



Frequently Asked Question about the Affordable Housing Planning and Appeal Act

1. Why Do We Need the Affordable Housing Planning and Appeal Act at All?

We need this law because there is a shortage of housing affordable to people who are vital to local economies and who provide critical community services. Many teachers, police officers, nurses, firefighters, and other key occupations cannot afford to live in the communities where they work. Seniors are being priced out of the communities in which they've spent their lives, and young families can't afford to return to the communities where they grew up to raise their own children. Home prices continue to outpace incomes throughout the region. The median home price in the Chicago region grew 37% between 1990 and 2001 while income increased by only 20%.¹ Between 1990 and 2000, the state experienced a 38% increase in the number of "cost-burdened" home owners (households paying more than 35% of their income for ownership housing).²

2. How Does This Law Really Work?

The law requires all communities in Illinois with less than 10% affordable housing to approve and implement a housing plan that enables a community to increase its stock of affordable housing. Communities that have more than 10% affordable housing are exempt, as are communities with populations of fewer than 1,000. Applicability to home rule communities has not yet been definitively resolved. The Illinois law also creates a State Housing Appeals Board that, beginning in 2009, can review developers' appeals of certain local decisions affecting proposed developments with moderately priced housing. Any community that has met the affordable housing goal specified in its plan is **automatically exempt** from the authority of the State Housing Appeals Board. Developers may only appeal the decisions of nonexempt municipalities.

3. Does This Law Subvert Local Control?

Beginning January 1, 2009, the State Housing Appeals Board can hear and overturn a local decision affecting an affordable housing development only if five conditions are met. First, a community under 10% affordable housing must fail to prepare, submit, and implement an affordable housing plan. Second, a developer, believing there is a market for such housing, must secure developable land in a community and voluntarily come forward with a proposal that includes at least 20% moderately priced housing as part of the development. Third, the developer's proposal must be denied (or approved with conditions that rendered the project infeasible). Fourth, the developer must decide to appeal the decision. Fifth, the developer must bear the burden of successfully proving to the State Housing Appeals Board that the development was denied (or approved with conditions that rendered the project infeasible) because of its affordable component.

4. Who's on the State Housing Appeals Board?

The Appeals Board consists of seven members: 1) a zoning board of appeals member, 2) a planning board member, 3) a mayor or municipal council/board member (all three from non-exempt communities), 4) a county board member, 5) an affordable housing developer, 6) a housing advocate. The Board is chaired by a retired circuit or appellate judge, the seventh member. The Board is balanced in representation, and the burden falls on the developer to prove unfair treatment.



5. Does This Law Mean Our Community Must Accept Public Housing?

No. This law has nothing to do with public housing. To the contrary, this law is about removing some of the barriers that prevent the private market from meeting the need for moderately priced workforce housing. This law encourages the production of for-sale housing that is affordable to families earning below 80% of the Area Median Income (AMI), and rental housing for families earning less than 60% AMI. In 2004, 80% of the AMI for the Chicago region was \$57,500 for a household of four and 60% of the AMI was \$45,240 for a household of four.

6. Does This Law Give Developers Carte Blanche in Our Community?

No. Developers will not secure land and propose projects unless there is a market for their housing. In order for a developer to access this law, a proposed development must include at least 20% moderately priced housing and must meet all local building, plumbing, electrical, and fire codes. Developers *cannot* appeal denials made on the basis of health and safety provisions or requirements critical to the protection or preservation of the environment. If developers choose to appeal to the State Board, they bear the full burden of proving that the development was denied because of its affordable component. Further, if a community creates an affordable housing plan and meets the goal in that plan, developers will have no leverage over local decisions.

7. Will This Affordable Housing Have a Negative Impact on Property Values?

Repeated research has shown that affordable housing has no negative impact on the price or frequency of sales of neighboring home.³ A 1999 study by the Innovative Housing Institute examined every real estate transaction from 1992 to 1996 in 14 communities of Montgomery County, Maryland, and Fairfax County, Virginia. In both counties, the analysis revealed no difference in price behavior between market-rate homes located within 500 feet of a subsidized or affordable home and those market-rate homes farther away. It also found no difference in price behavior between market-rate homes located adjacent to affordable homes and those farther away.⁴

Here in the Chicago region, a recent study of four very-low-income family housing developments in suburban Chicago – Victorian Park in Streamwood, Liberty Lakes Apartments in Lake Zurich, Waterford Park Apartments in Zion, and Brookhaven Apartments in Gurnee - revealed that affordable housing can have a positive impact on surrounding property values. Numerous studies from around the country support the notion that affordable housing has no negative impact on surrounding property values.⁵

8. Will This Law Burden Our Local Property Tax System?

Those who purchase moderately priced housing may often be seniors or childless young professionals who use few public services. Such residents may actually contribute more in local revenues relative to services used. Further, a recent study of the effects of multi-family housing on public services in the Boston area determined that multi-family housing accounted for a disproportionately small number of new students in schools. In fact, in the communities surveyed, multi-family developments contained less than one school-age child per unit on average. Creating affordable housing provides immeasurable benefits to a community and to the region far beyond property tax dollars generated by homes.



9. Will This Affordable Housing Detract from the Character of Our Neighborhood?

No. Moderately priced housing must comply with the same building restrictions and design standards as market-rate housing. Experience from around the country and in the Chicago region with such mixed-income developments demonstrates that it is very difficult to distinguish market-rate homes from the “affordable” homes. In fact, the pictures below are all pictures of affordable housing.⁶



10. Does This Law Push Seniors Aside?

No. In fact, this law can help create critically needed senior housing.

11. Won't This Law Force Extra Expenses on Our Community?

This law creates no more expense than market-rate developments. In fact, the effective tax rate (property tax paid relative to the market value) for multi-family developments is significantly higher than single-family homes nationwide. In addition, according to U.S. census data, affordable housing results in fewer cars and fewer children per home on average than market-rate housing.

The Affordable Housing Planning and Appeal Act is a market-based tool. Communities can use a variety of different tools that require little or no public spending to comply with the law (e.g. flexible zoning, creative use of city-owned land).

Further, the law offers numerous benefits. It helps strengthen the social fabric of a community by ensuring that public servants, like police officers, teachers, and firefighters, can afford to live in and be a part of the communities they serve. The law bolsters economic development by helping employers attract and retain workers who are able find housing closer to their jobs. The law also allows working parents to live closer to their jobs, contributing to reduced commute times, traffic congestion, and air pollution.



12. Our Community Is Already “Built Out.” We Have No Land For New Development. How Are We Supposed to Comply?

This law will not force communities to categorically accept new developments that include affordable housing. In fact, this law may have little impact on communities that are already “built out.”

Developers are unlikely to come forward with proposals that include affordable housing in communities with little available land and high land costs. Communities with little land could choose the goal of having 15% of all new development or redevelopment set aside as affordable. With this option, the development of affordable housing is tied to new growth or redevelopment. Communities that are not growing would still be in compliance with the law. The Affordable Housing Planning and Appeal Act simply provides that as a community continues to grow or redevelop, it should work to include some moderately priced housing, making it possible for those who work in and serve the community to afford to live there, too.

13. How Can Non Home Rule Communities Comply with this Law?

While home rule units do have more local authority to adopt creative tools to comply with this law, non-home rule units can take a number of steps to plan for and create affordable housing. Non-home rule units can use their zoning codes and city-owned parcels of land to help the private sector create more moderately priced housing. They can partner with willing non-profit and for-profit developers to access existing state and federal resources to create moderately priced housing. They can also work with non-profit entities to create a community land trust that can help to create and keep new affordable housing.

¹ *The Metropolis Housing Index: Housing As Opportunity*. Chicago Metropolis 2020. 2004.

² *Chicago Rehab Network 2003 Affordable Housing Fact Book*. Chicago Rehab Network. 2003.

³ Maxfield Research, *A Study of the Relationship Between Affordable Family Rental Housing and Home Values in the Twin Cities* (Minneapolis, MN: Family Housing Fund, 2000).; Joyce Siegel, *The House Next Door*, Innovative Housing Institute, 1999.

<http://www.inhousing.org/housenex.htm>; Elizabeth Warren, Robert Aduddell, and Raymond Tatlovich. *The Impact of Subsidized Housing on Property Values: A Two-Pronged Analysis of Chicago and Cook County Suburbs*. Center for Urban Policy, Loyola University of Chicago, Urban Insight Series No. 13, 1983.; Paul Cummings and John Landis, *Relationships Between Affordable Housing Developments and Neighboring Property Values*. Institute of Urban and Regional Development, University of California at Berkeley, Working Paper 599, 1993.; Jeffery Baird, *The Effects of Federally Subsidized Low-Income Housing on Residential Property Values in Suburban Neighborhoods*. Northern Virginia Board of Realtors Research Study, December 1980.; Hugh Nourse, “The Effect of Public Housing on Property Values in St. Louis.” *Land Economics* 60 (2), 1984.; Carol Babb, Louis Pol, and Rebecca Guy, “The Impact of Federally-Assisted Housing on Single-Family Housing Sales: 1970-1980.” *Mid-South Business Journal*, July 1984.

⁴ Siegel, Joyce. 1999. *The House Next Door*, Innovative Housing Institute. Available online: <http://www.inhousing.org/housenex.htm>.

⁵ Michael MaRous, “Low-Income Housing in Our Backyard: What Happens to Residential Property Values?” *The Appraisal Journal* 64, 1, (1996): 27-34.

⁶ Far left: affordable homes in Aurora, IL selling for \$140,000 to \$220,000; Middle: A quadplex in Fairfax County, VA. Each unit sold for \$126,000-\$129,000, while the market-rate homes in the same development sold for about \$800,000. Far Right: a single-family home in St. Paul, MN targeted at households earning \$15,000-\$45,000. Affordable homes sold for \$55,000 for a 2 bdrm - \$75,000 for a 4 bdrm.