



MEMORANDUM

To: CMAP Housing Committee

From: CMAP staff

Date: June 10, 2016

Re: Strategies for housing choice barriers (part 2)

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.

This memo outlines possible strategies to address barriers to housing choice in the region. Strategies are provided for the two of five barrier areas not covered in a May memo to this committee. Since the purpose of the strategy papers is, in part, to help define future CMAP activities, possible strategies under each barrier have been grouped into three areas: activities CMAP should continue, new or refocused activities for CMAP, activities that should occur but for which CMAP should not be the lead implementer.

Interjurisdictional Coordination

Providing housing choices for all residents in the region will require coordination across jurisdictions. Improved coordination can take on many forms: identifying shared goals and barriers; coordinating financial, informational, and staff resources; and working across traditional geographic, political, administrative, and sectoral boundaries on projects. Coordination does not necessarily entail changes to existing governance or administrative structures, nor does it require formal agreements. As public funding become scarcer, the efficiencies achieved from coordination are even more necessary. The lack of interjurisdictional coordination can present logistical, regulatory, and financial challenges to communities and developers seeking to construct and preserve residential property.

At the federal, state, and local level, multiple entities are involved in the housing development and preservation process, including but not limited to local agencies (e.g., planning department, building department, etc.), special districts that enforce codes and regulations (e.g., fire districts, etc.), and funders (e.g., banks, housing finance agencies, etc.). Each stakeholder may have varying requirements and timelines in the housing development and preservation process. As such, having many different stakeholder groups involved in the process can prolong, obfuscate, or increase the risk and unpredictability of the process of developing, rehabilitating, or

preserving residential property. Comments from the committee and others have in particular noted how a lack of coordination between fire districts and municipal governments can be costly for developers.

Meaningful housing choice requires cross-sector collaboration and planning. Concepts like the jobs and housing mismatch or transit-accessible affordable housing are being considered more often than in previous decades. Innovative, complex housing projects (e.g., mixed use properties, supportive housing, etc.) often require the coordination of agencies and complex funding mechanisms. Housing, transportation, land use, community development, and economic development agencies may have differing goals, priorities, and interests, as well as varying constraints. Differences can be manifested in funding programs, policies, and strategies. Stakeholders may also lack understanding of fundamental priorities and terms used in other fields.

Housing choice also presents an opportunity to share solutions and resources across boundaries. When adjacent municipalities and other stakeholder groups share challenges and priorities, they may still undertake separate efforts to address these issues or pursue goals. Interjurisdictional coordination often requires a host of factors to succeed: an organized forum or another strong impetus to convene to share effective local solutions; commitment and upfront resources, including staff capacity; and clear benefits and goals. Interjurisdictional coordination is challenged when one or more stakeholder groups lack capacity, and when the benefits of coordination are outweighed by the amount of effort to set up coordination. Results of coordination may also be unclear, intangible, and inconsistent, reducing the motivation for stakeholder groups – both with stronger and weaker capacity – to make the effort to coordinate with other groups.

- **Activities CMAP should continue**

- Through programs like Local Technical Assistance (LTA), the *Regional Housing Initiative*, and *Homes for a Changing Region*, CMAP and its partners have encouraged regional and subregional housing planning. CMAP should continue these and other efforts to help entities in the housing sphere share successful solutions and explore shared solutions for shared housing issues. The rejuvenated implementation team of LTA can help localities find appropriate funding sources to realize their goals.
- CMAP should continue to research the connections between sectors, such as market demand and adopted policies, housing and transportation, and housing and jobs. CMAP's educational materials should continue to be disseminated to highlight the connectivity of these issues and its potential impacts on the region's housing choices and other livability goals.

- **New or focused activities for CMAP**

- GO TO 2040 calls for strategic investments to improve the efficiency and effectiveness of the region's transportation system and to further related quality of life goals. CMAP conducts policy research, programming, and planning activities related to transportation, including the administration of the Congestion Mitigation and Air Quality Improvement (CMAQ) program, the Surface Transportation

- Program, the Transportation Alternative Program, and prioritization of major capital projects. As part of the goal of strategic investment, CMAP should research best practices on funding and project selection criteria so that transportation investment decisions take into consideration housing choice.
- CMAP should research best practices for interjurisdictional coordination and collaboration. Specifically, in FY 2017, CMAP will be exploring challenges related to community capacity, which will address shared services; empowering community with additional resources and expertise through will facilitate with housing preservation and construction.
- **Activities that should occur but for which CMAP should not be the lead implementer**
 - GO TO 2040 recommends coordinated investments. Partners can identify opportunities where funding formulas, project selection criteria, and grant requirements can be modified to explicitly reward coordinated efforts. Through LTA, CMAP can assist in the identification and coordination process, but implementation through programmatic changes requires action by partners.
 - Partners such as the Metropolitan Planning Commission, Metropolitan Mayors Caucus, South Suburban Mayors and Managers Association, and others should continue to develop and lead programs and host platforms for municipalities and agencies to come together to tackle shared challenges and implement solutions. In addition, organizations such as the Cook County Land Bank will continue to serve as models for programs that span multiple municipal boundaries and work with numerous agencies to address issues.

