

VILLAGE OF SPRING GROVE
AFFORDABLE HOUSING PLAN

Approved and Adopted by the Board of Trustees of the
Village of Spring Grove, County of McHenry on March 15, 2005 by
Resolution No. 2005-04

1. INTRODUCTION.

A. Overview of the Village of Spring Grove.

The Village of Spring Grove (“**Village**”) is located in the rapidly developing area of northeastern McHenry County, as depicted in **Exhibit A** attached to this Affordable Housing Plan (“**Plan**”).

The Village was incorporated in 1902 and, for most of the intervening 100-plus years, the Village has maintained a predominately rural character, thereby distinguishing itself from the more urbanized areas of Lake, Cook, and DuPage counties. Many people who move to Spring Grove and surrounding areas are drawn by these rural characteristics. In this regard, the Village has traditionally followed land use policies that favor a predominately lower density community characterized by large-lot housing. Such policies are set forth in the Village’s current Comprehensive Plan, adopted in 1999 (“**Comprehensive Plan**”). However, development trends over the last 10 years have increased the pace of development, including retail, commercial, industrial, and residential land uses. The pace of development corresponds with population growth, as illustrated in Table 1 below, in the Village over the last four decennial census periods.

Table 1. Village of Spring Grove Population 1970-2000

	1970	1980	1990	2000	% Change 70-80	% Change 80-90	% Change 90-00	% Change 70-00
Population	348	571	1,066	3,880	64%	87%	264%	1015%

Source: United States Census and Village of Spring Grove Comprehensive Plan (1999)

The rapid growth of the Village is expected to continue over the next several years and, by 2010, it is estimated that the Village will have a population in excess of 6,200 people.¹ Commensurate with this population growth, the Village has annexed surrounding territory and has added several new subdivision and units of housing. According to Village building permit data, the Village has averaged 96 residential building permits over the 12-year period 1992-2003.² While a large percentage of these homes are being built on large estate sized lots—in keeping with predominate and historical development patterns of the Village—the Village has addressed the need for other types of housing. The need for other types of housing is being driven by regional development trends that are attracting an increasingly diverse social and economic population. The Village has begun to address the various housing needs of this increasingly diverse population and this Plan is an important part of the Village’s evolving housing strategy.

B. Affordable Housing Planning and Appeal Act.

The Illinois Affordable Housing Planning and Appeal Act, 310 ILCS 67/1 *et seq.* (“**AHPA**”), became law on January 1, 2004. AHPA’s legislative findings declare that:

- There exists a shortage of affordable, accessible, safe, and sanitary housing in the state of Illinois;

¹ Source: *Past and Future Residential Development Within the Village of Spring Grove*, prepared by Village Clerk Sandi Rusher, June 7, 2004.

² *Id.*

- It is imperative that action be taken to assure the availability of workforce and retirement housing; and
- Local governments in the state of Illinois that do not have sufficient affordable housing are encouraged to assist in providing affordable housing opportunities to assure the health, safety, and welfare of all citizens of the state of Illinois.

(310 ILCS 67/5)

Based on these legislative findings, the legislative purpose statement establishes how these findings are to be addressed by AHPA:

The purpose of this Act is to encourage counties and municipalities to incorporate affordable housing within their housing stock sufficient to meet the needs of their county or community. Further, affordable housing developers who believe that they have been unfairly treated due to the fact that the development contains affordable housing may seek relief from local ordinances and regulations that may inhibit the construction of affordable housing needed to serve low-income and moderate-income households. (310 ILCS 67/10)

Under AHPA, municipalities—and counties—found to have less than 10% of their year-round housing stock affordable, as defined in AHPA, must prepare and adopt, prior to April 1, 2005, an affordable housing plan that at a minimum must:

- State the total number of affordable housing units necessary to reach the 10% affordable year-round housing threshold established under AHPA;
- Identify lands within the local government appropriate for the construction of affordable housing and existing structures appropriate for conversion to affordable housing;
- Incentives that may be offered by the local government for the purpose of attracting affordable housing; and
- Establish one of three goals: (1) minimum of 15% of all new development or redevelopment to be affordable housing; (2) a minimum of 10% of affordable housing; or (3) a minimum of a three percentage increase in overall percentage of affordable housing units.

