12] These rental units allowed for more diversity of households by income, race, and age. The rental market allows for people to live in Highland Park through their various life cycles. For households this can mean transitions from renter to owner, smaller to larger spaces, the height of earning power to a fixed income. In our interviews, many people agreed that rental units also provide housing opportunities for people who work in Highland Park.

Since 1990 Highland Park has experienced a decrease in the number of rental units. This is evidenced by the conversion of 188 rental units to condominiums during this period.[13] Many of the buildings (270) demolished during the 1990s were in the areas of the city where rentals were concentrated. We are estimating that the city lost at least 136 rental units, mostly in the downtown area.[14] Between the condominium conversions and the demolitions, at least 324 relatively affordable rental units have been lost since 1990.

According to key informant interviews, the rent range in Highland Park apartments is $900 to as much as $3,900 a month. A recent Lake County survey shows that the 1999 rent levels vary from an average of $899 for a one-bedroom apartment to an average of $1,731 for a three-plus bedroom unit.

The average 1999 rent for Lake County is $774 a month.[15] In the 1990 census the Highland Park rents were 11.3% higher than rents in Lake County as a whole. If this trend had continued, the average 1999 rent in Highland Park should have been $862 a month. As Table 3 shows, the Highland Park rents have increased considerably more than the Lake County rents during the 1990s. In addition, the recent regional market study found that the rental housing market has a very low vacancy rate of 4.2 % for the region and 4.3% for Lake County.[16] The low

[12] This range estimate for 1970,1980,1990 includes census tract 8651, which is the southern portion of Fort Sheridan. This census tract has 631 rental units (1990 census) which are exclusively for military personnel. Excluding this census tract, the rental unit percentage range would be 16-19%.
[13] Tracy Cross and Associates, Inc. “Conversion of Apartment Rentals to Condominium Form, Chicago Metropolitan Area, 1993-1998”.
[14] Our estimate is based on mapping out the demolitions by census tract and applying the 1990 proportion of rentals in the census tract to the demolition numbers. In the downtown area census tracts, the assumption is that all the demolitions were rentals. By not taking the rental proportion of these tracts, this estimate compensates for some buildings having more than one unit.
[15] Metropolitan Planning Council, “For Rent: Housing Options in the Chicago Region: Regional Rental Market Analysis Summary Report,” November 1999.
[16] Metropolitan Planning Council, “For Rent: Housing Options in the Chicago Region: Regional Rental Market Analysis Summary Report,” November 1999.

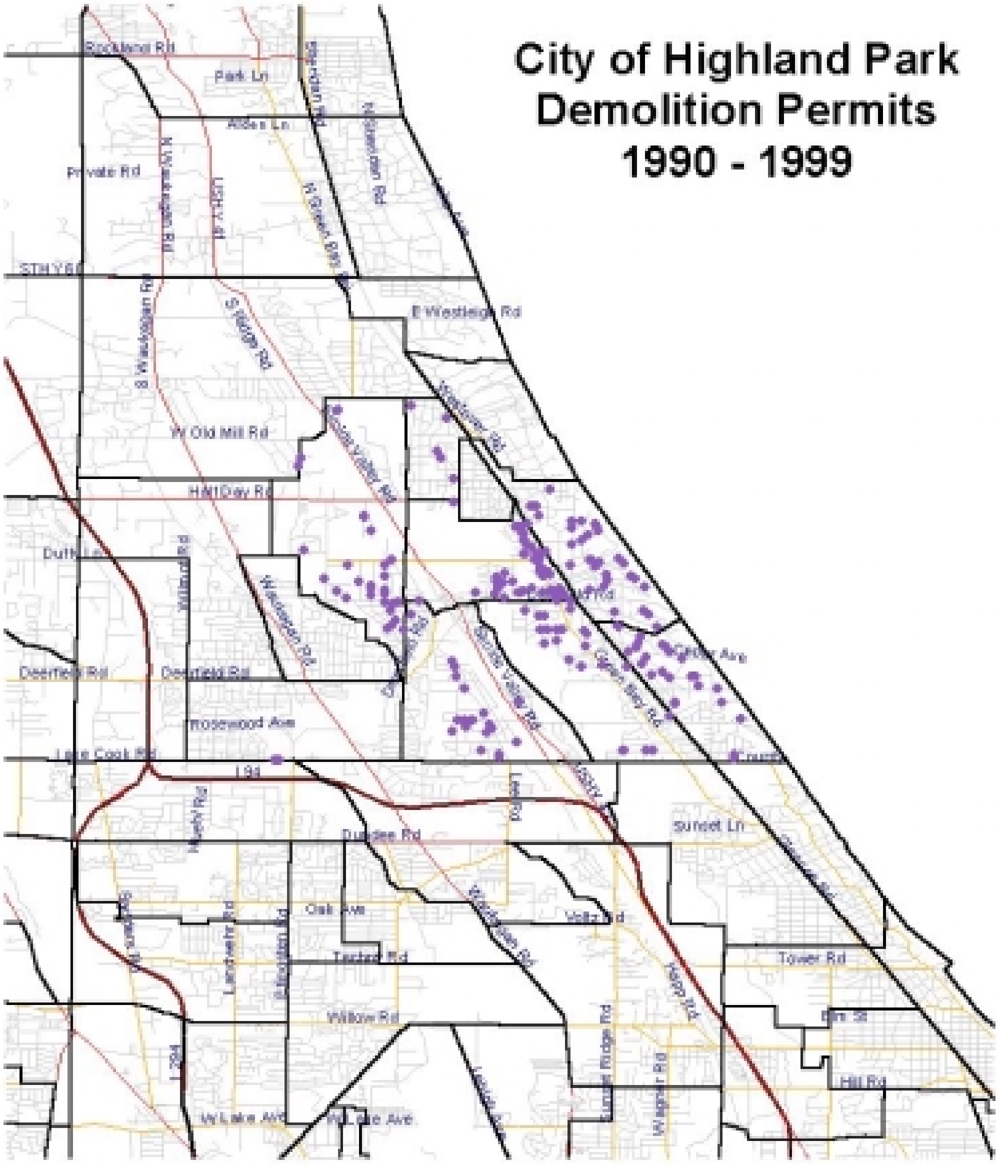
vacancy rate along with loss of rental units to demolition and condominium conversions and the lack of rental unit production have affected the increase in rents. All of these factors contribute to the overall shortage of affordable rental housing in the region, Lake County, and Highland Park.

Using the guideline of 30% of income for housing costs, the one-bedroom average rent in Highland Park is affordable to a household making $35,960, the two bedroom is affordable for a household making $64,400, and the average three bedroom is affordable to a household with at least a $69,240 yearly income.

Table 3: Average Rents in Highland Park and Lake County by Bedroom Size

	Lake County Average	Highland Park Average	% Difference between County and Highland Park
1 bedroom	$628	$899	+43%
2 bedroom	$735	$1,610	+119%
3 +bedroom	$1,032	$1,731	+67%

Source: Lake County rents are from regional rental study, "For Rent: Housing Options in the Chicago Region," Metropolitan Planning Council, November 1999. Highland Park rents are from "1999 Rent Survey," Housing Authority of Lake County.



Nathalie P. Voorhees Center for Neighborhood and Community Improvement - 1999

TRENDS IN HOME PRICES

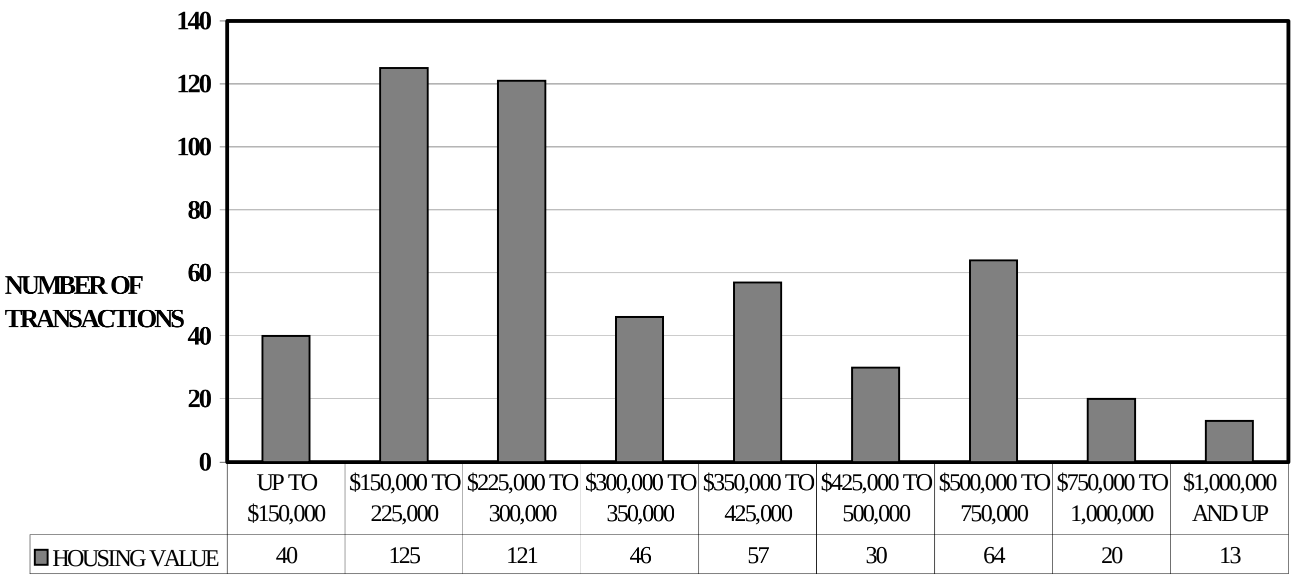
Table Four shows the average and median sales price for homes in Highland Park from 1993 to 1999[17]. During this time period, the median sales price increased by 19.9 percent. In 1999 the median sales price was $332,000. A minimum annual household income of $108,000 is needed to afford the median 1999 home price of $332,000.

Table 4: Highland Park Homes Sales Transactions, 1993-1999

YEAR	NUMBER OF TRANSACTIONS	AVERAGE SALES PRICE	MEDIAN SALES PRICE	PERCENT CHANGE IN MEDIAN
1993	40	$382,597	$276,950	NA
1994	362	$396,057	$285,600	+ 3.1%
1995	390	$374,382	$284,075	-0.1%
1996	429	$376,789	$291,575	+ 2.7%
1997	515	$391,396	$280,800	- 3.8%
1998	526	$363,607	$285,600	+1.7%
1999	519	NA	$332,000	+16.2%
1993-1999	**2,781**			

Source: Inter-Realty

Figure 1: 1998 Home Sales Prices



[17] All 1990 dollars have been changed to 1999 levels.

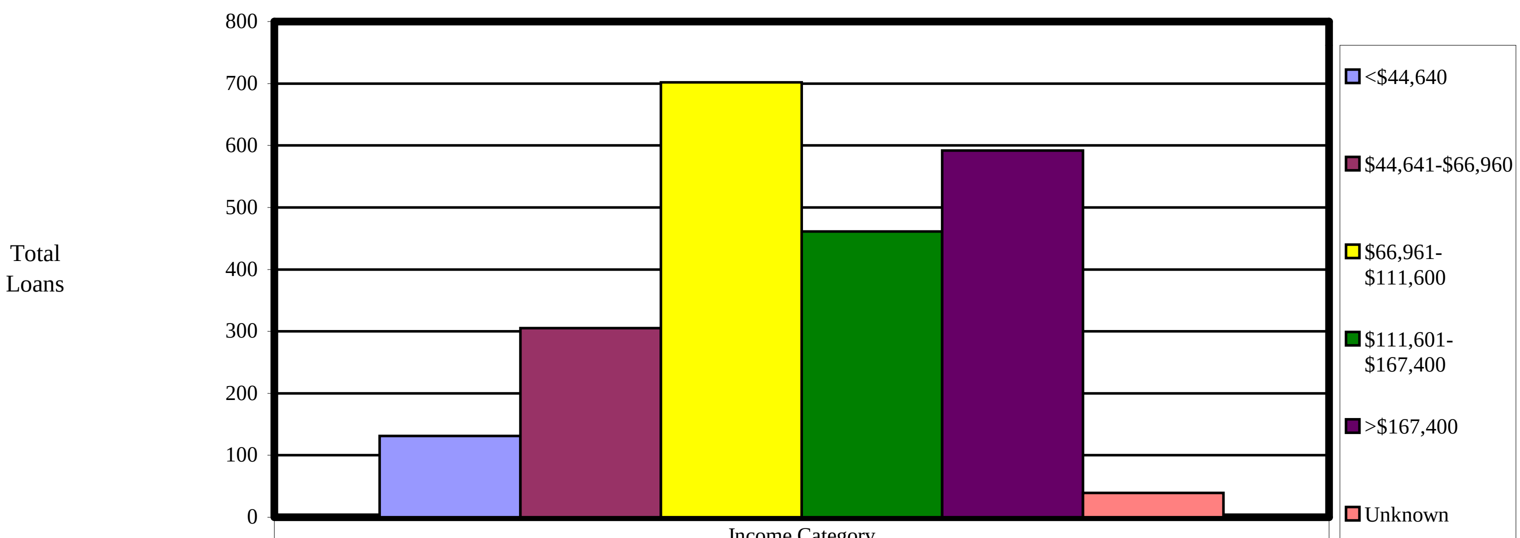
HOME LENDING TRENDS

An examination of home purchase mortgage data from 1993 to 1997 reveals what groups have been purchasing homes in Highland Park by income and race. During this period, there were 2,229 home mortgage loans given to households in Highland Park (see Figure 2). The opportunity for homeownership is clearly greater for those in the higher income categories.

Of the total loans originated, households earning

- up to $66,690 received 20% (436) of the loans
- between $66,691 and $167,400 received 52% (1,163) of the loans
- over $167,400, received 27% (592) of the loans

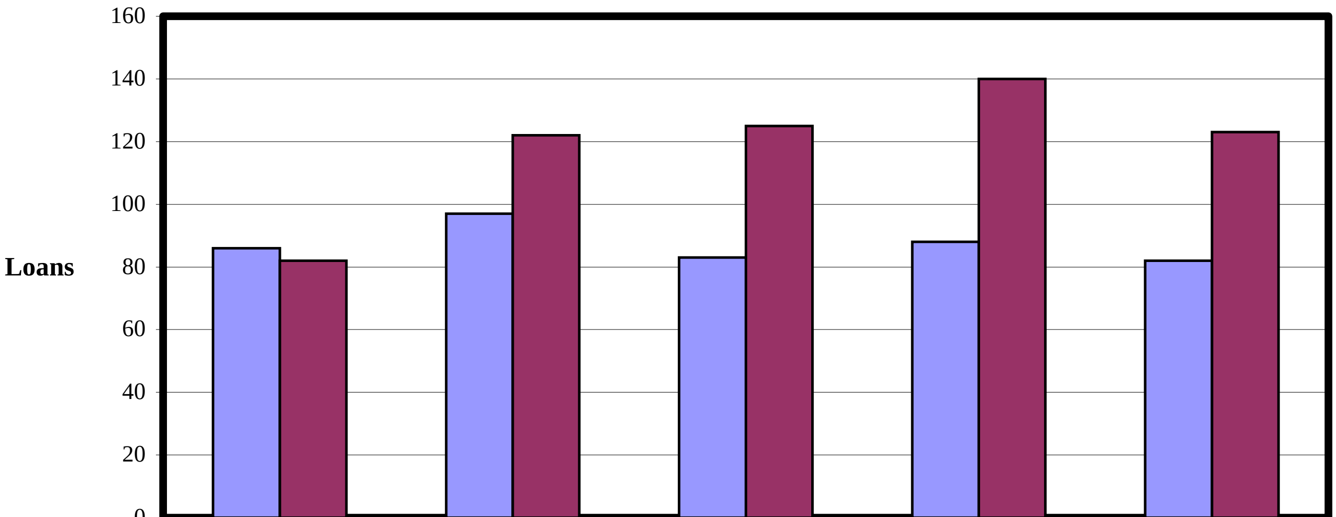
Figure 2: Home Mortgage Loans Originated 1993-1997



	Income Category
<$44,640	131
$44,641-$66,960	305
$66,961-$111,600	702
$111,601-$167,400	461
>$167,400	592
Unknown	39

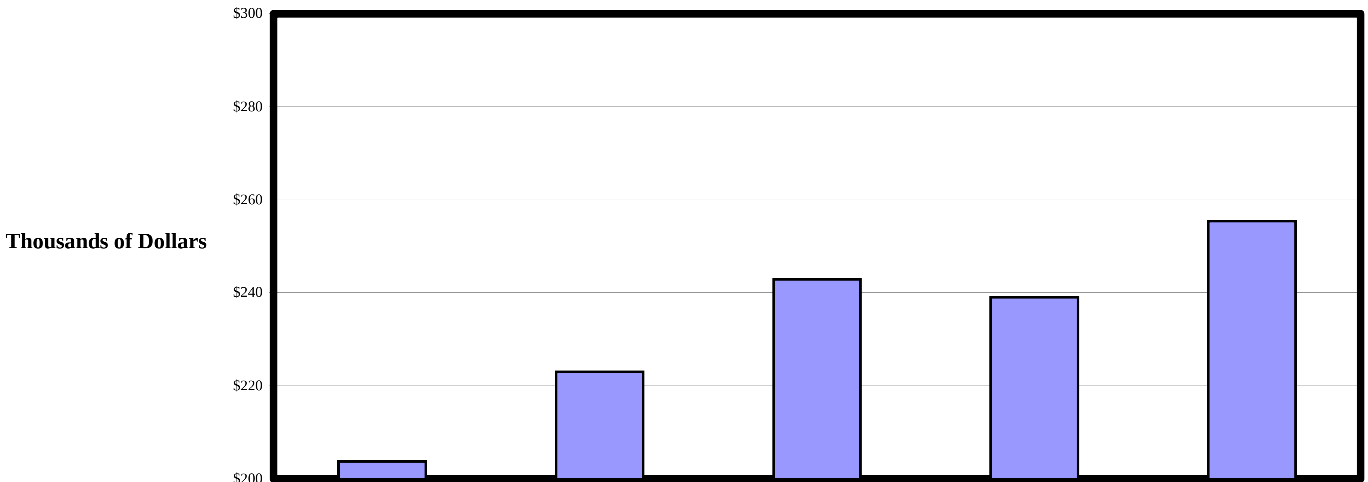
This trend is further illustrated when the time period is broken down by year (see Figure 3). The chart compares only those households earning less than $66,690 and those earning more than $167,400. In 1993, both income groups received a similar share of the loans, 22% (86/400) and 21% (82/400) respectively. Since 1993, the lower-income group's share of loans has steadily declined. By 1997, it was down to 17% (82/473). In contrast, the higher income group has seen an increasing percentage of loans, which peaked in 1996 at 30% (140/473). Although this number fell to 26% (123/473) in 1997, the higher-income group still received almost 10% (41/473) more of the home mortgage loans in Highland Park.

Figure 3: Number of Home Mortgage Loans by Year



	1993	1994	1995	1996	1997
<$66,960	86	97	83	88	82
>$167,400	82	122	125	140	123

Figure 4: Average Home Mortgage Loan in Highland Park by Year



	1993	1994	1995	1996	1997
Average Loan	$204	$223	$243	$239	$255

Another trend that demonstrates that Highland Park is becoming less affordable is the rise in the amount of the average home mortgage loan (see Figure 4). In 1993, the average loan for the city was $204,000. By 1997, it was $255,000. This represents a 20% increase in the average home mortgage loan in only four years.

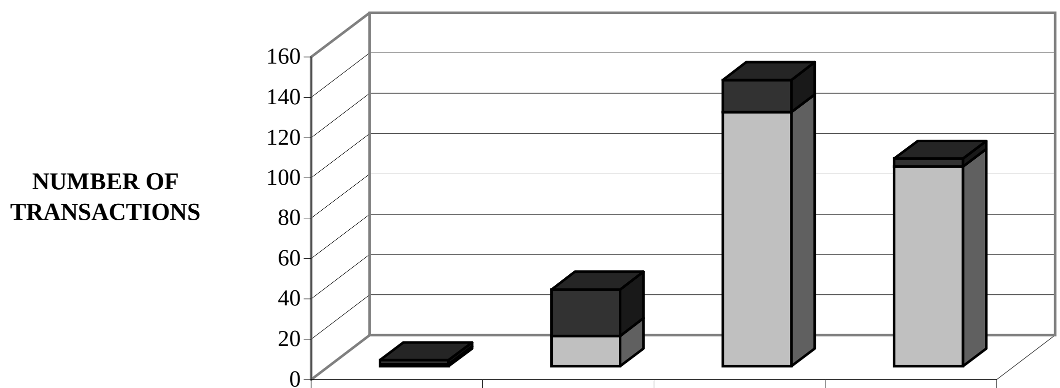
The following illustrates how much in mortgage loans households with different income ranges can generate. Assuming a 30- year fixed mortgage at an interest rate of 7.5%, the following shows the maximum loan amounts households with different incomes can secure:

- An annual income of $25,000 generates approximately $72,000
- An annual income of $50,000 generates approximately $143,000
- An annual income of $75,000 generates approximately $222,000
- An annual income of $100,000 generates approximately $286,000

Assuming that a household was able to put down around 5% of the value, Figure 5 shows the distribution of 1998 home sales in the different price ranges relative to what is affordable for each income group. As this figure illustrates, most home sales were not in the lower-cost bracket, and of those that were, many were condominiums rather than single-family homes.

Figure 5: Home Sales in 1998 Affordable to Households Earning up to $100,000 [18]

1998 HOME SALES UP TO $300,000



	UP TO $76,000	$76,000-150,000	$150,000-232,000	$232,000-300,000
CONDOMINIUM	2	23	16	4
NON-CONDOMINIUMS	1	15	126	99

AFFORDABLE HOUSING NEED IN HIGHLAND PARK

Several key findings from the previous section make it evident that there is a need for affordable housing in Highland Park. It is important to note that there is also a need for on-going data collection on housing information. As economic and social conditions change, this will enable HPHC to monitor housing trends and report to the city council on appropriate remedies to maintain the desired diversity of Highland Park. The key findings are as follows:

1. The income diversity of Highland Park households has been decreasing through the 1990s.

2. Five groups were identified as finding it increasingly difficult to live in Highland Park due to accelerating home and land prices and the loss of affordable rental units. These groups are seniors, Highland Park workers, younger households, single-parent families, and persons with disabilities.

3. At least 324 relatively affordable rental units are estimated to have been lost since 1990.

[18] This assumes a downpayment of 5 percent.

4. Between 1993 and 1999, the median sales price of a home increased 19.9%, from $238,750 to $332,000. A minimum annual household income of $108,000 is needed to afford the median 1999 home price of $332,000.

5. The average home mortgage loan increased by 20% between 1993 and 1997.

6. Since 1993 the share of home mortgages going to households making less than 80% of the metropolitan area median income has declined.

7. Between 1990 and 1999, it is estimated that Highland Park lost 300 elderly households and 700 younger households with incomes of less than $50,000, due to lack of affordable housing.

8. It is estimated that there are 7,000 employees at Highland Park firms who earn less than $50,000 and that 90% of these workers reside outside of Highland Park. At least 700 units of affordable housing should be considered to house lower-wage Highland Park workers.

The above estimates of need are conservative because they are limited to households making less than $50,000 and do not take into account the declining number of affordable units before 1990, which is documented in earlier Housing Commission reports[19].

[19] HPHC has commissioned a number of reports previous to this period that show the decline in affordable units. Prior to the formation of HPHC, a League of Women Voter's report from 1968 also highlighted the decline of affordable housing.

SECTION TWO: STRATEGIES TO PROMOTE AFFORDABLE HOUSING

The discussion in the preceding section has identified different groups, many with incomes below $50,000, who are most challenged to find housing that they can afford in Highland Park. These target groups would require a variety of unit sizes ranging from smaller units for seniors and single workers to larger units for younger families, workers with children, and group home settings for persons with disabilities. In the context of this discussion, affordable housing is defined as decent, sanitary, and appropriate housing that people of modest means (moderate, low, and very low income) can own or rent without having to devote more than 30%[20] of their gross income for monthly housing expenses. The 1999 Chicago Metropolitan Area Median Income[21] for a family of four is $63,800. Eighty percent of the median is $47,800 while 120% is $76,560. Moderate-income households fall within these income ranges while low-income families fall between 50% and 80% of median (i.e. between $31,900 and $47,800). Very low-income families earn less than 50% of median or $31,900 annually.

While homeownership opportunities in single family homes, town houses and condominiums may be promoted for most moderate- and some low-income households, rental options are more appropriate for most low-and very low-income families. Table 5 demonstrates the affordability of housing for different income levels. Assuming 30% of income is spent for housing expenses, moderate-income households can purchase homes priced between approximately $150,00 and $240,000, while low-income families can afford only homes priced between $85,000 and $100,000. Meanwhile, the very low income can buy only homes priced under $85,000. At a median home price of more than $330,000, buying homes in Highland Park is indeed beyond the reach of most in these income ranges; and the problem becomes more pronounced as we go down the income ladder.

