



St. Charles Inclusionary Zoning

City of St. Charles, Kane and DuPage Counties

The problem

There are many job-rich areas in northeastern Illinois where the community's affluence and limited housing diversity creates a shortage of housing options for potential workers. School teachers, police officers, or seniors with reduced incomes have a hard time finding moderately-priced housing in some communities. People who work in the area are priced out of the market and must travel from other areas; this imbalance of jobs and housing leads to longer travel times, increased congestion, and more expensive commutes. It is a local and regional issue that harms our region's economic competitiveness.

The solution

Several communities in the region have adopted inclusionary zoning ordinances and housing trust fund enabling legislation, including Highland Park, Lake Forest, and St. Charles. Inclusionary zoning requires residential developers to set aside a certain percentage of the homes in a development to be priced as affordable. A housing trust fund is a locally managed pool of money that can be used to support affordable housing initiatives. St. Charles spent several years fine-tuning their ordinance to make sure that it was appropriate to the market and still ensured the provision of a diverse mix of housing choices. The ordinance developed in St. Charles is "tiered," assigning different size developments different affordable percentages.

The process

In 1999, faced with rising housing costs and limited production, the State partnered with local non-profits and employers to establish an Employer Assisted Housing program, called REACH (Regional Employer Assisted Collaboration for Housing). The first pilot program in Illinois worked with the manufacturing company System Sensor in St. Charles. The success of this program, done in collaboration with the Metropolitan Planning Council (MPC), led the city to the creation of a Housing Action Plan in 2005. This document has a series of recommendations for creating mixed-income developments, preserving the existing affordable housing stock, and funding recommendations, and was also done with MPC's assistance. The recommendations that resulted were turned into reality with the development of the St. Charles Inclusionary Zoning ordinance, which applies to both rental and for-sale developments.

When finalized, the ordinance called for 5-15% affordable housing required, depending on the size of the development (fewer than 10 homes only require 5%, 11-50 requires 10%, and greater than 50 requires 15%). There is an optional in-lieu fee with some restrictions. The fee would be deposited into the housing trust fund. For rental units, the inclusionary units must be affordable to households earning between 50 and 60 percent of the Chicago Area Median Income, and would remain affordable in perpetuity.

St. Charles hired S.B. Friedman & Company to analyze the how the proposed ordinance would affect the bottom-line for developers. The conclusion was that most developers would be able to recoup any lost revenue from selling some units below fair market rates through the cost offsets built into the ordinance. These offsets include density bonuses, fee waivers, etc.

Overview

To address the decreasing supply of housing for moderate-income workers, St. Charles established a Housing Commission, created an Employer-Assisted Housing program, and developed a zoning ordinance to encourage developers to include affordable units in their housing developments.

CMAP Resources

- [Go to 2040 Plan Chapter: Livable Communities](#)
- [Inclusionary Zoning Strategy Paper](#)

GO TO 2040 supports investment in existing communities to create opportunities for more compact, walkable, and mixed-use development, with a range of housing options.



Downtown St. Charles, by Tom Henneman.

For more information

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Community considerations

After the results of the S.B. Friedman study were public, the St. Charles Housing Commission met with various stakeholders, including school and park districts, local developers, and real estate professionals to discuss the policies and ask for feedback. In the future, St. Charles hopes to work with local employers to partner in the development of workforce housing.

Outcomes

Metropolitan Planning Council conducted a follow-up evaluation showing that System Sensor, now part of Honeywell, saves \$100,000 per year through the Employer Assisted Housing program due to reduced employee absenteeism and turnover. In 2010, St. Charles developed a program to rehabilitate single-family detached homes for low income housing owners using the funds in the Housing Trust Fund; to date, four area homes have been rehabilitated through this program.

Lessons learned

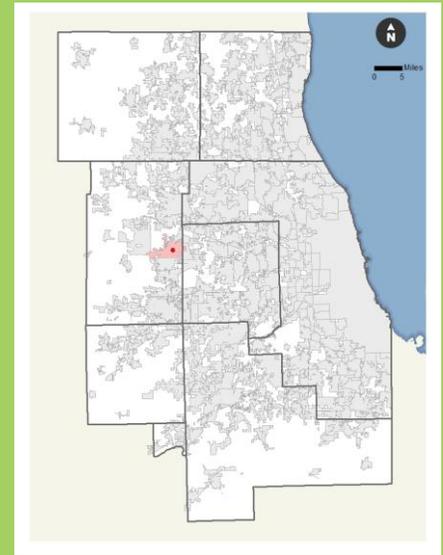
Crucial to the success of creating and implementing a housing assistance program was the hard work of several local champions of the cause, including Mayor Donald DeWitte, Ald. Betsy Penny, and the St. Charles Housing Commission, chaired by resident and Cindy Holler from the affordable housing developer Mercy Lakefront Housing.

One of the keys to success for this affordable housing program was to keep residents and employers interested and educated about the potential benefits of having a diverse housing stock, including reduced congestion, reduced turnover, increased property tax revenue.

Contact Lindsay Banks (lbanks@cmap.illinois.gov) to submit a case study.

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Location Map:



Additional Resources

- [Policy Link case studies](#)
- [Metropolitan Planning Council](#)
- [Home Grown: Local Housing Strategies in Action](#)
- [The State of Affordable Housing in Kane County, Illinois](#)
- [Single Family Detached Home Rehabilitation Program Ordinance](#)