2. Goal – 10% Affordable Housing.

As noted, the Village is projected to continue growing rapidly over the next several years, thereby generating new demand for housing and other land uses. There are many areas within the Village that are undeveloped, as well as significant tracts of land in unincorporated McHenry County that may be annexed to the Village over the next several years. In addition, its percentage share of affordable housing units, as discussed in Section 3 of this Plan, is not significantly below AHPA's 10% threshold requirement.

Given these projected growth trends, and substantial land development possibilities, the Village has chosen to pursue an affordable housing policy that accomplishes the goal of 10% of the Village's total housing units be affordable housing units, as defined under AHPA.

3. Village Affordable Housing IHDA Analysis Results – Required Affordable Housing Units to Exempt Village From AHPA.

The Illinois Housing Development Authority (“**IHDA**”) found, based on the 2000 Census Profile of Selected Housing Characteristics, and under the required calculations in AHPA, (310 ILCS 67/20), that the Village had 82, or 7.1%, affordable year-round housing units. IHDA subsequently contacted the Village in August 2004 that it was not exempt from the provisions of AHPA and would be required to prepare an affordable housing plan.

The 2000 Census Profile of Selected Housing Characteristics data showed that the Village had 1,159 total housing units, of which IHDA used 1,149 to arrive at the Village’s percentage of affordable housing. The majority—94.7%--of the Village’s housing stock is in single-family structures.

Under AHPA, “affordable housing” is that housing with a sale price or rental value that is within the means of a household that may occupy:

- (1) Moderate-income housing that is marketed for occupancy by households with a gross income that is greater than 50%, but does not exceed 80% of the area median household income; or
- (2) Low-income housing that is marketed for occupancy by households with a gross income that does not exceed 50% of the area median household income.

For “for sale” housing, affordability means that housing costs (i.e. mortgage, taxes, insurance, amortization, and homeowners association fees) do not exceed 30% of the gross annual household income for a household of the size occupying the house. For rental housing, affordability means that the rent and utilities constitute no more than 30% of the gross annual household income for a household of the size occupying the rental unit. The term “area median household income” is established throughout the state annually by the U.S. Department of Housing and Urban Development (“**HUD**”). (310 ILCS 67/15).

Based upon IHDA’s analysis, an affordable sale price in the Village is \$123,720.00 and an affordable rent is \$775.00. However, more precisely is the IHDA issued Owner Occupied Affordability Chart for Chicago Metro Area (“**Annual**

Affordability Chart).³ IHDA establishes the Annual Affordability Chart based upon the area median household income (“**AMI**”) data annually updated by HUD. HUD recently issued its new AMI⁴ and, using these data, we have generated the *expected* Annual Affordability Chart that will be issued by IHDA.

Table 2. *Expected 2005 Annual Affordability Chart.*

HH Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
80% of AMI Affordable Cost (30%)	\$40,600	\$46,400	\$52,200	\$58,000	\$62,650	\$67,300	\$71,900	\$76,550
Affordable Cost (36%)	\$135,333	\$154,667	\$174,000	\$193,333	\$208,833	\$224,333	\$239,667	\$255,167
	\$112,778	\$128,889	\$145,000	\$161,111	\$174,028	\$186,944	\$199,722	\$212,639

In order to become exempt from AHPA, the Village will need to increase its affordable housing stock from the current 82 units to 115 units, or a net increase of 33 units.

4. Identification of Land for Future Affordable Housing Development.

The location of affordable housing in the Village will occur in conjunction with other new market-rate development. However, because the Village desires to maintain its predominately rural character, with corresponding open space amenities, it is important to establish that affordable housing will not be located in those areas of the Village identified as “Estate Residential” on the Spring Grove Land Use Plan (October 27, 1999), attached as **Exhibit B** to this Plan (“**Land Use Plan**”).