Assuming again 30% of income for housing expenses, moderate-income households can afford rental units priced between $1,000 and $1,700 per month. Low-income families can afford rents between $700 and $1,000, while very low-income households can only afford rents of under $700. With average rents at more than $1,500 per month for two-bedroom units, it is very difficult for most very low-income and some low-income families to readily find rental housing within their reach. Based on the needs identified above, it is prudent to explore appropriate housing options that are consistent with the financial capacity of these income groups.

---

[20] The federally established standard for affordable housing suggests no more than 30% of income for housing expenses. Expenses for rental include utilities such as heating and electricity, while for home ownership the major expenses included are taxes and insurance.

[21] The Chicago Metropolitan Area Median Income, which covers the six county metropolitan area including Lake County, is annually published by the U.S. Department of Housing and Urban Development. Appendix 1 shows the area median incomes by household size.

Table 5: Household Income and Housing Affordability

Income Level	Affordable Purchase Price	Affordable Rent per Month
Moderate $47,800 - $76,560	$150,000 - $240,000	$1,000 - $1,700
Low $31,900 - $47,800	$85,000 - $100,000	$700 - $1,000
Very Low Less than $31,900	under $85,000	under $700

Following a brief discussion of housing options, we present possible strategies, approaches, and resources that can form the basis for an affordable housing implementation plan in Highland Park.

HOUSING TYPES

OWNERSHIP OPTIONS

Single-family homeownership

Highland Park is an older, built-up community with very few sizable tracts of land where a significant number of new single-family homes could be built. A more viable strategy to promote affordable single-family homeownership would be through the preservation of existing homes. In addition to addressing affordability goals, this strategy of preservation would help maintain neighborhood character and inhibit "tear-downs".

Town houses

The high cost of land in Highland Park plays a significant role in escalating the overall cost of housing. With a minimum lot size requirement of 7,000 square feet for single-family homes (R7 District), the land price part of the total development cost is substantial. As it stands now, single-family homeownership, outside of those homes that may be preserved through land trust strategy, is not much of an option for the income groups under consideration. Promoting town house ownership can reduce the impact of high land costs on housing prices. The common walls in town house developments reduce the minimum lot size (and hence the land cost per unit) by eliminating the need for side setback requirements.

Unfortunately, the lack of large tracts of open land that can be targeted for substantial p*lanned unit development* limits what can be accomplished through town house development. An exception in the future may be the remaining southern section of the Fort Sheridan property or other large properties should they become available for redevelopment.

Condominiums

High-density condominium developments offer another homeownership option for low- and moderate-income households. The impact of high land costs can be spread over a larger number of units thereby reducing the overall cost of the housing. The city can also play a more active role to promote the development of affordable condos through direct participation in the process. A good example of this is what Highland Park did to initiate the Central Avenue Senior Development. This model can be replicated to develop affordable condominiums as well as rental housing.

RENTAL OPTIONS

Rental housing is an important housing option. In fact, it may be the only housing option for many households simply because of the lack of adequate income to support a mortgage or capital for down payment. Some may prefer rental housing for a number of other reasons while still others may need it as a transition to homeownership.

While the long-term goal for most households with moderate incomes should be homeownership, there needs to be recognition that not all in this group can or will be homeowners. Furthermore, many low-income and most very low-income households simply do not have the resources to become homeowners in Highland Park, at least not in the short term. Yet, the proportion of rental housing has been going down over the years. Most of the loss has occurred in the more affordable stock thereby impacting low-income households the most. Even moderate-income households (earning between 80% -120% of the median income), especially those at the low end of the range, find few housing units within their reach with average rents close to $1,000 per month. The need for rental housing is therefore apparent for households in both income groups, although the need is much more critical for low- and very low-income households.

With the goal of meeting the needs of the income and population groups identified, appropriate strategies and approaches are presented in the following section.

STRATEGIES

A number of strategies including land trust, trust fund and employer-assisted housing are discussed in the following pages. These strategies (either separately or in combination) are viable and promising options for Highland Park to pursue in order to promote affordable housing.

LAND TRUST (LT)

Overview

Land trusts preserve existing affordable housing stock by taking it off the market and restricting appreciation. The land trust purchases land and buildings, holding the land in trust and controlling land price increases. This is an attractive strategy for many communities because it limits the need for costly and time-consuming new real estate developments. In addition, the community's architectural character is preserved through controlled land use. Land trusts have been successfully implemented in many communities. Burlington, Vermont, a city of 40,000, is one very good example (discussed later in this section).

Feasibility

Conditions

- Available properties for purchase at reasonable prices.
- Adequate staff with housing finance and development experience.
- Access to funding.

Advantages

- Effective method of maintaining affordability in rapidly appreciating markets.
- Effective method of maintaining affordability in markets with little vacant land for new construction.
- Once purchased, land remains affordable without additional subsidies.
- Preserves community character.

Challenges

- Requires large initial investment to purchase land, especially when properties are expensive.

Groups Served

- When single-family homes are purchased and leased by the trust fund, mostly moderate-income families and/or first-time home buyers.

- The trust fund may also purchase affordable apartment buildings and control rent increases, thereby serving lower-income families that cannot afford to buy single-family homes.
- The land trust strategy can be piggybacked with other financing and/or subsidy sources to expand opportunities and reach lower-income households.

Viability for Highland Park

Highland Park faces two major constraints that make it difficult to construct affordable housing in the municipality: little vacant land and rapidly appreciating property values. These factors are related, as a smaller supply in housing leads to an increased demand, subsequently raising home prices and rents. An ideal strategy to address the scarcity of developable land and land value appreciation is to purchase the most affordable properties available, limit the appreciation of the land by holding it in trust, and selling or leasing only the structures that sit on the properties. Through this land trust strategy, no additional land is required to build new housing, and affordability is preserved.

An estimated number of 30 homes with a market value of less than $150,000 are available in Highland Park[22]. These properties should be among the initial targets for the land trust. In addition, there are some vacant lots in neighborhoods with homes in the $120,000-$180,000 price range. These properties too should be the focus of the trust fund's initial purchases, since the price of the lot carries lower initial costs than the lot with the structure. These lots would be taken out of the speculative process. Having vacant lots at its disposal, the trust would have the option of initiating new projects in an arrangement similar to the Central Avenue Development sponsored by the city. In this scenario, the land would be held in trust while the structures are either sold or rented to qualified families. Last but not least, the trust should also focus on purchasing affordable rental properties before they are up-scaled or converted to condos.

While meeting long-term affordability goals, this strategy will also help to preserve neighborhood character and prevent large-scale "tear-downs".

Potential Resources

Resources would include one-time funding sources, covering start-up costs and continuous stream funds providing a dedicated revenue source. Funds for the land trust can be generated in a variety of ways. The trust is most often funded by a dedicated revenue source (i.e., fees, real estate transfer tax), municipal bonds, and private and public grants and loans.

[22] Inter realty data from 11/12/99

An initial commitment of funds by the city would help to jump-start the program by demonstrating its commitment and enabling it to leverage resources from external sources. With the land trust program up and running, private sources such as foundations and banks, and public sources such as HOME, CDBG, and the Illinois Affordable Housing Trust Fund can be targeted for additional funding. Because most of the funds used to purchase property are recouped upon its sale, the trust fund pool will keep growing. This would in turn give the city more leverage to undertake aggressive affordable housing strategies including the ability to provide incentives for private development activities.

One time Funding Sources:

- *Institute for Community Economics (ICE) revolving loan fund:* this fund, currently capitalized at more than $13 million, helps meet the capital needs of land trusts. ICE has loaned out more than $31.8 million since the fund's creation in 1979, representing 356 loans to community organizations in 29 states. Funds most often finance the acquisition and improvement of land or the acquisition, construction, and rehabilitation of housing. ICE and the loan applicant negotiate the terms and repayment schedule of each loan on a case-by-case basis. A typical loan is for one to three years at a below-market 6% interest rate.
- *Municipal bond:* municipalities can issue tax-free bonds that offer long-term repayment schedules and below-market rate interest. The proceeds from the bond can help pay for the land trust's up-front acquisition costs, allowing repayment to be made after improvements on land trust property are sold.
- *Grants from private foundations and corporations*
- *Individual and church-based donations:* churches are often some of the largest contributors to land trusts and trust funds.
- *Local employer donations*
- *Property donations (gift or bargain sale):* employers sometimes donate land toward a land trust to increase affordability for employees. Bargain sale is a reduced-price sale of property by those that are committed to land trust growth.
- *Public sources such as HOME, CDBG, and the Illinois Affordable Housing Trust Fund (IAHTF).*

Dedicated Revenue Funding Sources:

- *Tear-down fee:* this is a fee levied against the demolition of existing housing that is not being replaced by affordable housing whether it is replaced by more expensive housing or other nonresidential development. This strategy is designed to compensate the city for the loss of land that is no longer available for affordable housing. In addition, improvements on the property are likely to contribute to higher property values, thereby increasing the costs of developing affordable housing in Highland Park.

