AGENDA
HOUSING COMMISSION
Commissions Room, 2nd Floor
Arlington Heights Village Hall, 33 S. Arlington Heights Rd.
Arlington Heights IL 60005
September 16, 2026
7:00 PM

I. CALL TO ORDER

II. ROLL CALL OF MEMBERS

III. APPROVAL OF MINUTES

A. September 3, 2026 Special Housing Commission Minutes

IV. REPORTS

A. Single Family Rehab Program Update

B. Housing Study RFP Update

V. OLD BUSINESS

VI. NEW BUSINESS

A. Inclusionary Housing Ordinance - Findings & Recommendations

VII. OTHER BUSINESS

A. Prep For New Business Plan

VIII. PUBLIC COMMENT

Anyone wishing to speak on a subject not on the Agenda may speak at this time. Please limit your comments to three minutes.

IX. ADJOURNMENT

The Village of Arlington Heights is committed to digital accessibility for all users. Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact the Health & Human Services Department — located at 33 S. Arlington Heights Road, Arlington Heights, IL 60005 — at 847-368-5760 or ADA@vah.com.

DRAFT

MINUTES OF A MEETING OF THE
SPECIAL HOUSING COMMISSION
COMMISSIONS ROOM, VILLAGE OF ARLINGTON HEIGHTS
SEPTEMBER 3, 2026 - 7:45 PM

IN ATTENDANCE:

Commissioners Present:	D. Miller – Acting Chairman	Commissioners Absent:	K. Kiefer
	M. Bauer		M. Reynaga
	D. LoSavio		W. Delea
	R. Brodecki		

Staff Present: Basmah Nadeem, Planner I/Staff Liaison
Darko Bojin, Planner I

Others Present: Bill Manganaro, Trustee
Linda Waycie, Northwest Alliance for Housing Affordability
Keith Moens, Resident

A motion was made by Commissioner LoSavio, seconded by Commissioner Bauer to allow Commissioner Miller to act as Chairman for the meting due to Commissioner Kiefer's absence. The motion was approved by a unanimous voice vote.

I. CALL TO ORDER

The meeting was called to order at 7:46 pm by Acting Chairman Miller.

II. ROLL CALL

Present: D. LoSavio, M. Bauer, D. Miller, R. Brodecki
Absent: K. Kiefer, M. Reynaga, W. Delea

III. APPROVAL OF MINUTES

A motion was made by Commissioner Bauer, seconded by Commissioner LoSavio to approve the minutes with amendments of the June 17, 2026 meeting. The motion was approved by a unanimous voice vote.

IV. REPORTS

A. Inclusionary Housing Program Update

Ms. Nadeem provided an update on the Inclusionary Housing Program, noting that the only current update pertains to the proposed development at 330 West Golf Road. She explained that while a formal Plan Commission application has not yet been submitted, the development has undergone internal staff review and received preliminary feedback from the Village Board through an early review procedure. The Village Board was generally supportive, with the understanding that staff and the applicant would continue to address issues raised during the entitlement process, which has not yet begun.

The proposal includes 60 senior affordable housing units, with the existing church on the site to remain. Two new buildings are proposed: one four-story and one three-story. The applicant has been asked to refine their concept plan before proceeding to the Conceptual Plan Review Committee, after which a formal Plan Commission application may be submitted.

Commissioner Brodecki asked when the Housing Commission would see the proposal. Ms. Nadeem responded that it would come before the Plan Commission once a formal application is submitted, likely near the end of the applicant's revision process.

B. Affordable Housing Trust Fund Update

Ms. Nadeem reported that the only application received for the Affordable Housing Trust Fund is from the 330 West Golf Road project, seeking assistance for project costs. She explained that while the application is generally eligible, staff recommends tying the Trust Fund application process to the entitlement process, so that both the site proposal and funding request are considered together once a formal Plan Commission application is submitted. The timing for this is uncertain and depends on the applicant's progress.

Commissioner Brodecki shared his observations from the Village Board presentation, noting that the project fits the requirements for Trust Fund use but involves a significant funding request of up to $750,000. He commented that part of the funding would be a loan to be repaid, and the applicant is experienced with such arrangements. He also noted concerns from some Board members about the proposed four-story building and the reduction in unit count from 100 to 60.

Commissioner Bauer agreed, expressing support for the project and its location, but also concern about allocating the majority of the Trust Fund to a single project. He recommended staff discuss with the applicant the feasibility of the project and the impact of the requested funding.

Commissioner LoSavio commented on the value of the location and the community benefit, but shared concerns about dedicating a large portion of the Trust Fund to one project, especially when combined with the cost of the housing study. He suggested a preference for more units and questioned the financial feasibility if the unit count is reduced further.

Commissioner Miller emphasized that the Trust Fund is intended for such projects and that 60 affordable units would have a significant impact. He noted that the loan aspect means funds would eventually be repaid.

C. Single Family Rehab Program Update

Ms. Nadeem provided an update on the Single-Family Rehab Program. She reported that one application from the previous year has stalled due to the homeowner's health issues, while another has completed construction and is in the process of closing out. A new application from this year initially exceeded the income limit but has since become eligible and is undergoing environmental review. Another applicant is finalizing bids for a bathroom remodel, which will require commission approval due to the project cost exceeding $10,000. An emergency repair application was withdrawn by the homeowner, who needed to proceed with repairs more quickly than the program could accommodate.

V. OLD BUSINESS - None

VI. NEW BUSINESS

A. Revisions to Single-Family Rehab Program

Mr. Bojin introduced the item and explained that staff had prepared proposed revisions to the Single-Family Rehab Loan Program, which is 100% CDBG funded and subject to federal regulations. He outlined the lengthy process required for applicants, including appraisals, income verification, environmental review, lead-based paint assessment, and obtaining competitive bids. He noted that the process can take several months, which is a barrier for applicants needing urgent repairs.

Mr. Bojin described staff's efforts to streamline the program, including exploring a partnership with Northwest Housing Partnership (NWHP) to administer the program. NWHP would assist with contractor procurement, marketing, and program delivery, and provide HUD-certified housing counselors. He explained that NWHP has experience with similar programs in neighboring municipalities and has proposed a 15% administration fee per project, to be paid from the program budget.

Commissioner Miller asked for clarification on the administration fee and whether it would reduce the available loan funds. Mr. Bojin confirmed that the fee would be paid on top of the loan amount from the program budget, reducing the total available for loans.

Commissioner Miller inquired whether the partnership would allow for faster processing of emergency repairs. Mr. Bojin responded that, due to CDBG requirements, the process would still not be fast enough for true emergencies, and most municipalities use separate funding for emergency repairs.

Commissioner Brodecki asked about the evaluation of other organizations and the selection of NWHP. Mr. Bojin stated that three organizations were considered, and NWHP was selected due to its local experience and reputation. Commissioner Brodecki asked about the meaning of "soft costs" in the proposal. Mr. Bojin explained these are typically program delivery costs related to staffing and would be clarified in contract negotiations. Commissioner Brodecki noted a typographical error in the application form and suggested clarifying the income verification process.

Commissioner Bauer commented on the importance of reducing processing time and the need for a separate emergency repair fund. He also questioned the financials of the organization, the amount of employees, and would have liked for NWHP to be present at the meeting. Commissioner Bauer asked clarifying questions on the application requirements.

Commissioner LoSavio expressed support for NWHP based on his experience with the organization.

Commissioner Miller clarified that the commission was being asked to recommend that the Village Board pursue a contract with NWHP, with the details to be negotiated by staff. He asked staff to provide clarifications on the typical amount of emergency applications received and amount of applications withdrawn. Ms. Nadeem answered that even though this streamlined process may not address emergency repairs, it would at least quicken the timeline for applications in comparison to the current timeline.

Commissioner Brodecki commented the emergency repair funding should be a discussion for another time as it is not meant to be considered under CDBG funding.

A motion was made to recommend the Village Board to pursue a contract with North West Housing Partnership for the administration of the Single-Family Rehabilitation Loan Program by Commissioner Brodecki, seconded by Commissioner LoSavio. The motion passed on a unanimous voice vote. Commissioner Miller asked staff to research how other communities handle emergency repairs and to consider establishing a separate emergency fund.

Commissioner Brodecki moved, seconded by Commissioner LoSavio, to amend the public comment regulations to allow for public comment during the discussion of this and the next agenda item. The motion passed on a unanimous voice vote.

Public comment was invited on the proposed revisions to the Single-Family Rehab Program. Mr. Moens referenced a legal memo indicating the chair's discretion to allow public comment on any agenda item. No further public comment was offered.

B. Housing Study Request for Proposals (RFP)

Ms. Nadeem presented the final draft of the Housing Study RFP, which has undergone internal review. She outlined the structure of the RFP, including the introduction, project overview, topics to be covered, and submission requirements. The RFP is intended to solicit broad proposals, with specific deliverables to be defined with the selected consultant. The study is expected to begin in January and conclude in December of the following year, with a budget of $250,000. The RFP will be posted and distributed the following day, with a submission deadline in October.

Commissioner Brodecki recommended including an analysis of the Village's zoning requirements and regulations as part of the study, noting that restrictive zoning can impede affordable housing development. Ms. Nadeem responded that zoning issues are being addressed through a separate business plan item on streamlining the development process.

Commissioner Bauer expressed concern about the cost of the study and the use of Trust Fund dollars, emphasizing the need for the study to have a significant impact on affordable housing. He also suggested the RFP clarify whether the focus is on affordable housing or broader housing issues and recommended including comparative analysis with other communities. He questioned the need to place the budget in the RFP document. Commissioner Bauer commented he is more used to seeing an RFP with specific topics to be considered in the project.

Commissioner Miller agreed on concerns regarding the cost of the project, emphasizing the importance of actionable outcomes for affordable housing. At the same end, he is understanding the Village does not have a baseline data to further affordable housing strategies, which the Housing Study should assist with.