It is well established that affordable housing does not affect property values in any negative manner, and even, in certain instances, enhances property values.⁵ However, Village residents have a reasonable expectation that the Village will retain and be developed in a manner consistent with the Land Use Plan. Further, it is critical to any affordable housing program and implementation policy that it be supported by the Village residents. Village residents recognize that it is important for the health and social quality of the community that adequate housing provisions be made for young families not yet at peak earning potential, senior citizens, and people employed in public sector services such as police, fire, and education. These housing provisions will be achieved through

³ See *Affordable Housing Planning and Appeal Act (310 ILCS 67/1): Recommended Procedural Guidelines for Compliance*, prepared by IHDA, November 23, 2004, p. 10

⁴ See <http://www.huduser.org/Datasets/IL/IL05/il_fy2005.pdf>

⁵ See, among others, *Valuing Housing: Public Perceptions of Affordable Housing in the Chicago Region*, Housing Illinois, April 2003; *Myths and Stereotypes about Affordable Housing*, Business and Professional People for the Public Interest (BPI), September 2003; *Inclusionary Housing: A Policy That Works for the City That Works*, BPI, December 2003; and *Creating Balanced Communities: Lessons in Affordability from Five Affluent Boston Suburbs*, BPI, February 2005.

this Plan and the Village's ongoing monitoring of its affordable housing needs as required under AHPA and set out by IHDA.⁶

In this regard, the Village has carefully considered appropriate locations for future affordable housing development, and has identified the areas depicted on **Exhibit C** to this Plan. These locations are generally located in areas identified on the Land Use Plan as being transitional, conveniently located near existing and future commercial areas and local transportation networks. The Village has also identified the areas near the Village's downtown generally zoned in the Village's medium density R-2 district.

Finally, as the Village grows in land area through annexation over the next several years, additional opportunities will be presented, where appropriate, to negotiate for the inclusion of affordable housing in annexation agreements. This will be an important component of the Village's long term affordable housing policy under this Plan and AHPA. The Village has begun doing this with the developers of the Pease/Weidner P.U.D., discussed in more detail in Section 5 of this Plan.

Because of the predominately lower density zoning of the Village, affordable housing development will occur as residential planned unit developments, thereby enabling developers to cluster housing in a manner not otherwise provided by the underlying zoning designation that, in most cases, is one of the Village's three estate residential districts, or two medium density districts. Chapter 10 of the Village's zoning ordinance sets forth the planned unit development regulations. Among the intentions and purposes listed are to:

- Identify and obtain certain advantages over conventional development;
- Grant relief from the regulations of conventional zones to obtain development premiums in return for development quality of significant community benefit;
- Encourage infill development and the development of sites made difficult for conventionally designed development because of site characteristics;
- Increase the quality of site design by including innovative clustering of units; and
- Provide compatible relationship between a P.U.D. that is more intense than surrounding land uses, by ensuring for superior site design and buffering.

Each of these intents and purposes are compatible with providing a zoning mechanism to encourage affordable housing development.

Unlike older suburbs, the Village has very limited opportunities for conversion of existing structures to affordable housing units, and this will not be an appreciable part of the Village's affordable housing policy under this Plan and AHPA.

⁶ See *Affordable Housing Planning and Appeal Act (310 ILCS 67/1): Recommended Procedural Guidelines for Compliance*, prepared by IHDA, November 23, 2004, Section III Ongoing Reporting, p. 10 and Section V Tracking Units, pp. 13-22.

The Village will continue to pursue an affordable housing policy that seeks opportunities to develop affordable housing on the lands identified on Exhibit C, through annexation in appropriate instances, and by using the Village's planned unit development provisions to provide an appropriate zoning mechanism to facilitate affordable housing development.

5. Pease/Weidner P.U.D.

The Village has negotiated the terms of an annexation agreement with owners and developers of the property that will become the Pease/Weidner P.U.D. ("**Pease/Weidner**"). Pease/Weidner is located in the southeastern section of the Village, generally located at the intersection Route 12 and Sunset Road.

