

# DUPAGE COMMUNITY DEVELOPMENT COMMISSION POLICY MANUAL

May 8, 2017

## GEOGRAPHIC DISTRIBUTION POLICY AFFORDABLE HOUSING FUNDED BY HOME OR CDBG

Used Only for New Construction or the Creation of New Units

(Approved June 28, 1994, by Home Advisory Group, Updated 2007 and Approved by the Home Advisory Group October 2, 2012, Updated April 24, 2017, Approved by the HOME Advisory Group May 2, 2017)

### Definitions.

Municipality with Insufficient Affordable Housing: The Illinois Affordable Housing Planning and Appeal Act (AHPAA) went into effect January 1, 2004. The Illinois Housing Development Authority (IHDA) was named the state-administering agency in the law. The law was intended to encourage municipalities to incorporate affordable housing into their communities. Local governments with insufficient affordable housing are defined as having less than 10% of total year-round units as affordable to low-income households. Du Page County will use this criteria to define municipalities with insufficient affordable housing.

Community of Low-income Concentration: is defined as a U.S. Census Tract, Block Group, or other locally defined subarea of a community with a high proportion of low-income persons. A local determination may be made to select the most appropriate geographical definition of what constitutes a community. However, communities must be contiguous and relatively homogeneous areas with common identifiable characteristics and specific boundaries. They cannot be whole municipalities. Such communities would be considered as having a low-income concentration if the number of low-income persons (less than 80% of median income) make up a majority (51% or more) of the population of the community. Data to make this determination may come from U. S. Census information or other data that would be acceptable to HUD.

Community of Minority Concentration: is defined as a U. S. Census Tract, Block Group, or other locally defined subarea of a community with a high proportion of minority persons. Such communities would be considered as having a minority concentration if the number of minority persons residing in the Census Block Group is within the top 10<sup>th</sup> percentile of all Du Page County Block Groups in terms of minority concentration. Per the 2010 Census, such communities have a minority concentration of 58.4% or more.

### Policy

It is the policy of the DuPage Community Development Commission and the DuPage HOME Advisory Group that greater locational choice be promoted in the development of affordable housing in the DuPage County area. This policy will be promoted in the implementation of the Community Development Block Grant Program and the HOME Investment Partnership Act program. The actions below will be used to promote greater locational choice for both low and moderate-income persons and minorities by encouraging affordable housing outside of communities of low-income concentration and outside of communities of minority concentrations, and within municipalities with insufficient affordable housing.

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1. Staff to the CDC and the HOME Advisory Group, in providing technical assistance and advice to potential project sponsors, will encourage identifying locations that are outside of neighborhoods of low-income concentration, and outside of neighborhoods of minority concentrations, and within communities with insufficient affordable housing.
2. All project applications reviewed by the DuPage Community Development Commission for funding by the DuPage County CDBG program or reviewed by the DuPage HOME Advisory Group for funding by the DuPage Consortium HOME program that propose affordable housing or otherwise adding to the affordable housing stock will be evaluated for the suitability of the proposed site. Although a variety of issues will be examined, of particular note will be the impact of the proposed project on increasing concentrations of affordable units, low-income persons, and minorities. The extent of this evaluation will depend on the activity being proposed and general demographic information about the proposed location of the site. Guidance for this analysis will come from regulations at 24 CFR 983.57(e)(2) and (3) which is appended hereto. This information describes procedures for implementing site and neighborhood standards. Analysis of site suitability will include the following:
  - a. A special notice will be sent to the jurisdiction in which the proposed site is located providing opportunity to comment on: (1) consistency with local zoning or other applicable development control ordinances; (2) significant environmental concerns; (3) consistency in scale or appearance with the surrounding area; or (4) the effect on creating or expanding a concentration of affordable housing for low-income persons and minority persons. This notice is in addition to any notices required by the Environmental Review Record process.
  - b. If there is a reasonable potential for concern based on local jurisdiction comments (including supporting documentation), information from the application, or underwriting analysis by staff, the Community Development Commission or HOME Advisory Group may require further assessment. The purpose of the analysis will be to show that concerns will be adequately addressed.
  - c. If, after further assessment, there is documented evidence that site concerns cannot be adequately addressed, the Community Development Commission or HOME Advisory Group may determine that the proposed project does not meet the minimum program requirements of the respective program.
  - d. When a project will be located within a municipality of insufficient affordable housing and outside of a community of low-income concentration and outside of a community of minority concentration, and, the costs associated with the project are high in relation to other projects due to this location, the evaluation of the project's cost effectiveness in the underwriting review will not be penalized, provided that the project does not exceed per-unit subsidy limits.

