



MEMORANDUM

To: CMAP Housing Committee

From: CMAP staff

Date: April 14, 2016

Re: Definitions and barriers for housing supply and affordability

The housing supply and affordability strategy paper will identify an approach to housing for ON TO 2050 using the CMAP Board's guidance for the next regional plan – greater refinement of existing policies, exploration of limited new policy areas, and development of more specific guidance for implementers.

Work thus far has focused on refining GO TO 2040's broad goal of "balanced housing options" for the region and will move on to barriers to that goal and geographic nuance of those barriers. To further the discussion at the April Housing Committee meeting, this memo outlines two components. First, it synthesizes the discussions to date into a proposed goal. Second, the memo begins research into barriers to that goal.

Proposed goal: housing choice

GO TO 2040 recommends "regionally balanced housing options" because of the numerous benefits for such diversity. Initial strategy paper work assumed a continued focus on regionally balanced housing options. However, discussions highlighted a major definitional issue. Can the right mix of options be defined, whether for the region as a whole or any subarea?

CMAP's experience through both policy and planning work highlights the difficulty in answering this question. It is difficult to identify the idea mix of single-family, multi-family, and townhome units. For example, [this](#) policy update from June 2015 highlighted the growing diversity of the region's housing stock. In suburban areas, that manifested itself in more townhome units. In the City of Chicago, that manifested itself in adding single-family homes, sometimes at the expense of denser unit types. The City did diversify its housing stock and further GO TO 2040 in one aspect. Given that Chicago hosts the region's highest job concentrations and best transit access, such changes can also undermine GO TO 2040 goals for transportation costs, commute times, and job access. Given such trade-offs it is almost impossible to figure out the right balance of options for the City.

In place of regionally balanced housing options, the Housing Committee focused on housing choice. The new language is intentional, refocusing around demand rather than supply: what

types of housing do residents of the region demand and what barriers prevent demand from being met. Such a focus is very similar to the approach in *Homes for a Changing Region*. Moreover, housing choice is already supported by a number of agency activities, including the Local Technical Assistance program, policy updates about changing demographics in the region, and the Fair Housing and Equity Assessment. Below is a working definition of housing choice.

Housing choice is the ability for all households in the region to find a quality affordable home that meets their basic needs and fits each household's preferences, including proximity to jobs, transportation, and other amenities, throughout all stages of life.

Components of housing choice

- *Sizes of household – Households of all sizes, from a single resident household to large families, have housing choice.*
- *Income – Households across the income spectrum have housing choice, including options that are affordable (i.e. costing a maximum of 30 percent of the household income, or 45 percent of the household income when combined with transportation cost).*
- *Characteristics of members of household – Regardless of the characteristics of members of the household, including age, race and ethnicity, housing status (homelessness), tenure preference (rental versus ownership), special needs (disabled, domestic violence, etc.), and more.*
- *Tenure/type – a home meets the form and tenure desires of the household, including rental and ownership as well as single family, townhome, or multifamily needs.*

Barriers to housing choice

While finalizing the definition of housing choice, staff has pivoted to researching the barriers to housing choice in the region. What follows is a preliminary catalogue of barriers in northeastern Illinois. Those barriers come from many sources: the March Housing Committee discussion and follow-up correspondence from some committee members, previous Local Technical Assistance projects, issues discussed when creating GO TO 2040, and barriers identified by the Reinvestment and Infill working group. Not all of these barriers will directly flow into CMAP-led strategies or efforts.

- **Market-feasibility**

Socio-economic conditions in an area underpin decisions about housing development and redevelopment, including demographics shifts and existing market conditions. Additionally, community plans may focus on development types and/or volumes that are not market supportable.

