RESOLUTION NO. 2025-13

A RESOLUTION APPROVING THE VILLAGE OF SPRING GROVE'S 2025 AFFORDABLE HOUSING PLAN

ADOPTED BY THE VILLAGE BOARD
OF THE VILLAGE OF SPRING GROVE,
THIS 3RD DAY OF JUNE, 2025

Published in pamphlet form
by the authority of the President
and Board of Trustees of the
Village of Spring Grove
McHenry County, Illinois
this 4th day of June, 2025.

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WHEREAS, the Village of Spring Grove ("*Village*") is an Illinois municipal corporation organized and existing under Article 3.1 of the Illinois Municipal Code, 65 ILCS 5/3.1-5-5 *et seq.*; and

WHEREAS, on January 1, 2004, the Affordable Housing Planning and Appeal Act, 310 ILCS 67/1 *et seq.* ("*AHPA*"), became law, declaring, among other things, that its purpose is to encourage municipalities to incorporate affordable housing within their housing stock to meet the needs of their municipality; and

WHEREAS, in 2005 the Village adopted its Affordable Housing Plan("*Plan*") pursuant to, and in accordance with the AHPA; and

WHEREAS, in May 2015, the Village adopted an Amended Plan pursuant to, and in accordance with the AHPA, which was then revised to meet the requirements of the Illinois Housing Development Authority ("*IHDA*") ; and

WHEREAS, in April, 2025, the Village was again notified by IHDA that it was again not exempt from the requirements of AHPA and that, pursuant to Section 25 of AHPA, 310 ILCS 67/25, the Village is required to amend its Plan; and

WHEREAS, the 2025 Affordable Housing Plan has been prepared in accordance with the statutory guidelines and is attached hereto as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the Village Board of the Village of Spring Grove, Illinois, as follows:

Section 1. The above-stated recitals are incorporated herein by reference.

Section 2. The 2025 Affordable Housing Plan attached hereto as Exhibit A is hereby approved.

Section 3. The Village Clerk shall be, and is hereby, directed to deliver one copy of the 2025 Affordable Housing Plan together with a certified copy of this Resolution to the Illinois Housing Development Authority after the approval and adoption of this Resolution.

PASSED BY THE VILLAGE BOARD OF THE VILLAGE OF SPRING GROVE this 3rd day of June, 2025.

VILLAGE OF SPRING GROVE

Bob McMahon, Village President

ATTEST:

Kelly Popelka, Village Clerk

VILLAGE OF SPRING GROVE

AFFORDABLE HOUSING PLAN

Adopted March 15, 2005
Updated June 16, 2015
Updated June 3, 2025

1. INTRODUCTION.

A. Overview of the Village of Spring Grove.

The Village of Spring Grove ("***Village***") is located approximately 60 miles northwest of Chicago in 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 2007 ("***Comprehensive Plan***").

While a large percentage of homes have been 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;
- 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, were required to adopt an affordable housing plan prior to June 2, 2015 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 five percentage increase[1] in overall percentage of affordable housing units.

2. Goal – Minimum of 10% of Affordable Housing Units.

It is the goal of this Plan to increase the number of affordable housing units in the Village of Spring Grove so that the Village reaches a 10% minimum of affordable housing units. This goal requires the addition of 65 housing units defined as affordable by the AHPA. The Village of Spring Grove believes that this goal can be met by the policies outlined in this Plan.

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 2023 American Community Survey's 5-Year Estimates, and under the required calculations in AHPA, (310 ILCS 67/20), that the Village had 112, or 6.3%, affordable year-round housing units. IHDA subsequently contacted the Village and advised that it was still not exempt from the provisions of AHPA and would be required to prepare an updated affordable housing plan.

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.

[1] This requirement was increased from 3% to 5% by PA 103-407.

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).

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" in the Spring Grove Comprehensive Land Use Plan map, attached as ***Exhibit B*** to this Plan ("***Future 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.[2] However, Village residents have a reasonable expectation that the Village will retain and be developed in a manner consistent with the Future 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 this Plan and the Village's ongoing monitoring of its affordable housing needs as required under AHPA and set out by IHDA.[3]

In this regard, the Village has carefully considered appropriate locations for future affordable housing development, and has identified them as Mixed Use, Conservation Design Overlay and Age Targeted Overlay areas on ***Exhibit B*** to this Plan. These locations are generally located in areas identified on the Future 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 in the future through annexation, 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 7 of this Plan.

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[2] 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.

[3] 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.

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. Appendix J of the Village's zoning ordinance sets forth the planned unit development regulations. Among the intentions and purposes listed are:

- 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 superior site design and buffering.

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

5. Summary of Actions Taken to Implement the 2015 Plan

Unlike older suburbs, the Village has almost no opportunity for conversion of existing structures to affordable housing units, and this is not a viable part of the Village's affordable housing policy under this Plan and AHPA.

The Village's sanitary sewer and public water system has a limited distribution area, located along, and in close proximity to, the Route 12 commercial corridor. There is little available land for larger scale residential development within the sewer and public water supply areas.

From time to time, the Village has been approached by developers seeking to construct multi-family and higher density developments in the Village. However, the distance that these developers would need to extend sewer and water lines has been a deterrent, as has the operating condition of the Village's sanitary sewer treatment plant, as discussed below. No discussions with developers have progressed beyond the initial review phase and no formal development plans have been brought to the Village for review. The costs of sewer and water extensions, along with other infrastructure development costs have likely made new multi-family developments unprofitable.

Nonetheless, the Village has told all prospective developers that it is open and willing to increase multi-family and higher density development in the Village as this segment is missing from available housing stock. The Village Board recognizes that the community needs to be one where children who grew up in the Village can return and purchase affordable homes, while those who have lived in the large estate lot sized neighborhoods can downsize for less maintenance and more manageable homes. Finding a developer who shares this vision has proved to be difficult.

Moreover, the Village currently has numerous platted but unfinished neighborhoods where roadway and stormwater infrastructure need to be completed. In some of these neighborhoods, only a handful of houses have been constructed with numerous vacant lots remaining for sale. From time to time, the Village has been approached informally about re-platting these subdivisions from estate sized lots, to create more lots which would appear to be more feasible for future development. The Village has encouraged potential developers to come forward with plans but to date, no one has done so.

The Village has encouraged the development of the Pease/Weidner P.U.D. as discussed in greater detail below.

6. Summary of Progress Made Towards Achieving Goals of the 2015 Plan

Under the 2015 Plan, the Village had 71 affordable housing units, which was 4% of its available housing stock. The Village's goal in the 2015 Plan was to increase the number of affordable housing units by 3% or 54 units. The Village was then advised by IDHA that it needed to increase the number of affordable housing units to 10% of all housing units, or to 177. Since the 2015 Plan was adopted, the number of affordable housing units in the Village has increased by 41 units to 112.

The sales of existing residential homes in the Village have remained steady but new development has been slow, as discussed in the previous section. The rural character of the Village continues to attract people to far northern McHenry County.

The Village faces limitations regarding attracting new affordable housing units because of the costs to extend sewer and water lines to unimproved land within and outside the Village's corporate boundaries. While there is available farmland outside of the Village's boundaries, it is far enough away that annexing to the Village and extending infrastructure and developing the land has not been viable to date. The Village is also facing the treat of a compliance action from the Illinois Environmental Protection Agency relative to its sanitary sewer treatment plant. The treatment plant is at the end of its useful life and it is having a difficult remaining in compliance with IEPA discharge limitations. It is important that this plant remains open and the Village was set to receive a federal grant in late 2024 or early 2025 to make repairs to bring it into compliance, but the funding disappeared under the new administration in Washington, DC. The Village is now attempting to finance the repairs through a loan from a local bank.

The Village Code is flexible enough that affordable housing can be developed in the same manner as other types of housing stock. This is discussed in detail above. The Village's ordinances are not in any way exclusionary and can be easily complied with in order to develop affordable housing.

The Village is working to improve its sewer treatment plant and expect to have that completed within the next 24 months. This is a very large focus of the small number of Village employees and the Village Board. The Village continues to be open to any developers of new affordable housing developments that may approach the Village. The Village will continue to encourage the development of the Pease/Wiedner P.U.D. property. In addition, the Village has recently drawn on a letter of credit that was posted for the reclamation of the Spring Lakes Sand and Gravel pit property as the owner failed to reclaim the property. It is the Village's understanding that the owners of the Spring Lakes property are embroiled in a dispute about what to do with the property. The Village is attempting to mediate the dispute and has invited the

owners to a meeting in the hopes the property can be reclaimed and made fit for development as this property could also support multiple types of dwelling units, including affordable housing units.

7. 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.

Pease/Weidner is an important component in the Village's affordable housing strategy, as it significantly addresses the Village's affordable housing shortfall 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.

8. 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.

9. 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 remains committed to continuing to provide affordable housing within its corporate boundaries. It faces several challenges to attracting affordable housing as set forth above. However, the Village is available to explore ways that new residential development will improve its affordable housing stock and bring new residents to the Village.

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

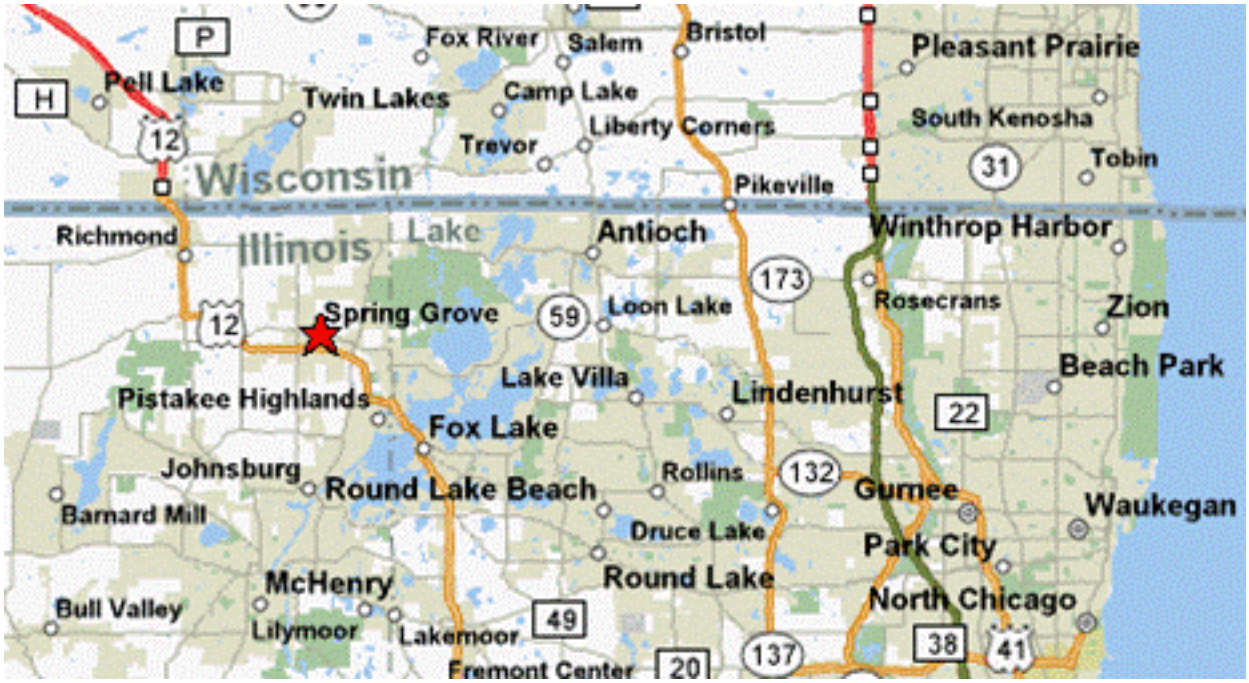
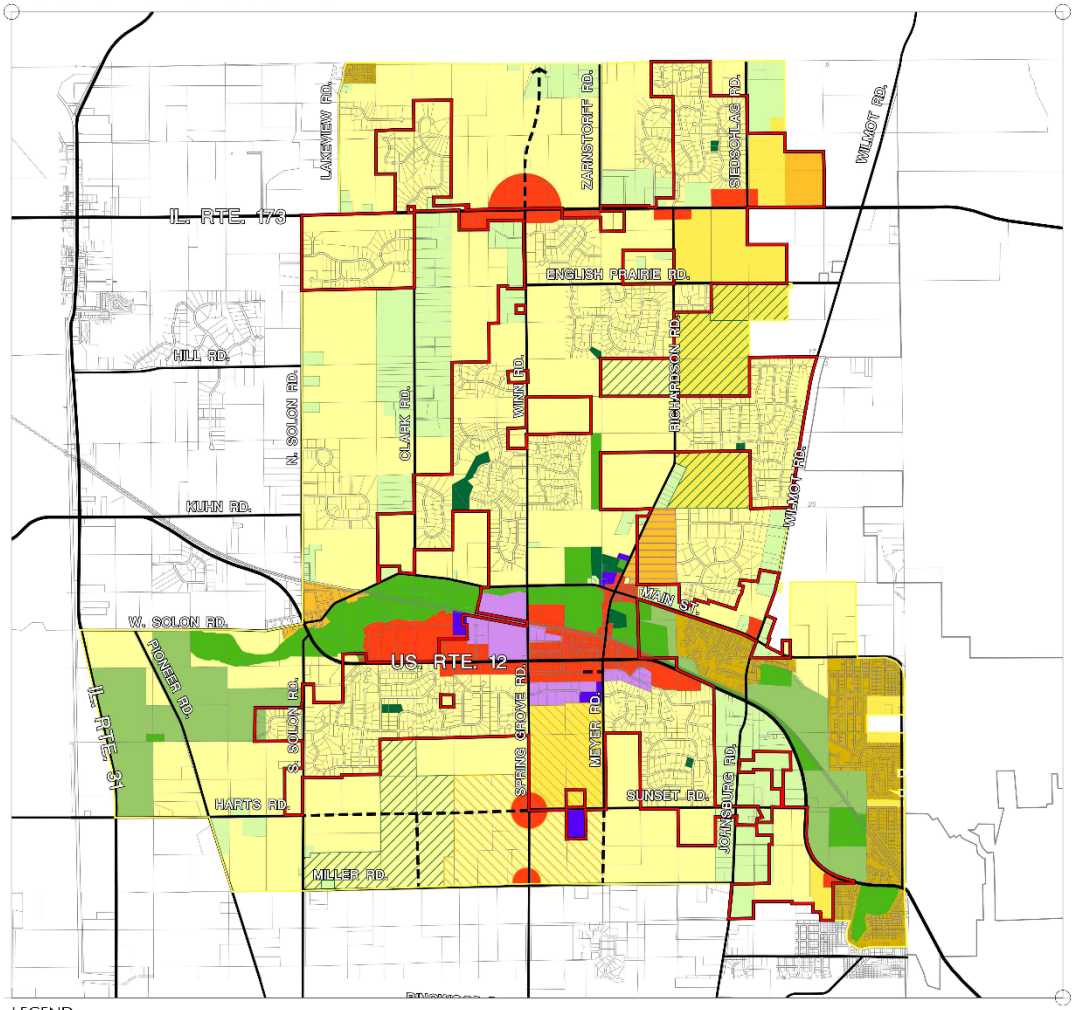


EXHIBIT B

Future Land Use Plan (2007)

Village of Spring Grove Comprehensive Plan

Future Land Use Plan



LEGEND

- STUDY AREA BOUNDARY
- MUNICIPAL BOUNDARY
- EXISTING STREETS
- PROPOSED STREETS
- ESTATE RESIDENTIAL 0.2 - 0.3 du/ac.
- LOW DENSITY RESIDENTIAL 0.3 - 1.0 du/ac.
- MEDIUM DENSITY RESIDENTIAL 1.0 - 3.0 du/ac.
- MIXED USE 3.0 - 6.0 du/ac.
- COMMERCIAL
- HIGH DENSITY RESIDENTIAL - COUNTY ZONING
- LIGHT INDUSTRIAL
- INSTITUTIONAL/ FACILITIES
- EXISTING PARKS
- OPEN SPACE
- MCCD PROPERTY
- CONSERVATION DESIGN OVERLAY AREA
- AGRI-TOURISM OVERLAY AREA
- AGE TARGETED OVERLAY AREA

0 0.25 0.50 0.75 1.00

SEC Planning Consultants

Planning • Landscape Architecture • Community Branding

STATE OF ILLINOIS)
) ss
COUNTY OF McHENRY)

CERTIFICATION

I, Kelly Popelka certify that I am the duly appointed and acting Village Clerk of the Village of Spring Grove, McHenry County, Illinois.

I further certify that on June 3, 2025 the Corporate Authorities of such Village passed and approved a

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which provided by its terms that it should be published in pamphlet form.

A copy of this Resolution is also available for public inspection upon request in the office of the Village Clerk.

Dated at Spring Grove, Illinois, this 4th day of June, 2025.

Kelly Popelka, Village Clerk

(VILLAGE SEAL)