Revenue generated from the fee could be designated for the land trust and other affordable housing programs. The ordinance for this fee must spell out how replacement of more affordable housing with more expensive housing permanently reduces accessibility for different groups to the community.

The rationale for a tear-down fee can be similarly applied to condominium conversions where affordable rental units are converted to more expensive condos. Resources can be generated through the collection of higher-end *condominium conversion fees.*

Similarly, a *new construction fee* can be levied on new developments that are not subject to tear down fees where the development is undertaken on vacant land (hence not subject to tear-down fee) and where PUD or inclusionary zoning requirements for affordable housing are not applicable. A typical tax in Boulder, Colorado, charges $0.16/square foot for new residential construction and $0.34/square foot for new commercial construction. This tax generates $1 million annually for the city. The ordinance for such a fee should make the rationale clear. In the case of residential new construction, the rationale is similar to a tear-down fee rationale. In the case of commercial development, the rationale is that commercial developers should provide affordable housing to serve the new employee population generated by the development. It would therefore be justifiable to charge a linkage fee to support the provision of affordable housing.

- *Fees in-lieu*[23]*:* these are fees levied as an alternative to providing a percentage of affordable units in a development. Fees in-lieu would be collected only where legitimate reasons exist not to include hard affordable units.

Operation

A land trust is a nonprofit corporation governed by a board of trustees. Community land trust boards (LT) are typically composed of land trust leaseholders, individuals representing key institutions in the community such as banks, real estate companies, etc., as well as members of citizens' organizations. An appropriate mix (roughly a third from each) of city officials, leaders of key institutions (banks, service providers, public

[23] In lieu fees in Montgomery County, Maryland, ranged between $14,000 and $100,000 per unit depending on the price of homes being constructed. Palo Alto, California, charged 5% of the gross price of units developed (prices ranged between $400,000 and $500,000 per unit).

facilities) and representatives of community groups is recommended as the first board of trustees in Highland Park.

The board of trustees targets financial resources, agrees upon criteria for dispersal of funds, and hires staff to administer the program and its budget.

After collecting adequate funds, the land trust identifies properties for purchase. The dollar amount needed to initiate the land trust varies according to community size and the trust's goals. For example, if Highland Park sets a goal to purchase 10 homes costing $150,000 each in the initial year of operation, it should start at about $2 million to cover purchase price, transaction costs, and administration. Following this initial outlay, the trust recoups part of the costs by selling the structures that sit upon the land purchased. The land itself is held in trust and is not sold. Because the land is taken off the private market, appreciation is limited to the increase in value of the structure over time. When the land lessee sells the property, he/she is allowed to receive only a percentage of the increase in the value of the land and structure combined (25% is the percentage used in Burlington). The percentage of appreciation allowance is set by the LT and the amount depends on a variety of factors. The LT also assesses a land lease fee to the buyer, which equals taxes on the land plus a monthly administration fee (amount used in Burlington is $40). What follows is an example of how a LT makes the purchase of a home more affordable and how perpetual affordability is achieved.

Example[24]:

The land trust purchases a home and property for $160,000, and sells the house for $120,000, retaining ownership of the land on which it sits. By purchasing the house only and leasing the land, the buyer obtains a fixed-rate 9%, 25-year mortgage for $906 a month (10% down payment), $372 less than if the house and land were purchased conventionally. An appropriate amount for Highland Park would be a monthly land lease fee of $90 to cover property taxes and administrative costs (10 years ago this amount was $40 in Burlington). Due to lower mortgage payments, the land trust purchase requires an income of $51,053, which is 80% of Chicago-area median income for a family of four. This assumes that the family would spend 30% of its total monthly income on housing, including mortgage payments, insurance, taxes and the land lease fee.

By contrast, a conventional purchase of the same house would require an income of $65,528, which is 103% of the Chicago-area median income

[24] This example follows the practice of Burlington, Vermont, and can be adjusted to fit Highland Park.

for a family of four. After eight years, assume that the market value of the house and land is $342,974 (an annual real estate inflation of 10%). The land trust lessee's profit on appreciation would be limited to 25% of total appreciation in order to keep the house affordable. Therefore, the lessee receives $45,744 from appreciation. The house is sold to the next purchaser for just $45,744 more than the original price of $120,000. A family with an income of $71,939 could purchase the house, paying 30% of total monthly income for housing. Considering 4% annual wage inflation, this income would be 82% of the Chicago- area median income for a family of four. By comparison, an income of $124,892 (143% of AMI) would be required to make the same purchase conventionally.

Table 6: Comparison of Conventional and Land Trust Transactions [25]

Initial Purchase	**Conventional**	**Land Trust**
	House and Land	**House only**
Purchase Price (25% land value)	160,000	120,000
Down Payment (10% of total)	16,000	12,000
Need to Borrow	144,000	108,000
Mortgage Payment (9%/25 yrs)	1,278	906
Taxes/Insurance	360	280
Land Lease Fee	-	90
Total Housing Costs	1,638	1,276
Annual Income Required (30% of monthly income)	65,528	51,053
% of AMI (family of 4 $63,800)	103%	80%

Resale after 8 Years	**Conventional**	**Land Trust**
	House and Land	**House only**
Value at Resale	342,974	257,231
Original Purchase Price	160,000	120,000
Total Appreciation	182,974	137,231
Owner's Share of Appreciation	182,974	45,744
Sell Property for	342,974	165,744
Pay Lender	21,293	20,992
End up With	321,681	144,751
Mortgage Payment (9%/25 yrs)	2,590	1,252
Taxes/Insurance	532	414
Land Lease Fee	-	133
Total Housing Costs	3,122	1,798
Annual Income required for Next Purchase	124,892	71,939
Percentage of AMI	143%	82%

[25] This comparison is an estimate of what would be currently feasible in Highland Park, based on an example of a Burlington, Vermont, land trust model. Prices and incomes were adjusted for this Highland Park example.

Besides purchasing property and reselling homes, LTs can purchase vacant land and give it to an affordable housing developer, or purchase and manage rental buildings. HPHC has experience in providing land for an affordable housing developer with the senior housing project on Central Avenue. By purchasing rental buildings and contracting with a private apartment management agency, the LT may also control rent appreciation.

Implementation in Highland Park – Land Trust

HPHC shall work with a suitable technical assistance provider to strategize a course of action. A technical assistance provider such as the Institute for Community Economics or one with a similar land trust focus should be consulted for strategic planning purposes.[26] As a short-term priority the strategic planning for the land trust will address issues such as

- the corporate structure of the land trust;
- staffing requirements for the land trust;
- the role of the City of Highland Park/HPHC in its operation;
- the land trust relationship to an affordable housing trust fund; and
- the initial funding of the land trust; and, other issues.

Following such consultation HPHC will develop a plan, for consideration by the Highland Park City Council, to establish and fund the land trust.

Best Practice

Burlington, Vermont

Burlington is a city of about 40,000 residents, with a median home price of about $120,000. The city established a land trust in 1983, when officials began to look for a planning mechanism that would ensure long-term affordability. The Burlington Community Land Trust (BCLT) was created as a nonprofit entity to combat rapid appreciation in property values.

The BCLT cooperates with the city to purchase land and buildings, holding the land in trust and controlling land price appreciation for future affordability. Land is purchased with grants and loans from federal, state, and local sources. The trust retains permanent possession of these lands, but sells the improvements that are on them (e.g., homes and offices). Home buyers lease property from the land trust. When the lessee moves,

[26] The Institute for Community Economics has provided technical and financial assistance to 110 developing and established land trusts across the nation since 1979, including preparing bylaws.

the agreement includes a limited appreciation provision, which is a limit on the amount of profit that can be made when the property is sold (25% of market appreciation). The land trust accomplishes two public policy goals: subsidies invested in a property will be retained and recycled for future generations; and housing units will remain affordable for future owners.

