

## New Housing Out of Reach: What's a Village to Do?

By Daniel Lauber, AICP

Published Oct. 10, 2018, *Wednesday Journal*

What's a village to do when it becomes so attractive that the seniors who made it great can't afford to live there any more? ... when its teachers, nurses, small business owners, first responders, librarians, village staff, recent college graduates, physical therapists, and even newspaper publisher can no longer afford to live there?

That's Oak Park's growing dilemma. It's become so desirable as one of the few well-located, stable, racially diverse communities in Chicagoland that its racial and economic diversity are slowly slipping away as the cost of housing here has soared beyond the means of most Oak Parkers.

Nearly half of Oak Park tenants are considered "cost-burdened," which means they spend 30 percent or more of their gross household income on housing. A quarter of Oak Park renters are considered "severely cost-burdened," spending more than 50 percent of their income on housing. Nearly 30 percent of Oak Park's homeowners with a mortgage are cost-burdened.

Spending that much on housing is just plain bad for them and the local economy. After covering their housing costs — an essential expense — many of our neighbors don't have the income left to make discretionary purchases at local businesses. After paying so much of their income on housing, they don't have money to save to buy a home, cover their children's college tuition, or save for retirement.

### Few Oak Parkers can afford new dwellings

To see if Oak Parkers can afford the new apartments and condominiums being built in here, I compiled data from the Census Bureau's latest American Community Survey and information available on the condo prices at District House and the rents at the Emerson, Vantage, and Albion high rises.

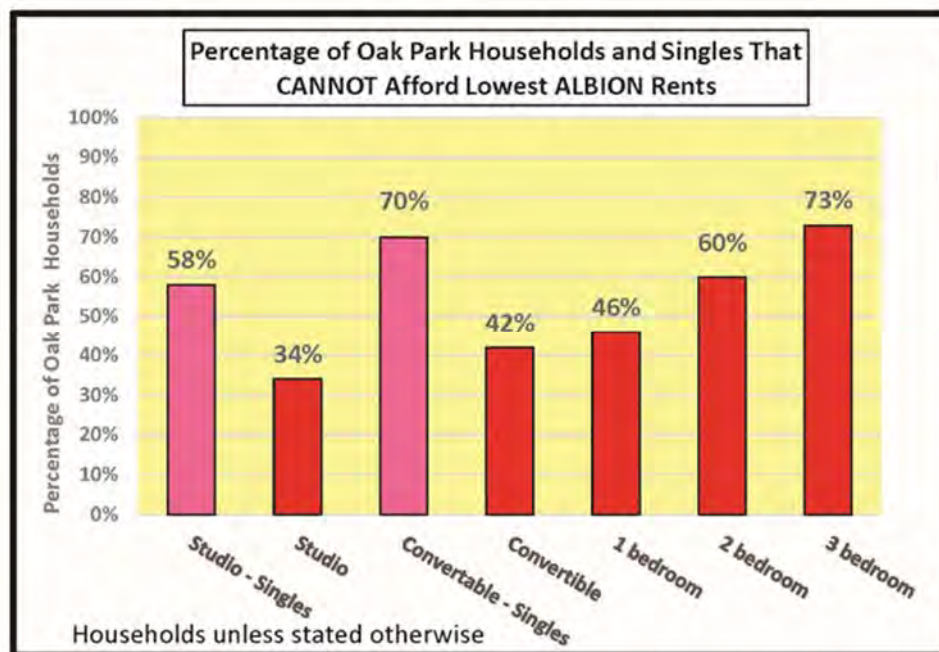
Lo and behold, **most Oak Parkers *cannot* afford to rent or buy in these new buildings.** According to the affordability formulae the U.S. Department of Housing and Urban Development (HUD) and nation's city planners use, a household can afford to spend up to 30 percent of its gross monthly income on rent and can buy a home that costs up to three times a household's annual income.

One of the measures of housing affordability in the many analyses of impediments to fair housing choice that my planning firm has conducted for jurisdictions across the nation is whether the median household income of a city is high enough to rent or purchase a home. The median is the midway point: half of a city's households have incomes above the city's median and half below it.

Oak Park's median household income is \$82,826 and the median for nonfamily households (single people, roommates) is \$45,310. The least expensive condominiums at District House sold for \$600,000, which required an annual household income of at least \$200,000, well above the \$82,826 Oak Park median. *Even a median income married couple with a \$141,197*

*household income — the highest income group in Oak Park — could not afford to buy the least expensive condo at District House.*

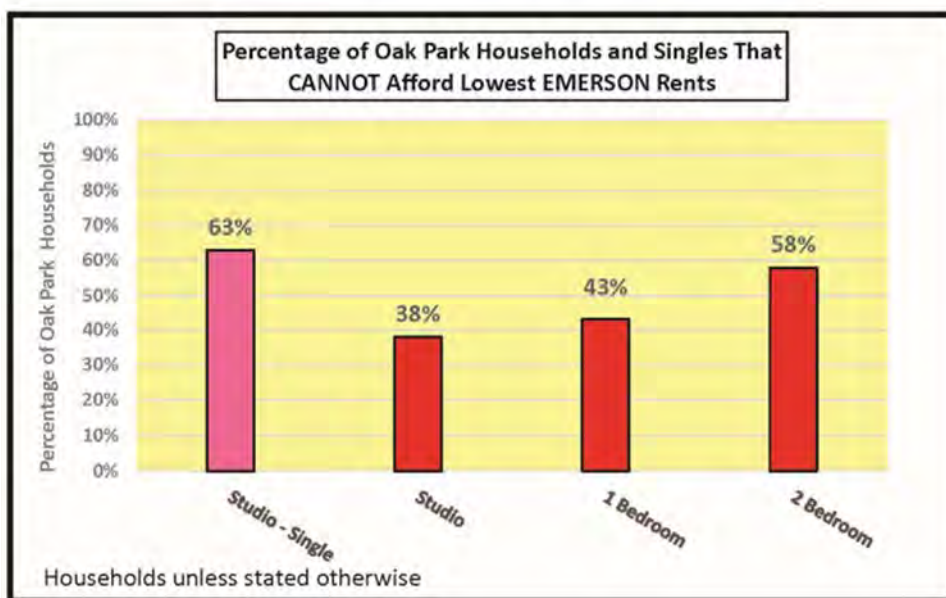
Thanks to the census providing more fine-tuned data by income range, we can more precisely estimate the proportions of Oak Park households that can't afford new construction. Just 16 percent of Oak Park households enjoy incomes over \$200,000, leaving *84 percent of Oak Park households unable to afford even the least expensive District House condominiums.*



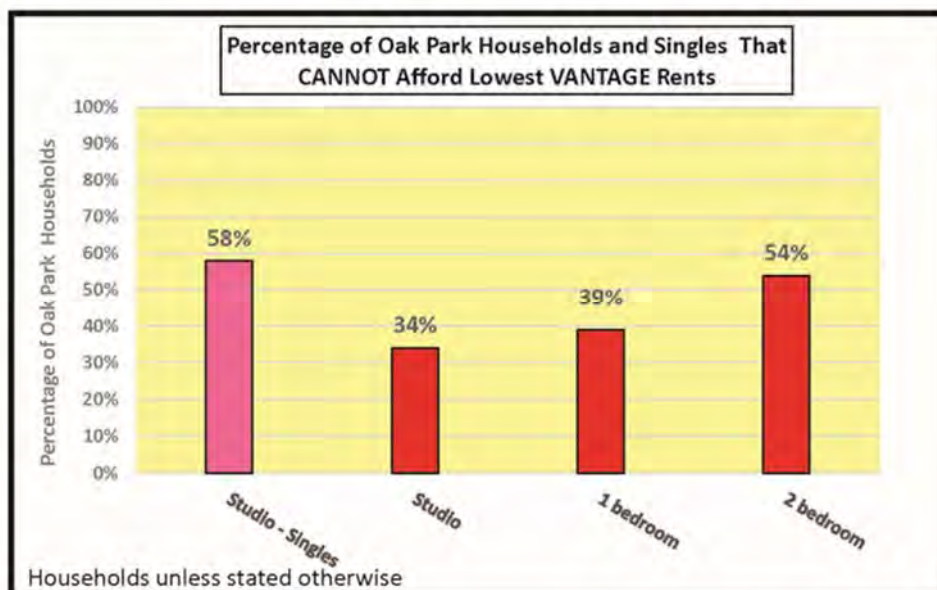
As the three tables accompanying this article show, most of the lowest-priced new rentals are out of reach for most Oak Park households. At the Albion high rise under construction, you'll need a household income of at least \$55,400 to afford a studio apartment, \$66,515 for a convertible unit, \$74,880 for a one-bedroom, \$105,840 for a two-bedroom, and \$145,600 for a three-bedroom.

Singles and roommates face the greatest hurdles even with the studio apartments targeted to them. Fifty-eight to 63 percent of them cannot afford the least expensive studio apartment; 70 percent can't afford a convertible unit.

As the tables show, more than a third of Oak Parkers can't afford a studio, convertible, or one bedroom in any of these new buildings. Fifty-four to 60 percent cannot afford a two-bedroom and 73 percent cannot afford a three-bedroom — and those are for the lowest-rent units.



That can only lead to the whitening of Oak Park since the median household income for African American Oak Park households is just \$54,289, more than \$41,000 less than white households. The only new residential units that a median income Black household can afford are the lowest-rent studio apartments — not exactly suitable for a family with children.



I imagine that if you don't value the village's racial and economic diversity, there's nothing wrong with this picture. But if you do value Oak Park's diversity — which is at the core of what Oak Park is and stands for, at least according to adopted village plans and policies — then the Village Board needs to act proactively to bring to Oak Park housing that current residents with

modest and even not-so-modest incomes can afford. Next week – the key tool available to do just that.

---

*Daniel Lauber, AICP, was primary author of Oak Park's Comprehensive Plan 1979. A planning consultant and fair housing attorney, he has testified to both houses of Congress on affordable housing. He is a past president of the American Planning Association and the American Institute of Certified Planners.*

## Why Oak Park Needs an Inclusionary Zoning Ordinance

By Daniel Lauber, AICP

Published October 17, 2019, *Wednesday Journal*

None of the newly-built high rises offer relief from high rents in Oak Park. As detailed last week, *most current Oak Parkers cannot afford the rent in the newly-constructed high rises, let alone buy a new condominium.* It's no surprise that so many of Oak Park's seniors have had to leave the village they made so great and their children can't afford to return to the town where they grew up. Forty-seven percent of Oak Park's tenants and 30 percent of its homeowners with a mortgage are cost burdened, spending a higher percentage of their income on housing costs than is financially healthy.

It's no surprise that none of this new construction offers homes they can afford. Developers have long contended that the cost of new construction is too high to build new housing that middle-class households with modest incomes can afford.

So, what can Oak Park do to keep the village within reach of more of its current residents?

Plenty, starting with adopting a fair and balanced effective inclusionary zoning ordinance, which, for nearly 50 years, has been one of the most successful tools for producing new affordable housing at no taxpayer expense. It won't solve the affordable housing crisis by itself, but it's a good start.

### How Inclusionary Zoning Works

Anxious to bring new development to Oak Park, the village routinely allows developers to build new high rises at much higher densities than the zoning code currently allows.

Inclusionary zoning, however, allows these higher densities only when the developer reserves a percentage of all new units, typically 20 percent, at rents affordable to households of modest means.

Since there's been a lot of misinformation circulated about how inclusionary zoning works, here's one example of a fair and balanced approach.

For example, Oak Park would allow higher densities only when a developer agrees to rent 20 percent of all the units to households with incomes up to 80 percent of Chicagoland's \$84,583 area median income in 2018, namely \$67,666. Those units would be affordable to a huge majority of Oak Parkers currently priced out of nearly all new construction — 35 percent of all households in the village, including most of the village's African American residents and nearly all Oak Park tenants. Only a miniscule fraction of these households can afford even a small percentage of the lowest-priced new rentals being built in Oak Park.

A developer seeking to build an 80 unit building where the zoning currently allows only 40 units, would have to include 16 affordable units (20 percent). Current village practices do *not* require any affordable units be included as the tables published last week show.

This approach gets new units affordable to these Oak Parkers built *without* government subsidy and at absolutely no cost to taxpayers.

### **How Everybody Wins**

Properly drafted, inclusionary zoning makes everybody a winner:

- Oak Parkers gain more affordable housing *without any government subsidy* in the face of the shrinking supply of affordable housing.
- Developers win with greater profits from building more market rate units than the current zoning allows.
- The village, Districts 97 and 200, and other taxing bodies win because the larger buildings generate more property tax than the smaller building the current zoning permits.
- Local businesses benefit from the larger number of “captive” customers plus from households in the inclusionary units having more discretionary income to spend at local businesses.
- The new scattered affordable units enable seniors, African Americans, and other middle-class households with modest incomes to continue to live in Oak Park, maintaining the village’s racial and economic diversity.
- Neighbors win because the value of neighboring properties remain unchanged or even rise according studies of affordable housing.
- *And taxpayers don’t spend a cent to subsidize the much-needed affordable units scattered throughout new Oak Park residential developments.*

As the village starts to write its inclusionary zoning ordinance, attention must be paid to the research that shows fair, balanced, and successful inclusionary zoning needs to:

- Provide predictability with a clear density bonus formula
- Maintain affordability for at least 50 years, preferably 99 years, with village options to renew
- Be mandatory; voluntary systems fail
- Apply to the entire village; greater profits under inclusionary zoning will attract new construction to difficult to develop areas
- Place limits on resale prices of inclusionary condo units to keep them affordable to the same targeted income group
- In lieu payments must no less than the cost of building a new unit, about \$365,000 these days

A host of other details must be worked out based on factual research, not myths or politics. Drafting an inclusionary zoning ordinance cannot be rushed.

In my 44–year association with Oak Park, I’ve seen there is nothing this village can’t do if it resists playing politics and puts its mind to it. At [RegionalHousingSolutions.org](http://RegionalHousingSolutions.org), *the Chicago Metropolitan Agency for Planning (CMAP)*, *Metropolitan Mayors Caucus*, *Metropolitan Planning Council*, and *Institute for Housing Studies at DePaul University*, report that *inclusionary zoning is the right tool for Oak Park*.

With a fair, effective inclusionary zoning ordinance, Oak Park can begin to rebuild its supply of housing that most Oak Parkers can afford to rent or buy, enabling Oak Park to continue to be the great racially and economically diverse community it has aspired to be for more than half a century.

Get the *facts* on the inclusionary zoning that nearly 900 jurisdictions have adopted with the plethora of research available at [http://www. http://oakparkwithinreach.org/](http://www.http://oakparkwithinreach.org/) and <http://planningcommunications.com/resources.htm>.

---

*Former Oak Park Senior Planner Daniel Lauber, AICP, has worked with communities across the country to foster racial and economic integration and to preserve and create housing that households with modest incomes can afford. He has served as an expert witness before both houses of Congress.*

## How to make inclusionary zoning actually inclusive

By Daniel Lauber, AICP

Published Feb. 6, 2019, *Wednesday Journal*

Next Monday the Oak Park Village Board will discuss a draft inclusionary zoning ordinance from staff not supportive of inclusionary zoning. It's important that the trustees and the public understand the key elements needed for an effective inclusionary zoning ordinance.

Inclusionary zoning gets housing built without any taxpayer subsidy that households of modest incomes (teachers, retired seniors, nurses, small business owners, first responders, librarians, village staff, recent college graduates, physical therapists, etc.) can afford, namely housing that costs them less than 30 percent of their monthly income.

Nearly every multifamily development proposal in Oak Park has sought to include more units than the underlying zoning allows. So developers enter ill-defined negotiations with the village to exceed this number. Lacking an inclusionary zoning ordinance, Oak Park has painfully failed to get much affordable housing included in these new developments in which most Oak Parkers couldn't afford even a studio apartment.

An effective and legal inclusionary zoning ordinance, establishes a formula that permits a developer to exceed the number of units the zoning permits so that:

- 20 percent of all the units in the development are affordable to nurses, retired seniors, teachers, and others of modest income at no cost to taxpayers, and
- The developer gets to build more market rate units than the underlying zoning allows.

The result is that affordable units are built *without* any taxpayer subsidy, the developer makes a larger profit, and greater property tax revenues are generated. Instead of having to enter arbitrary negotiations with the village, an effective inclusionary zoning ordinance gives prospective developers certainty as to how many affordable units they must produce to receive zoning approval.

### Essential elements

To be effective, Oak Park's inclusionary zoning needs to:

- Apply to all new construction that exceeds the number of dwelling units the zoning ordinance permits as of right. Legally, inclusionary zoning can be required only when a development exceeds the density the zoning ordinance allows as of right.
- Include a formula that enables the developer to build more market rate units than the underlying zoning allows while requiring that no less than 20 percent of all units be inclusionary, affordable dwellings.
- Maintain affordability for at least 99 years, with village options to renew. The affordable housing crisis won't end in our children's lifetimes.



- Establish “in lieu payments” that are at least as great as the cost of building a new unit, currently \$365,000, and with increases over time. A core goal of inclusionary zoning is economic and racial integration which is *not* achieved when a developer makes “in lieu” payments rather than include affordable units. Too many inclusionary zoning codes like Evanston’s, require a “in lieu” payment much *lower* than the cost of building a new unit, removing any incentive to build an economically and racially integrated development.
- Require annual reporting of racial composition like the village did for decades along with inclusionary, affirmative marketing.
- Be mandatory. Voluntary inclusionary zoning consistently fails to produce affordable units.
- Apply to the entire village; greater profits under inclusionary zoning should attract new construction to difficult to develop areas.
- Place limits on resale prices of inclusionary condo units to keep them affordable to the same targeted income group.

There are a slew of other policy choices that make for effective inclusionary zoning. These policy decisions should have been made *before* staff was instructed to draft the ordinance.

A responsible village board will take the time to fully air and discuss these policy decisions with the public rather than rush to a vote.

---

*Former Oak Park Senior Planner Daniel Lauber, AICP, has worked with communities across the country to foster racial and economic integration and to facilitate housing that households with modest incomes can afford. Factual resources on inclusionary zoning are available under “Affordable Housing” at his site <http://planningcommunications.com>.*