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- e. All project applications reviewed by the DuPage Community Development Commission will adhere to 24 CFR 92.202 (a), which states a participating jurisdiction must administer its HOME program in a manner that provides housing that is suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601 *et seq.*), E.O. 11063 (3 CFR, 1959-1963 Comp., p. 652), and HUD regulations issued pursuant thereto; and promotes greater choice of housing opportunities. Additionally, all project applications for new construction or the creation of new affordable units, to the greatest extent feasible, will adhere to 24 CFR Part 983.57 (e) (2) (3) listed in Appendix A.

## Appendix A - Source: 24CFR 983.57 (e) (1) (2) (3)

### **The HOME regulations require the Participating Jurisdiction to determine that the siting of new construction of rental projects meets the following requirements:**

- e) *New construction site and neighborhood standards.* A site for newly constructed housing must meet the following site and neighborhood standards:
  - (2) The site must not be located in an area of minority concentration, except as permitted under paragraph (e)(3) of this section, and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.
  - (3) A project may be located in an area of minority concentration only if:
    - (i) Sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration (see paragraph (e)(3)(iii), (iv), and (v) of this section for further guidance on this criterion); or
    - (ii) The project is necessary to meet overriding housing needs that cannot be met in that housing market area (see paragraph (e) (3)(vi)) of this section for further guidance on this criterion).
    - (iii) As used in paragraph (e)(3)(i) of this section, “sufficient” does not require that in every locality there be an equal number of assisted units within and outside of areas of minority concentration. Rather, application of this standard should produce a reasonable distribution of assisted units each year, that, over a period of several years, will approach an appropriate balance of housing choices within and outside areas of minority concentration. An appropriate balance in any jurisdiction must be determined in light of local conditions affecting the range of housing choices available for low-income minority families and in relation to the racial mix of the locality's population.
    - (iv) Units may be considered “comparable opportunities,” as used in paragraph (e)(3)(i) of this section, if they have the same household type (elderly, disabled, family, large family) and tenure type (owner/renter); require approximately the same tenant contribution towards rent; serve the same income group; are located in the same housing market; and are in standard condition.
    - (v) Application of this sufficient, comparable opportunities standard involves assessing the overall impact of HUD-assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration, and must take into account the extent to which the following factors are present, along with other factors relevant to housing choice:
      - (A) A significant number of assisted housing units are available outside areas of minority concentration.
      - (B) There is significant integration of assisted housing projects constructed or rehabilitated in the past 10 years, relative to the racial mix of the eligible population.
      - (C) There are racially integrated neighborhoods in the locality.

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- (D) Programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration.
  - (E) Minority families have benefited from local activities ( *e.g.* , acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas of minority concentration.
  - (F) A significant proportion of minority households has been successful in finding units in non-minority areas under the tenant-based assistance programs.
  - (G) Comparable housing opportunities have been made available outside areas of minority concentration through other programs.
- (vi) Application of the “overriding housing needs” criterion, for example, permits approval of sites that are an integral part of an overall local strategy for the preservation or restoration of the immediate neighborhood and of sites in a neighborhood experiencing significant private investment that is demonstrably improving the economic character of the area (a “revitalizing area”). An “overriding housing need,” however, may not serve as the basis for determining that a site is acceptable, if the only reason the need cannot otherwise be feasibly met is that discrimination on the basis of race, color, religion, sex, national origin, age, familial status, or disability renders sites outside areas of minority concentration unavailable or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice.