



## Metropolitan Planning Council Federal incentives fueling Illinois progress

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By Robin Snyderman, Vice President of Community Development January 12, 2010 [Post a comment](#)

While social and economic progress never moves as quickly as policy reformers and advocates wish, the State of Illinois' 2010 Comprehensive Housing Plan underscores how federal incentives can fuel local innovation.

Congratulations are in order for the state and its innovative plan, which **guides \$1.2 billion** dedicated to housing activities statewide, including \$35 million for affordable rental housing investments via the **Qualified Allocation Plan** (here is MPC's letter in response to the draft QAP ). By coordinating housing investments and planning with transportation and economic development, the plan makes real strides toward supporting more sustainable communities, a fundamental goal of the Obama administration.

### **A decade of progress**

Illinois has been moving toward such a plan for more than a decade. In the late '90s, advocates and policymakers were alarmed, then empowered, by research demonstrating that job and population trends in Illinois were not being served by the state's supply of housing. Yet the state had no structure in place to guide metropolitan Chicago and other regional labor markets to address these gaps in a coordinated fashion.

Mayors had already formed the Metropolitan Mayors Caucus in 1998 under the leadership of Chicago Mayor Richard M. Daley. Shortly thereafter, emboldened both by Regional Rental Market Analysis and the leadership of area employers engaged in Employer-Assisted Housing, the Caucus created its own Housing Task Force to begin tackling these issues. It didn't take long before they identified the need for state leadership and incentives to reward their on-the-ground efforts..

Illinois' first housing policy was introduced in 2003 through executive order. It focused broadly on the need for interagency coordination to align housing planning and investment with jobs, transportation, land-use, and human services. Also central to that policy was the prioritization of state resources to address the needs of low-income households who (a) cannot afford to live near work, (b) have special needs, (c) are struggling with homelessness, (d) are seniors, and/or (e) are living in housing currently affordable but "at risk" of losing that affordability.

In 2004, an interagency, public-private sector Governor's Housing Task Force was created to transform and update that policy each year into an Annual Comprehensive Plan, under the leadership of the Illinois Housing Development Authority. In 2006, these efforts were codified into law, via the Comprehensive Housing and Planning Act.

In the midst of all this, in 2005, the legislature formally adopted legislation to create the Chicago Metropolitan Agency for Planning (CMAP), which unified the region's land-use and transportation planning entities, and encouraged them to factor housing in as well.

### **Federal incentives a 'shot in the arm'**

Even as the region and state took incremental steps toward achieving housing goals, a lack of federal incentives and leadership on these issues stymied further progress. All of that changed in March 2009, when the Obama administration announced the Sustainable Communities Initiative. The initiative dedicates funding in the 2010 budget and coordinates multiple agencies resources to encourage states and regions to invest in sustainable communities. Illinois got another shot in the arm when several leaders from the administration visited Chicago in September 2009 for MPC's Annual Luncheon.

Illinois' 2010 Comprehensive Housing Plan indicates the state is ready to "go the distance." The plan identifies "Robust and Sustainable Communities" as a key focus area and further pledges to "address national and local initiatives linking Housing, Transportation, and Employment via a statewide working group," and to utilize

comprehensive investments to “position Illinois to take advantage of resources through the federal CDBG, Sustainable Communities Initiative, the proposed Livable Communities Act, and/or the Choice Neighborhoods Initiative.”

Learning from the leadership of the South and West Suburban Housing Collaboratives, and lessons learned by municipal leaders in the north and northwest suburbs through the Charter One Workforce Housing Initiative, the 2010 Plan also encourages “regional capacity-building and coordination efforts.”

To further encourage local innovation, MPC continues to support and track the progress of the Livable Communities Act, which would greatly expand the federal resources available in 2011 and beyond.

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## Keywords

Livable Communities Act, Qualified Allocation Plan, State of Illinois 2010 Comprehensive Housing Plan, Sustainable Communities Initiative

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## Lake Forest searching for affordable housing solution

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February 7, 2010

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Carla Gardner, 72, raised three children and has lived all of her adult life on Chicago's North Shore. A homemaker, Gardner was widowed in her late 30s. Ten years later, when the family's five-store business closed, Gardner sold the family home and went to work.

For the last 12 years, she has lived in a subsidized one-bedroom apartment, part of the Neighborhood Homes Without Walls program, a collaboration of the city of Lake Forest, the Lake Forest-Lake Bluff Seniors Center and Lake Forest Place, a Presbyterian Homes senior-living development.

"There is nothing" in her price range, says Gardner of market-rate suburban housing. "They all want \$1,200 to \$1,500 a month."

Lake Forest is about to help more residents like Gardner. While other communities worry about too much affordable housing

thanks to a rising tide of foreclosures, Lake Forest is trying to put some back into its housing mix.

A proposal to build 16 two- and three-bedroom homes, 15 of which will be rented for less than \$1,000 a month, began a public review and approval process last month as a first step toward consideration by the Lake Forest City Council.

"It helps our seniors who are often desperate. It opens options for schoolteachers and for people who work at the hospital so they don't have to drive 50 miles and spend all their income on commuting," says Thomas Morsch Jr., a Lake Forest alderman and proponent of the proposed Settler's Green project.

Founded more than a century ago by some of Chicago's wealthiest families, this city of 21,000 residents remains one of the region's most affluent and desirable communities. Perched on prime lakefront property, the town's mix of gracious homes, wide lawns, architecturally historic downtown and array of private schools combine to give Lake Forest a movie-set aura.

Yet several years ago local officials realized Lake Forest — and the nearby suburbs of Highland Park, Northbrook, Deerfield and Highwood — were losing housing for a wide range of people.

Though known for its mansions, Lake Forest historically has had a mix of worker cottages as well as housing for shopkeepers, schoolteachers and other mid-income professionals and service workers, says Peter Coutant, the city's senior planner.

Concern for those living on fixed incomes led to construction of the Senior Cottage Development, composed of five rental homes, in 2003. But even as the first residents moved in, the housing boom had pushed the city's home prices nearly 66 percent above 1994 levels.

The recession slowed increases in property values, but with an estimated median household income that is more than double the national number and a median home value estimated at \$900,000, Lake Forest is too expensive for most who work there to live there.

"There is a huge gap between workers and the housing," says Morsch. "Sixty-nine percent of the (five suburb) community-area work force earns less than \$50,000 a year, but only 13 percent of local housing stock is affordable for that income."

Morsch, who grew up in Lake Forest, says income and housing diversity has contributed to the suburb's quality of life and he wants to see that continue. But as the region has become a corporate center with such firms as Abbott Laboratories, Walgreen Co. and Tenneco Inc., local housing and traffic patterns are becoming more complex.

"We've lost some key staff because they didn't want to live so far from where they work," says Leslie

Chapman, vice president for business affairs for Lake Forest College, a four-year liberal arts college of 1,400 students.

She cites the case of a college official who moved to Indianapolis "to work for Butler University because the housing was closer and more affordable."

Over the years, the college has tried to bridge the gap between Lake Forest's high living standard and faculty salaries. The school has 30 subsidized rental units, most on or near the college campus, for nontenured teachers and to recruit faculty newcomers. It offers a second mortgage program to help faculty members, and an employer-assisted home purchase program for support staff and newcomers meeting certain key guidelines.

Lake Forest Hospital also subsidizes a handful of rental units on the hospital grounds. They are for staffers new to the area or moderate-income employees who want to live close to work or have transportation issues, says Mathew Koschmann, vice president of external affairs and business development.

"The majority of employees do not live in Lake Forest," he said.

"It is important for us to have good response times for employees in times of emergency," he said, noting the hospital's required 30-minute response time for some staffers is increasingly difficult in traffic-clogged Lake County.

Affordable housing emerged as an issue within the last several years and was "acutely noticeable" in 2008 when gas prices skyrocketed, Koschmann says.

In early 2005, Lake Forest adopted an affordable housing plan soon after the state passed legislation with a goal of making 10 percent of all housing affordable to those making 60 percent or less of area median income.

With only 5 percent of its housing in that category, Lake Forest adopted a plan that Robin Snyderman, vice president of community development for the Metropolitan Planning Council, calls "a model for other communities." It is an "impressive" illustration of "good stewardship," says Snyderman.

The plan calls for a housing committee, a demolition tax with a portion of the revenues going to a trust fund to be used for affordable housing, a goal of 15 percent of affordable units in all new developments or redevelopments, expedited or reduced cost of permit fees for affordable projects, and promotion of employer-assisted housing. It aims to increase the city's affordable options and ensure those homes blend architecturally and aesthetically with existing housing and are close to public transportation, shopping and parks.