- *Redevelopment often requires acquisition of multiple smaller parcels, which can be cost-prohibitive and time consuming for developers.*
- *Owners sometimes hold onto vacant land in hopes of increasing property value.*
- *Lack of market demand can make it difficult to attract private developers.*
- *Demographic shifts – How to plan for an aging population, younger population, slow population growth, and other trends? How to plan for housing when housing needs shift as population groups move from one stage of life to another, such as when renters become buyers?*

- *Redevelopment can lead to a decrease in the stock affordable to low- and moderate-income individuals.*
- *Deterioration can lead to a decrease in the existing housing stock.*
- *Land available and suitable for redevelopment may be difficult to identify, and may also be sparse, especially in infill areas in close proximity to transportation, jobs, and other desirable amenities.*
- *Surveyed on housing preferences can sharply differ from preferences as revealed when purchasing and renting.*
- *Communities may sometimes lack the physical assets necessary to support population growth, such as utility infrastructure or transportation systems.*
- *Communities may lack resources to provide adequate services, such as road maintenance.*

- ***Coordination across jurisdictions***

Housing development often requires coordination across jurisdictions at every step of the process. Identifying key points to encourage communities, units of government, and the private and nonprofit sectors to work together would increase the ability of communities to provide the services and infrastructure necessary to attract and develop housing.

 - *Developers may experience difficulty identifying the implementing agency or agencies for goals and plans.*
 - *When projects involve overlapping jurisdictions, it is sometimes difficult to achieve cooperation because of misaligned and conflicting goals.*
 - *Entities may incentivize different locations or development types. Good examples of this are “TOD” areas or “opportunity” areas.*

- ***Regulatory environment***

The regulatory environment presents numerous barriers that make housing development and maintenance challenging, including decreasing supply and increasing cost.

 - *Outdated and inflexible zoning can hinder redevelopment.*
 - *Minimum parking requirements are very costly for developers.*
 - *Long approval processes can be costly and unpredictable, increasing risks to developers.*
 - *Obsolete buildings may no longer meet current regulations or market demands.*
 - *Stormwater and wetland requirements in already-developed areas can make redevelopment difficult.*
 - *Overly prescriptive building codes and other requirements (e.g. rules regarding construction materials and activity) can make development costly and inefficient and potentially impact development decisions.*
 - *Enforcement of codes and regulations can be difficult for municipalities, especially in low-capacity communities.*
 - *Costs of making units fully accessible to all residents can be a financial barrier.*
 - *Widely different approaches to regulating rental units, including some that may be insufficient or overly burdensome.*
 - *Ineffectual regulations or policies lacking enforcement make it difficult to achieve housing goals (example: AHPAA).*

- ***Community and political constraints***

Housing developments, programs, and policies sometime face community and political opposition. Support systems, such as local expertise or policy mechanisms, also impact development.

- *The lack of broad agreement that providing housing choice is a desirable goal makes it difficult to achieve said goal.*
- *NIMBYism (density, specific demographic groups, etc.) can be a significant challenge to some development projects. Communities can be uninformed or have misperceptions about the impact of density, tenure (rental versus owner), and other characteristics of developments on their communities.*
- *Past projects that have turned out badly can make it difficult to get community and/or political support for current projects underway.*
- *Lack of representation from disadvantaged or under-represented population groups in the political and development processes make it difficult to get support for certain housing goals.*

- ***Funding and Resources***

Breadth of experience, financial capacity, and relationships can affect the ability of municipalities and developers to effectively and efficiently carry out housing development and meet the specific housing needs of a community.

- *Differing levels of staff capacity and expertise mean that high-capacity communities often have an advantage. Some communities also lack information, such as data and analytical capacity about socioeconomic trends, to assess community needs.*
- *Shrinking federal resources make it difficult to finance preservation and new construction of subsidized housing.*
- *Some communities are increasingly dependent on federal resources.*
- *Funding programs can be overly complex and inefficient, costing time and resources.*
- *Developers must be high capacity, in terms of resources and expertise, in order to achieve complex, desirable housing goals such as mixed-income housing.*
- *Policies that underpin federal and state funding can impact the types of units constructed or purchased.*