Regulatory challenges

During the development of GO TO 2040, CMAP researched this topic and that research has guided LTA work to improve local zoning ordinances and development processes. Federal, state, and local regulations exist to ensure the safety of residents, protect the environment, align development with community goals, and finance new and existing development. Meeting regulatory requirements is often a sequential process with cumulative financial costs. Outdated and inflexible development regulations can also hinder housing goals. For example, building and zoning codes can require specific materials or production processes beyond what is necessary for minimum health and safety requirements. As another example, rehabilitation projects are sometimes required to meet the same standards as new construction, thus demanding very expensive upgrades or even demolition. Such development regulations can arise from an overabundance of caution; redundancies; lobbying from special interest groups; delays in updates to codes due to staff, budgetary, or political constraints; aesthetic benefits; or exclusionary goals (i.e., NIMBY).

Additional costs from regulations can be transferred to property owners or renters; when the cost of meeting regulatory requirements is higher than what the market can bear, residential development can be discouraged from being built or preserved at all. Decisions regarding the location, size, quantity of units, and design of housing may also be affected by regulations. Removing unnecessary regulations or expediting the regulatory process can potentially encourage more housing to be built and preserved.

International and national model building codes can provide uniformity, transparency, and predictability for developers. The state of Illinois does not have a statewide building code; the state has, however, adopted model codes for plumbing, fire and safety, and accessibility. Customization of codes is useful for municipalities to incorporate local conditions and community needs. In the CMAP region, each of the 284 municipalities has locally adopted codes. Customized codes across the region can also pose a challenge for developers who are working throughout the region. Becoming familiar with the nuances of each municipality's and special districts regulatory requirements takes time and financial resources. The variation in building codes, even nuanced, negatively impacts efficiencies and may discourage potential developers from entering the market to preserve and construct housing.

- **Activities CMAP should continue**

- Through partners and LTA, CMAP should continue to update and modernize local zoning ordinances to make them more user-friendly, address areas of change, and align development regulations with recently adopted plans.
- CMAP should continue to conduct research and disseminate educational materials on parking requirements and its impact on housing and land use and zoning best practices.

- **New or focused activities for CMAP**

- CMAP disseminates information for municipalities, practitioners, and local leaders through policy updates, memos, snapshots, and strategy papers. As stated in previous memos, CMAP should continue to conduct research on land use and zoning best practices. Specific research that can tackle regulatory barriers can include the following:
 - Identify best practices that align environmental and housing goals, such as zoning regulations and land use policies enabling shared stormwater management solutions.
 - Produce a research report or policy update that analyzes the potential impacts of impact fees and identifies strategies to reduce related barriers, such as discounted fees for increased affordability.
- CMAP provides LTA training to municipal officials and other regional stakeholders. Expanding LTA trainings can help increase community capacity by informing planners, plan commissioners, and local public officials of the processes, policies, and challenges related to housing preservation and development. Through training and education about regulatory processes related to housing, local decision-makers will be better equipped to develop or support efforts to remove regulatory barriers to housing development and preservation.
- In FY 17, CMAP will wrap up research on disinvested areas in the region, including areas with high vacancy rates. As part of this project, CMAP will explore barriers and strategies for reinvestment in these communities, including zoning strategies to facilitate the development or temporary use of vacant property.

- **Activities that should occur but for which CMAP should not be the lead implementer**
 - Meeting building codes represent a significant portion of the time and cost of development and preservation process. Additional research on best practices regarding facets of building codes can facilitate housing choice goals. A CMAP report in 2009 cited the variation among municipalities as potentially the “most significant obstacle posed by building codes.”¹

Given this, case studies on the development, adoption, and implementation of uniform building codes across municipalities would behoove the developers and communities who want to increase housing preservation and construction activity. Moreover, the Urban Land Institute currently convenes Technical Assistance Panels and Developer Discussion Panels that could be used to assess local building codes.

As part of these efforts, additional attention should be paid to how codes impact rehabilitation, as it is often more cost-effective than new construction. Smart codes or codes specifically for rehabilitation projects can greatly reduce the costs for rehabilitation, thus encouraging more housing opportunity at a lesser cost than new construction.

Finally, in depth empirical research on the impacts of building codes on health and safety rules can help to differentiate between necessary, appropriate codes versus excessive, redundant codes. Adjusting zoning codes to allow for more flexibility would reduce costs and therefore increase development potential. Specifically, research should be conducted on flexible requirements that achieve targeted safety, health, or design outcomes.

¹ Chicago Metropolitan Agency for Planning. 2009. “Regulatory barriers and housing affordability.” January. <http://www.cmap.illinois.gov/documents/10180/55354/RegulatoryBarriers.pdf/854300f8-3c4c-4a05-a448-b14a228aad0f>