In September, Lake Forest won \$756,000 in federal low-income tax credits from the Illinois Housing Development Authority for Settler's Green. The tax credits are expected to generate more than \$5.1 million in private equity to help build the rentals on city-donated property at Everett and Telegraph roads. The housing will be close to retail and a Metra station.

The project faces close scrutiny as it goes through the approval process, however. In March 2009, about 100 residents filled the city council chambers to protest transferring city-owned property for possible development of affordable housing. Some residents were not happy with the site, according to published accounts, because it would increase traffic congestion. Others expressed concerns the city was rushing the project. Questions were asked about what impact "affordable housing" would have on neighboring property values and who would live in the eight duplex buildings.

Officials said there is little evidence the housing would affect property values.

"I am certain that the final development will be a source of pride for the community — well-managed, well-designed, and home to seniors, key workers and other valued households," said then-Mayor Michael Rummel in support of Settler's Green in March. Rummel, whose term ended last spring, had been one of five North Shore mayors who in 2007 reached out to the business community to try to find housing solutions for more area workers.

As to the future residents of the proposed Settler's Green rental homes, Marge Burda, director of the Lake Forest-Lake Bluff Senior Center, says, "People don't realize it is their neighbor" who will live there.

"It's the people they see every day, especially in this economic time," she says, citing a 2007 survey that found 250 households of seniors 55 and older qualified for the housing.

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# SHELTERFORCE *The journal of affordable housing and community building*

FALL/WINTER 2009 » FEBRUARY 12, 2010

## Emerging from Chicago's Shadow

Towns long in Chicago's shadow have sought creative ways to collaborate for federal funding, while building off existing partnerships as part of a long-term approach to neighborhood, and regional, stabilization. By KARI LYDERSEN

**Editor's Note:** This article contains an addendum featured on NHI's blog Rooflines or by clicking the "sidebar" link toward the bottom of this page.

Chicago's southern suburbs, nestled between Lake Michigan, the Calumet River and canals, rail lines, swaths of forest and wetlands, are often overlooked by the general public, legislators, and policy advocates more focused on the famous city to the north.

But these towns have long harbored a wealth of diversity and cultural and economic potential while also facing economic challenges long-preceding the current economic crisis. Now, south suburban community leaders and elected officials are hoping a novel collaborative approach to the federal Neighborhood Stabilization Program (NSP) and other stimulus dollars can help them realize a wider plan for regional collaboration and forward-thinking urban planning, based around transportation corridors and job creation.



South suburban communities including, Harvey, Dolton, and Robbins have suffered severely from high rates of foreclosure for decades. In the past, this was largely because these low-income, largely minority suburbs had many faulty Federal Housing Administration (FHA) mortgages. Moreover, many residents lost jobs as major employers pulled out. But since foreclosure rates were already high, the increase has not been as dramatic as it is in other areas. Meanwhile, solidly middle-class and predominantly white southern suburbs have also suffered many foreclosures in the past two years.

In fact South Cook County has the highest level of REO (real estate-owned) auctions per property in the region at 22 per 1,000 mortgageable properties, according to the Woodstock Institute, with 3,552 foreclosure filings in the first nine months of 2009.

Town officials hope they can find relief through NSP funds targeted for foreclosed properties, and also leverage those funds to fulfill larger plans for reshaping the area. Any one community would have been challenged to obtain NSP funds on their own, since most of them don't have the staff and resources key to navigating the lengthy, complex application process. This challenge was compounded by the reality that both the State of Illinois and Cook County received direct allocations of NSP dollars to regrant to eligible communities. This positioned dozens of devastated communities in southern Cook County to compete with each other—and area developers—not once, but twice for these federal resources. Instead, south suburban communities banded together under the South Suburban Mayors and Managers Association (SSMMA) to create a plan for the stabilization of their communities. Of the nearly \$4 billion of federal dollars which is currently being doled out through the first round of NSP (NSP 1), the State of Illinois itself received approximately \$53 million and Cook County another \$28 million. By the time the state's application was due in May 2009, 17 towns were part of the newly formed South Suburban Housing Collaborative and submitted a joint NSP plan. In August, when Cook County's application was due, Collaborative membership had reached 28 towns.

The Collaborative's overall plan submitted to the county would cost \$72 million to fund, surpassing the amount the county had to allocate, but combined with other funding sources. Ultimately, this plan calls for the acquisition, demolition, land banking, or redevelopment of nearly 700 homes or abandoned lots. Much of the proposed demolition is targeted for areas that can later be redeveloped into larger-scale mixed-use and transit-oriented development. By the time the County proposal was due, Collaborative members knew that the County might receive additional resources through an NSP 2 award, and that unfunded proposals submitted through NSP 1 would likely get first preference.

SSMMA and the Metropolitan Mayors Caucus worked with the nonprofit Metropolitan Planning Council (MPC) to craft the joint NSP applications as part of a broader housing and economic development strategy and to hire the Director of Housing Initiatives, with funds from the Chicago Community Trust. Both applications actually requested funds for only a portion of the communities involved in the Collaborative, with others weighing in with letters of support. The specific plans for NSP funding not only address problem areas hit hard by blight and foreclosures, but envision revitalizing the area by building affordable housing, mixed use developments and public space around train stations and bus routes; and attracting new employers and employer-assisted housing near freight corridors, as the area is criss-crossed by barge, rail and truck lines.

In other words, these communities hope to convert the region into a more stable and thriving place than it was before the crisis.

The first round of NSP of roughly \$4 billion was part of the Housing and Economic Recovery Act (HERA) of 2008, with the second round of \$2 billion made available through the American Recovery and Reinvestment Act (ARRA), or "stimulus." Applications for NSP 2 grants opened in July 2009 with funding awards slated for December 2009 and distributed by February 2010.

An analysis of the ARRA by the Brookings Institution lauded the Chicago collaborations, saying, "The efforts are already yielding rewards. The communities have realized valuable efficiencies through the process. The state, county, and area developers (who may redevelop areas devastated by foreclosures) are enthusiastic about having a single point of contact—the collaborative coordinators—to reduce the challenges of dealing with the 270 municipalities in the metropolitan area."

### **Working Together**

The joint proposal required the communities to work together to prioritize where limited federal dollars would be most effective. This was a true feat of cooperation, since any given community could not ask for as much funding as they might have were they to apply on their own. But Janice Morrissy, the coordinator overseeing the south suburbs' collaboration, noted that community leaders realize they will all benefit if the most struggling or blighted areas in neighboring suburbs are addressed. For example the villages of Lansing and Olympia Fields participated in crafting the state proposal even though they won't get any dollars from it. Lansing has a median household income of \$49,000, Olympia Fields \$95,000, making them better off economically than south suburban communities like Robbins (median income \$24,000) and Harvey (median income \$39,000), which are seeking NSP funds. As ethnically diverse, solidly middle or upper-middle class communities, Lansing and Olympia Fields are demographically the type of development regional planners want to preserve.

"Olympia Fields has said that what's important for this first joint funding opportunity is that Harvey gets what it needs and the support to spend it well," said Robin Snyderman, vice president of housing and community development for the Metropolitan Planning Council.

Working together also allows the suburbs to think bigger and take advantage of economies of scale in terms of acquiring, redeveloping and selling or renting properties and attracting private sector investment.

The south suburban communities' plan as a whole calls for acquiring property for the creation or preservation of 474 homes. Once those homes sell, more money will be available for ongoing similar efforts. Building on a study by the Regional Transit Authority (RTA), the south suburbs also plan to acquire then demolish and land-bank about 200 units for future redevelopment in support of mixed-income, mixed-use activities that help spark development near mass transit and help people live closer to work. These developments will attract private sector investors, and the nonprofit Chicago Metropolitan Housing Development Corporation (CMHDC) is overseeing the acquisition and construction activities of these private sector partners.

Local players say the collaboration was possible largely because of a long history of cooperation among the suburbs.

"It's about caring about our neighbors, what positive impact can we have on our neighbors," said Dolton village administrator Bert Herzog. "The way Riverdale goes is the way Dolton is going to go, and the way Dolton is going to go is the way South Holland is going to go. I have never seen the spirit of cooperation we have now."

"The notion of collaboration isn't new, but the model these towns created together in time for NSP 1 was pretty striking," added Snyderman.

National housing advocates who toured the south suburbs during a National Housing Conference symposium in Chicago in July said other regions are on the same track but have a ways to go to build the Chicago suburbs' level of collaboration.

"I'm hoping to see more regional examples, but it's tough to make it work politically," said Maya Brennan, a New Jersey resident and research assistant for the Center for Housing Policy. "There's NIMBYism, people have this idea that working with the town next to them will somehow change their town's character. It's an odd psychology that exists in some communities."