Pease/Weidner will be developed on approximately 166 acres of land and has been zoned for commercial and residential uses. Pursuant to Section 4.C of the annexation agreement, approximately 29.5 acres will be zoned for a residential planned unit development with the following density regulations:

- Maximum of 12,000 square feet of livable building space per gross acre;
- No less than six units per gross acre and a maximum of 12 units per gross acre; and
- Building heights shall not exceed 35 feet.

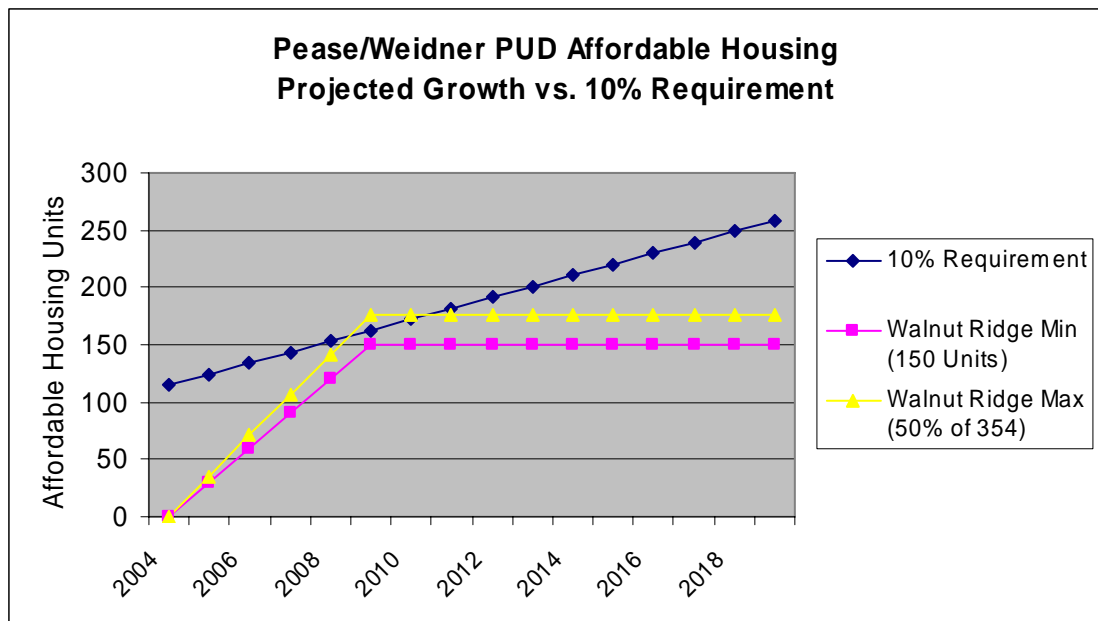
All units are to be owner-occupied and 50% of the total units, but no less than 150 total units, ultimately built will be affordable in accordance with the Village's requirements under AHPA. Accordingly, the minimum number of affordable housing units to be built in Pease/Weidner is 150 units, and the maximum number is 177 units. As depicted on the chart on the next page, the 10% affordable housing requirement correlated to a constant growth in total Village housing units, (as projected on a yearly average of 96 building permits issued by the Village), results in a steady increase in this requirement over time. The chart also shows that:

- If the developers of Pease/Weidner build the minimum of 150 total affordable housing units, (based on an equal distribution of construction of these units beginning in 2005 and ending in 2009), the Village's 10% affordable housing requirement is nearly met in approximately 2009; or

- If the developers of Pease/Weidner build the maximum of 177 total affordable housing units, (based on an equal distribution of construction of these units beginning in 2005 and ending in 2009), the Villages 10% affordable housing requirement is exceeded in approximately 2009 and there remains a surplus through at least 2011.⁷

Pease/Weidner is an important component in the Village’s affordable housing strategy, as it significantly addresses the Village’s affordable housing shortfall relatively quickly in either scenario, and provides a solid base of affordable housing units to expand upon over time. Pease/Weidner also provides a basis from which the Village may negotiate with future residential developers to promote its affordable housing policies, particularly in the context of annexed territory.