Currently, the trust owns the property for 250 homes and condominiums, and 250 rental units, holding a real estate value of about $12 million. Using an annual operating budget of $1 million and a staff of 25 people, the trust fund purchases about 40 new affordable units each year.

TRUST FUND

Overview

While land trusts are used to purchase property and preserve long-term affordability, trust funds are primarily used to subsidize rehab and new construction of affordable housing, in addition to sometimes being the depository of funds for the land trust. Trust funds provide the "gap" financing needed to start or finish affordable housing projects. While the land trust is a distinct strategy aimed at preventing land value appreciation with the goal of maintaining long-term affordability, trust funds provide resources to promote various affordable housing strategies.

Land trust and trust fund are both stand-alone mechanisms and it is possible to have one or the other, or both. Employing both strategies would surely provide more flexibility and leverage to promote affordable housing. It is therefore recommended that Highland Park adopt both strategies. In this scenario, the trust fund, administered by the city or its agent, would be the depository of funds with the mandate to channel designated resources to the land trust, which should be managed by a board of trustees composed of city, community and institutional representatives. While the board of trustees will exercise oversight of the community land trust (CLT), day-to-day administration of both the trust fund and the land trust may be handled by staff housed at the city in order to reduce administrative costs and increase efficiency.

Feasibility

Conditions
- Adequate funding sources
- Knowledgeable housing finance staff

Advantages
- Adaptable to the affordable housing needs of the jurisdiction
- Sustained financing supplements outside funding sources (federal, state and nonprofit)

Challenges

- Usually requires a constant funding source in the form of taxes or fees
- Long start-up time

Groups Served

- Depends on the priorities set by the trust fund board, anyone from low-income renters to moderate-income homeowners.

Viability for Highland Park

The trust fund and land trust can work together as complementary programs. In situations similar to the Central Avenue Senior Development, the land trust can purchase suitable vacant land before it is developed while the trust fund can further subsidize construction costs on the land. In this way, the cost of land is eliminated and the cost of development is reduced, resulting in lower housing costs to the ultimate consumers. This would promote the creation of rental housing that is critically needed in Highland Park.

Potential Resources

A trust fund is supported by the same kinds of sources as land trusts.

Operation

In most cases, a trust fund takes about two or three years to organize, and requires knowledgeable staff for its administration. A board of trustees oversees most trust funds, establishing criteria for who receives subsidies. As a result, one of the benefits of trust funds is the ability for Highland Park to set its own affordable housing guidelines instead of accommodating the requirements of outside funders. Trust funds are extremely flexible; therefore a single definition cannot adequately describe all trust funds. The trust fund is basically a mechanism for pooling resources and dispersing funds for affordable housing.

Trust Fund Implementation

HPHC will work with appropriate city staff to identify and establish the administrative structure and ongoing funding sources for the trust fund. In conjunction with establishing the land trust, an administrative structure for the trust fund will be established to support and enhance the activities of the land trust. Planning for the trust fund can dovetail with the land trust and may utilize the same strategic planning process as set forth for the land trust. HPHC will work with city staff and the city council to establish the funding sources of and criteria for dispersing funds from the trust fund.

Best Practice

Santa Fe, New Mexico- Trust Fund

Santa Fe is an attractive and fast-growing city in northern New Mexico with high housing prices. The city has a population of roughly 70,000, with a median annual household income of about $56,000. The trust grew out of discussions among citizens who were growing concerned about the need for affordable housing. Subsequently, in 1990 the Santa Fe Community Housing Trust was formed as a nonprofit organization to make housing available to low- and moderate-income households.

The fund received seed funding of $1 million from United Way and an anonymous donor. Developers also pledged $1.25 million in the fund's early stages. Sunwest and First Interstate banks augmented these contributions with $1 million in development loans. For longer-term funding, Santa Fe has an inclusionary zoning ordinance with fees paid toward the trust fund in-lieu of affordable housing construction. The trust fund is administered by the Affordable Housing Roundtable, a steering committee composed of government and nonprofit housing groups (homeless shelters, community development corporations, neighborhood housing services, Habitat for Humanity, and local housing authorities). The trust fund supports first-time homebuyers in the following ways: homeownership training, down payment subsidies; zero-interest soft second mortgages that are payable upon resale, and new construction through gap financing.

The trust fund has facilitated homeownership for 150 first-time low-income buyers, and subsidized construction of 214 new homes. In addition, the trust has negotiated to obtain 35 lots for Tierra Contenta, a 500-acre planned community south of Santa Fe. An example of the trust fund's contribution to affordable housing is the development of Los Portales, a new subdivision of affordable for-sale homes. The 40 homes varied in size from 1,000 to 1,350 square feet and sold for $72,000 to $100,000. These prices put the homes within the reach of people earning no more than 50% of area median income (about $28,000). Currently, the trust fund is valued at $1 million.

EMPLOYER-ASSISTED HOUSING

Overview

Many employees entering the homeownership market for the first time would not have adequate resources and income to cover housing costs in Highland Park. The location mismatch of jobs and housing negatively impacts traffic patterns, employee commuting times, and employer recruiting efforts. As more employees commute in and out of the city, traffic congestion worsens.

Employers have a vested interest in hiring employees who live near the workplace. A better jobs/housing balance reduces worker turnover and improves punctuality. Employees are likely to be more reliable as a work force when they are grounded in the community. Employers would not have to pay more to attract or keep employees, and the cost of goods and services would not be shifted to Highland Park consumers. Employees living in the city would spend more of what they earn where they live, thereby increasing retail activity and expanding city revenues. Based on this rationale, the city can immediately initiate a drive to solicit contributions from local employers to the trust fund/land trust.

The City of Highland Park, as a major employer itself, should take steps to implement a model assistance program for its own employees. It could start by setting up a modest funding pool offering its employees down payment loans, second mortgages, loan guarantees, and other incentives depending on need and available resources. In addition, the city can help its employees take advantage of available resources from the county and the state (first-time homebuyer program, Mortgage Credit Certificate Program, etc.) by instituting a referral program. Such initiative by the city, it appears, would meet with public approval because most people recognize the need to assist employees (police, fire, etc.) who protect and care for residents.

The leadership taken by the city in assisting its own employees can help pave the way for other Highland Park employers to implement employer-assisted housing. An employer-assisted housing strategy can take many forms, including agreements between employers and banks for favorable mortgage financing, employer-sponsored down payment loans, and mortgage write-downs with employer-purchased bonds. The initiative that proposes to offer tax credits to employers who support employee housing that is currently pending at the state legislature is a major incentive for employer-assisted housing. The city could also provide matching grants to employers who use funds for subsidizing their employees' housing. An employer-assisted housing program would bring employer influence and resources to bear on the affordable housing problem, lightening the city's burden.

Feasibility

Conditions

- City commitment to employee housing
- Employers with a commitment to affordable housing and the ability to work together toward common goals.
- Cooperative relationship between Highland Park elected officials and major employers.
- Adequate staff to coordinate initiatives between employers and public agencies.

Advantages

- Encourages a jobs/housing balance
- Combines employer resources with public resources

Challenges

- Employer-assisted housing does not typically benefit low-income households, only moderate-to-middle income families. In Highland Park, contributions from the trust fund can be used to broaden the range of income levels that may be served.

Groups Served

- Employees of major area employers – both public and private.

Viability for Highland Park

Employer-assisted housing offers many public advantages that can benefit all Highland Park residents. First, assistance for employees who work in Highland Park can improve the quality of people hired and their job performance. Second, assistance for employees in general can cut down commuting into Highland Park and resultant traffic congestion. Finally, employer-assisted housing will make the city more competitive economically in attracting a quality work force. These public benefits should make employer-assisted housing politically attractive. A program for employees of the City of Highland Park may be used as a model to show other employers how they may meet their employees' housing needs.

Potential Resources

Lake County, IHDA, local banks and others such as local realtors who would benefit from increased mortgage activity are prime candidates. These resources can be augmented through already available resources such as the Mortgage Credit Certificate Program[27] (IHDA), First-Time Homebuyers Program (IHDA, Lake County), etc. (detailed program descriptions are included in Appendix 12-15).

Employer assistance can take a supply-side or demand-side approach. Demand-side strategies write down the costs of purchasing existing housing, while supply-side strategies finance the construction of new affordable housing. To receive the benefits of a demand-side program, employees must usually meet certain requirements, such as staying with the employer for a designated number of years or living in the same municipality where the employer is located.

[27] This program allows qualified first-time home buyers to write off 20% of their mortgage interest dollar for dollar against their federal income taxes.

Demand-side Strategies:

- *Closing Cost Assistance:* employer offers to pay the closing points on a mortgage (usually 1-3% of the mortgage).
- *Mortgage Guarantees:* employer guarantees part of or the employee's entire mortgage, reducing the lender's risk. In return for reduced risk, the lender can reduce interest and down payment requirements, and/or waive mortgage insurance premiums.
- *Down Payment Loans:* these loans can be forgivable if the rate is equal to or less than the rate of employee turnover and the cost of recruitment and training. The employer typically requires the employee to remain with the company for a minimum period; otherwise the loan must be repaid.
- *Purchase of Mortgage Backed Securities:* the employer purchases taxable bonds paying a below-market rate. The bond proceeds are used to write down the cost of mortgages or to provide second mortgage down payment loans for employees. Repayment of the mortgage retires the employer's bond.

Supply-Side Strategies

- *Donations:* employers can make annual donations to a land trust or trust fund in order to support the provision of affordable housing on a sustainable basis.
- *Land Dedication:* some employers have excess land they may be willing to turn over to a government or nonprofit affordable housing providers.
- *Construction Financing:* large firms can take out short-term loans at or near prime rate, which is a much lower rate than what real estate developers receive. These loans could be passed on to housing developers to bring substantial savings in construction financing charges.

Operation

An example of how a program for the city's own employees might work would be to provide interest-free down payment loans, repayable upon resale of the employee's home. The program may, for instance, provide a loan covering about 10% of the purchase price (this benefit should be restricted to those employees who purchase homes within municipal boundaries and who stay employed with the city for a minimum number of years). Program requirements for minimum time of employment for most cities range from 5 to 10 years. If the employee moves prior to this minimum time period, he/she must pay some interest on the loan on a sliding scale depending on the length of stay.

Local funds must be generated to make this program feasible. In addition, funds can originate from the federal government in the form of HOME and CDBG funds. The city can apply to the Lake County Affordable Housing Commission to receive these block grants, which can be used flexibly for increasing homeownership opportunities. Lake County is requesting $425,000 in CDBG and $1.2 million in HOME funding for the year 2000[28]. To augment local and federal assistance, the city should look to the Illinois Homebuyer Program administered by the Illinois Housing Development Authority (IHDA), which provides closing cost assistance and low-interest fixed mortgage loans.

Implementation of an Employer Assisted Housing Program

The city should explore employer assisted housing by first developing a model program for its own employees including both demand-and supply-side strategies, as described herein. As the city initiates its own program, it should begin to discuss the issue of employer-assisted housing with other major employers in Highland Park.

Best Practice

Baltimore- Assistance for City Employees

Initially, the Baltimore Housing Department provided a $2,500 grant and $7,500 deferred loan to city employees seeking to purchase homes within the Baltimore city limits. To expand the program to more employees, the grant and loan were reduced to $5,000 ($1,000 grant and $4,000 deferred loan). This helps cover down payment and closing costs, which usually amount to about 8% of the purchase price. To receive assistance, employees must be employed with the city for at least six months. In order to earn complete exemption from loan repayment, employees must live in the home for at least 10 years. Homes purchased with this program typically cost around $70,000.

Since inception of the program in 1994, 400 employees, mostly police and fire fighters, have received subsidies. It has been funded by voter-approved community development bonds at $1 million. The city also has a program of matching $1,000 to $1,000 employer-guaranteed loans. Eleven employers participate in this program with 160 employees receiving loans.

These activities can help prepare the foundation for developing a more comprehensive employer-assisted housing program similar to that used by the Silicon Valley Manufacturing Group and Coastal Housing Partnership in California.

---

[28] Lake County Housing and Community Development Consolidated 2000 Action Plan - Draft

Targeting Overview

The following is a summary of how the strategies discussed above may be used to meet the needs of the affordable housing target populations: those earning between 80% and 120% of area median income and those earning less than 80% of area median income.

Table 7: Strategy Summary

<table>
<tr><th>Income Category</th><th>Target Households</th><th>Housing Type</th><th>Strategies</th></tr>
<tr><td rowspan="2">80% - 120%

$47,800-$76,560</td><td rowspan="2">Employees working in HP (nurses, teachers, fire, police, etc.)

Single headed households

Seniors</td><td>Home Ownership</td><td>Employer-assisted housing

Homeowner subsidies from state and county sources

Mortgage credit certificate

Land trust

Trust fund</td></tr>
<tr><td>Rental</td><td>Developer subsidies through trust fund and others</td></tr>
<tr><td rowspan="2">Under 80%

Under $47,800</td><td rowspan="2">Employees working in HP

Seniors

Single headed households

People with disabilities</td><td>Home Ownership</td><td>Employer-assisted housing

Land trust purchase and lease of homes</td></tr>
<tr><td>Rental</td><td>Developer subsidies through trust fund

Land trust purchase of rental units</td></tr>
</table>

The preceding discussion reviewed a number of strategies and suggested general implementation plans. The recommended strategies have all been tried and succeeded in a number of areas. It will not be possible to implement all of the strategies at the same time. It is however possible to start working on them, taking deliberate and incremental steps with the goal of increasing their effectiveness gradually. By doing so in a sustained manner, Highland Park can be one of the success stories for the future.

SECTION THREE: PUBLIC POLICIES TO PROMOTE AFFORDABLE HOUSING

The City of Highland Park possesses local government authority and significant regulatory and zoning powers that can be exercised in a manner that would promote affordable housing. The following are some of the ways that may help to accomplish this objective.

SPECIAL OPPORTUNITIES

A number of possibilities that may provide Highland Park with the opportunity to incorporate substantial affordable housing resources appear to be on the horizon. It is important to keep these in mind and prepare for that eventuality. Because of the sizable number of units that can be secured, it is crucial for the city to involve itself in the process from the outset so that it can influence the planning process. The following is a brief review:

1. <u>Fort Sheridan</u> - Another section of Fort Sheridan property may become available for redevelopment in the near future. As the jurisdiction with zoning powers, it is critical for the city to play an active role in developing a reuse plan for the Highland Park portion of such property, which should provide that an appropriate percentage of the total housing units to be developed be affordable. An appropriate team to develop the property as per the reuse plan may be identified through a request for proposals (RFP) process. A significant number of affordable units can be produced on such land.

2. <u>Other large tracts of land that may become available in the future</u> - In the event that other sizable tracts of land become available for redevelopment, it is important for the city to be involved in the process from the outset. Any such redevelopment is likely to require either rezoning or other significant local government action. This gives the city leverage to influence the manner and substance of redevelopment

<u>DEPARTURES FROM DEVELOPMENT STANDARDS</u>

Developers may sometimes request exceptions or departures from the city's development standards. Where the requested departures or exceptions are significant, the city should develop provisions for allowing and encouraging affordable units or fees in-lieu as a public benefit.

INCENTIVES FOR AFFORDABLE HOUSING

Development incentives, such as access to the maximum 60-foot height in the B5 zoning district, may be offered to developers in exchange for providing affordable housing units or a fee-in-lieu of providing such units. The city should clarify zoning ordinance provisions to assure that appropriate incentives are set forth that developers may choose to provide affordable housing as a component of larger-scale developments.

INCLUSIONARY ZONING

Inclusionary zoning is a mechanism that requires developers to *include* a certain percentage of affordable units in residential developments they undertake. It is a way of ensuring that there is development of affordable units in an otherwise upscale market. Furthermore, the result in most cases is socio-economic integration. A number of communities- Montgomery County, Maryland; Boulder, Colorado; Santa Fe, New Mexico; etc., - utilize this vehicle to accomplish affordable housing goals. This strategy is most effective where there is significant open land where substantial residential development can take place. Although Highland Park is a built-up community, inclusionary zoning would assure affordable housing units if and when larger residential development opportunities present themselves. While actual units provided on-site are preferred, alternatives can be permitted when on-site units are not feasible, e.g., payment of a fee in lieu or donation of units off-site.

The HPHC that the city adopt a policy of inclusionary zoning for residential development on sites in excess of 10 acres and/or including 50 or more dwelling units. This would include redevelopment of additional areas of Fort Sheridan. With respect to these developments, 20% of all units constructed would be designated affordable units. To satisfy the affordability requirement, the HPHC recommends that a portion of the affordable units be designated for households at 50% or less of the area median income adjusted for household size, and a portion designated for households at 80% or less of area median income. The remaining portion should be affordable to households at 115% or less of the area median income. The HPHC could be given a right to purchase a percentage of the affordable housing units. The affordable units would be required to remain affordable over their entire life.

At the determination of the city council, based on a recommendation from the HPHC, a fee-in-lieu of actual units may be provided by the residential developer, based on evidence presented that the provision of units in a particular project is infeasible. It is the preference of the HPHC to have developers provide actual units as opposed to fees-in-lieu. The fee-in-lieu would be set from time to time by the city council, based on input from the HPHC. Fees-in-lieu of actual units would be placed in the trust fund for use in other programs as set forth herein.

The HPHC further recommends that projects required to provide affordable units as part of the inclusionary policy be provided certain inducements to promote economic feasibility, such as the waiver of certain city imposed fees, e.g., impact fees, building permit fees, tap-on fees, etc.

Implementation of the inclusionary zoning policy will require amending the zoning ordinance and adopting other ordinances to establish the fee-in-lieu recommended.

The HPHC recommends establishing a joint subcommittee of the HPHC and Highland Park Plan Commission to further research and make recommendations regarding the use of inclusionary zoning for residential developments that are smaller than 10 acres and/or 50 dwelling units.

FEE WAIVERS FOR AFFORDABLE HOUSING

Local governments, in the process of approving construction and development projects, routinely charge different fees. Such is the case with building permit fees, development impact fees, etc. These fees add to the cost of housing to varying degrees and may inhibit affordability. However, these fees can be used to achieve specific public goals, and can be waived for affordable housing projects[29].

DEVELOPMENT IMPACT FEES

The City of Highland Park imposes development impact fees on new residential developments in the city. These fees are intended to provide additional resources to offset the cost of additional demands on public services caused by the addition of new units and households. These additional resources are based on needs assessments and the relative burden on each public facility. The school districts, the public library, the park district, and the municipality share revenues from development impact fees.

In 1999 impact fees ranged-between $9,000 and $19,500 for single-family homes, depending on size. For multifamily developments, the range per unit is approximately between $4,400 (studio) and $14,000 for three plus bedroom units. This cost obviously constitutes part of the total development cost of the project and is transferred to the ultimate user, thus increasing the cost of housing. Waiving these fees for affordable housing developments, especially for rental housing, will help promote the affordable housing goals of the City of Highland Park.

[29] Santa Fe, New Mexico, has adopted a policy for building permit and impact fee waivers to promote affordable housing.

A mechanism that will reduce the impact of these fees on affordable housing without impeding the ability of public agencies to provide adequate public service should be developed in Highland Park. One such way may be to increase these fees on the higher market rate housing and the large single-family homes in order to offset the waivers that would be granted to affordable housing developments. In this way, public agencies will be able to collect the revenues they need, affordable housing development is promoted, and the burden is borne by those who can absorb it.

IMPLEMENTATION THROUGH PUBLIC POLICY

1. HPHC and the Highland Park Plan Commission will recommend to the city council amendments to the planned unit development regulations to assure that developments over a certain acreage and/or unit count threshold trigger a requirement for the provision of affordable housing or the payment of a fee-in-lieu for providing affordable housing if the provision of units is determined to be unfeasible. In addition, the city should develop regulations to assure that other special development opportunities such as future additional redevelopment of Fort Sheridan or the expansion of the health care district into adjacent areas are required to provide affordable housing units or a fee-in-lieu for the provision of affordable units units.

2. The city will amend its relevant ordinances and create incentives for providing affordable housing as a trade-off for departures or exceptions routinely requested from the city's development regulations.

3. The city will establish fees to be assessed upon the demolition of residential structures (tear-downs) and/or on new development. Revenue from such fees will be used to support activities, such as a land trust or trust fund to preserve and provide affordable housing.

4. The city will amend its ordinances to assure developers of affordable housing that impact fees, building permit fees, tap-on fees, and other fees will be partially or completely waived, depending upon the extent of the affordable housing component in the development.

SECTION FOUR: ACTION STEPS

The following table sets forth action steps to be taken during three time periods (Short-Term, 0-2 Years; Midterm 2-5 Years; Long-Term 5+ Years). One critical element of the implementation of the affordable housing plan will be the hiring of a full-time staff person, for a minimum period of one year, to work with HPHC and the city council on the action plan set forth herein. HPHC has focused on preparing a plan that, while ambitious, is achievable through the use of proven affordable housing strategies. In order to produce results implementation of the plan will require an intense period of dedicated work, technical expertise, and staff continuity.

Table 8: Action Steps

Recommendation	Responsibility	Short-Term 0-2 Years	Mid-Term 2-5 Years	Long-Term 5+ Years
GENERAL				
Hire temporary staff person to initiate plan implementation	City of Highland Park	✓		
Collect data relative to the supply and demand for affordable housing in the city	HPHC Community Department	✓	✓	✓
Assess data needs relative to affordable housing and develop mechanisms for collection of such data through ordinances or administrative procedures	HPHC Community Development Dept.	✓	✓	✓
Coordinate, monitor, report and publicize on the status of the affordable housing plan	HPHC Community Development	✓	✓	✓
Appointment of affordable housing liaisons to the HPHC. By pertinent commissions	Plan commission, Historic Preservation, Human Relations, etc.	✓		
LAND TRUST AND TRUST FUND				
Strategic Planning for Development of land trust and trust fund	HPHC/City of Highland Park	✓		
Develop organizational structure of land trust and trust fund	HPHC recommendation to city council	✓		
Prepare and adopt ordinances establishing land trust and trust fund	HPHC and corporation counsel	✓		
Identify land trust and trust fund revenue sources	HPHC/city staff/land trust and trust fund entities	✓	✓	✓
Prepare and adopt ordinances to implement land trust and trust fund revenue sources	Corporation counsel/city council	✓		

Recommendation	Responsibility	Short-Term 0-2 Years	Mid-Term 2-5 Years	Long-Term 5+ Years
		✓		
Prepare budget request to city for land trust and trust fund start-up	Housing Commission	✓		
Land trust and trust fund initiate property acquisition and other affordable housing activities	Land trust/trust fund entity	✓	✓	✓
Seek out donations/ grants to land trust and trust fund	Land trust/trust fund entity	✓	✓	✓
PUBLIC POLICY				
Amend the zoning Ordinance to require the provision of affordable housing units or a fee-in-lieu in all zoning districts and in planned unit developments, based on project thresholds (inclusionary zoning) and in "special opportunities" cases	HPHC, plan commission, city council	✓		
Establish fees recommended herein including: • Tear down fee • New construction fee • Other fees	City council	✓		
Amend city codes to waive or reduce application, building permit, tap-on and other fees in cases of the provision of affordable housing units	City council	✓		
Create a reuse plan for Fort Sheridan, which contains a provision for a certain percentage of housing to be developed as affordable housing	HPHC/planning commission/ city council	✓	✓	✓

CONCLUSION

The preceding pages addressed a number of strategies and recommendations. It is apparent that no single one is going to solve the spectrum of affordable housing issues. It is more likely that a number of appropriately packaged strategies and recommendations will do so.

An example of combining different strategies is the approach that Highland Park itself has implemented in connection with the Central Avenue Development. Working together, HPHC and the city provided land for the development. The city has committed to waive certain fees including development impact fees, and allowed for density increases. Sponsored by the city, this 60-unit development for seniors contains affordable for-sale condominium and rental units, and is expected to break ground in the year 2000. This is a model that should be replicated in the future to meet affordable housing needs.

A number of federal, state, and county programs provide funding support to promote affordable housing. Most of them target low-income populations, earning household incomes of less than 80% of the area median income. Some programs are for special populations (e.g., the elderly, persons with disabilities) while others apply more generally. Some resources are available only to nonprofit organizations engaged in the provision of affordable housing. Hence, it would be useful for the city to strengthen existing nonprofit entities and to assist in the formation of others so that such restricted resources may be utilized in Highland Park. A summary of programs that are potential resources for Highland Park and detailed descriptions of those programs are included in the Appendix.

A skillful use of the strategies, recommendations, and resources presented in this report can have a significant impact in addressing affordable housing goals in Highland Park. The framework for oversight and leadership is already in place. HPHC is an established entity with proper mandate by the City Council to pursue affordable housing goals. Implementation can be started with the establishment of an appropriate structure manned with qualified staff.

It is our sincere hope that these strategies and recommendations provide a blueprint for action to begin to address the needs identified in this report, and to make strides toward the declared goal of enhancing affordable housing opportunities in Highland Park.