All of the affordable housing units at Pease/Weidner will be owner occupied and will remain affordable housing through a model restrictive covenant that will be recorded against each lot, ensuring that a sale price never exceeds that which is deemed to be affordable by IHDA and as defined under AHPA. Incentives will be built into the model restrictive covenant that will encourage proper upkeep of the property and, in certain instances, enable an owner to take equity away from the property upon sale.



⁷ The Village’s analysis is based on all things being equal and consistent growth based on historical development rates. However, the Village will track affordable housing units on a year to year basis in a manner consistent with those procedures set forth in IHDA’s *Recommended Procedural Guidelines for Compliance* to account for local housing market changes that may diminish the supply of affordable housing units. Notwithstanding this, the Village’s affordable housing policy is based on owner occupied, price restricted units through recorded restrictive covenants. This will ensure that increasing local housing market prices will not remove such units from the Village’s affordable housing supply.

6. Incentives.

The Village is prepared to reexamine its Comprehensive Plan and, where appropriate, amend it to include affordable housing goals to further the objectives and facilitate the goals of this Plan and its requirements under AHAP.

However, the Village does not anticipate—at this time—needing to use any other incentives than its land use authority, as discussed, to attract affordable housing. However, should that need arise, the Village has a number of options to encourage and facilitate affordable housing development. These include:

1. *Zoning Code Amendments.* In conjunction with any potential amendments to its Comprehensive Plan, the Village may consider amendments to its zoning code that require residential developers to incorporate certain percentages of affordable housing in certain zoning districts, either already existing, or districts added in the future. The Village may also consider zoning bonuses that provide developers with density bonuses for incorporating affordable housing.
2. *Expedited Permitting and Fee Waivers.* A major impediment to developing affordable housing is land carrying costs while a development is going through the review and approval process. In the case of an affordable housing project, the Village may institute an expedited permitting process to minimize these costs. To complement an expedited permitting process for affordable housing, the Village may reduce or fully waive associated development and utility tap-on fees.
3. *McHenry County HOME Program.* McHenry County is a grantee county under the federal Community Block Grant Program (“**CDBG**”), and uses CDBG funds to provide resources for the Countywide Housing Investment Partnership (“**HOME**”). HOME funds can be used by municipalities in McHenry County to facilitate affordable housing development benefiting low- to moderate-income households.
4. *Tax Increment Financing.* The Village may also facilitate affordable housing development by creating tax increment financing districts, as authorized under 65 ILCS 11/74.4-1 *et seq.*, to off-set infrastructure costs for privately financed affordable housing developments.

There are several other methods available to the Village, including establishing not-for-profit housing development corporations and land trusts to hold and develop property in accordance with the goals and objectives of this Plan and its requirements under AHPA. However, at this time, such initiatives and incentives are not necessary, as the Village will continue to work through the private sector to provide safe, decent, affordable housing.

7. Conclusion.

The Village will continue to maintain its rural character that has made it an attractive location for many residents of the Chicago metropolitan region. However, the Village desires to ensure that there is an ample supply of affordable housing for households not able to afford estate style housing, or other available housing in the Village. Accordingly, the Village is committed through the provisions of this Plan and

through the requirements of AHPA to ensure for the provisions of safe, decent, affordable housing. The Village, in keeping with predominate land use characteristics and the reasonable expectations of its residents, will encourage owner-occupied affordable housing development in areas that will not disrupt the rural character of the Village. The areas for affordable housing development are based upon sound land use planning principles and are consistent with the Comprehensive Plan.

The Village will continue to work closely with the private sector to ensure for a continued supply of required affordable housing, in accordance with this Plan and AHPA. If the need shall arise, the Village will use appropriate incentives to facilitate affordable housing development.

EXHIBIT A
Village Location Map

EXHIBIT B
Land Use Plan (1999)

EXHIBIT C

Land Areas for Affordable Housing Development