Commissioner LoSovio agreed on concerns regarding the cost of the project and how it would be disappointing for those who have put money in the Fund without a desirable outcome. He also emphasized public outreach during the study process.

Commissioner Brodecki asked whether the Housing Commission would be involved in the vendor selection process. Ms. Nadeem replied that this is still to be determined by the Village Board, but staff does recommend Housing Commission involvement in the general Housing Study process.

Commissioner Bauer inquired about the Service Needs Analysis referenced in the RFP. Ms. Nadeem explained that a separate third-party analysis will evaluate how growth impacts municipal staffing and services, and the housing study consultant will be expected to incorporate its findings.

Public comment was invited on the housing study RFP. Linda Waycie in attendance asked about the increase in the study budget and suggested the study should lead to a gap analysis and an affordable housing plan, referencing the process used in Evanston. Ms. Nadeem answered that the Business Plan only included the approved budget from 2026, and does not include the amount allocated for 2027. Now, the total amount will be spent in 2027. Commissioner Miller pointed out the RFP already has mentions of gap analysis as a deliverable for the Housing Study. Linda Waycie also supported public outreach and gathering data on housing needs, including waitlists for affordable units and working with organizations within the Village that handle such cases.

VII. OTHER BUSINESS - None

VIII. PUBLIC COMMENT

Mr. Moens commented on a trend of downsizing affordable and workforce housing projects in the Village, expressing concern that building heights are reduced for such projects despite the presence of tall buildings elsewhere in town. The speaker encouraged the Housing Commission to advocate for economies of scale in affordable housing developments.

Commissioner Miller agreed, noting the importance of maximizing the impact of affordable housing projects.

Commissioner Brodecki suggested that a future meeting include a discussion of new ideas and strategies for expanding housing affordability, including public outreach and emergency funding. Commissioners discussed the appropriate process for such discussions, with staff clarifying Open Meetings Act requirements.

Commissioners expressed support for dedicating time at a future meeting for idea generation and strategy discussion, with appropriate preparation and agenda placement.

IX. ADJOURNMENT

A motion was made by Commissioner Brodecki, seconded by Commissioner Bauer to adjourn the meeting. The motion was approved by unanimous voice vote. The meeting ended at 9:20 pm.

VILLAGE OF ARLINGTON HEIGHTS
INC. 1887

9/16/2026

Item: Single Family Rehab Program Update
Department: Planning & Community Development

Item Description:
Attached is a status report on the FY2026 Single Family Rehab Program which encompasses the time period from October 1, 2025 through September 30, 2026.

ATTACHMENTS:
1. 2026 SFR Report Update

Housing Commission Meeting Date: September 16, 2026

SINGLE-FAMILY REHAB PROGRAM STATUS REPORT – October 1, 2025 to September 30, 2026

FILE # SUFFIX	APPLICATION SUBMITTED	OUT TO BID	SCOPE OF WORK SUMMARY	STAFF COST ESIMATE	PROJECT COST	CHANGE ORDERS	TOTAL PROJECT COST	PAID TO DATE	STATUS
25-02 MA1204	4/15/2025	By Owner	Electrical and plumbing work.	$21,000					Drafting scope of work. Homeowner to look for bids. On pause due to homeowner's health issues.
25-03 KW2505	7/23/2025	By Owner	Roof and gutter replacement	$17,000	$16,200	$336	$16,536		Construction complete. Village to pay contractor.
26-01 JA435	2/2/2026	By Owner	Stair lift	$18,000					Initially disqualified based on 2024 income exceeding maximum limit. Updated 2025 income is eligible. Currently undergoing environmental review.
26-02 PE2315	4/15/2026	By Owner	Bathroom remodel	$15,000					Homeowner finalizing bids.
26-03 SO1215	6/22/2026	By Owner	Sewer line replacement and excavation						Emergency repair. Withdrew application and no longer continuing through the process.

<u>SFR LOAN PROGRAM - FINANCIAL SUMMARY</u>

2025/2026 CDBG allocation: $75,547.00

<u>Loans Repaid CDBG Fiscal Year To Date: 10/1/25 – 9/30/26</u>

Case #	Date Paid	Yrs to Repayment	Amount	Reason sold (if known)

VILLAGE OF
ARLINGTON HEIGHTS
INC. 1887

9/16/2026

Item: Housing Study RFP Update
Department: Planning & Community Development

Item Description:
Staff will provide an update to the Housing Commission regarding the Housing Study RFP.

ATTACHMENTS:
None

VILLAGE OF ARLINGTON HEIGHTS
INC. 1887

9/16/2026

Item: Inclusionary Housing Ordinance - Findings & Recommendations

Department: Planning & Community Development

Item Description:

The Village Board identified eight Strategic Priorities for 2026–2027, one of which is to expand housing affordability and attainability strategies that are impactful on the local level and provide a variety of housing options for residents at all stages of life. The 2026-2027 Business Plan calls for the Planning and Community Development Department to "Enhance Effectiveness of the Inclusionary Housing Program." This includes a review of the current administration of the Program, consideration of alternatives to expand access to units made available through the Program, consideration of opportunities to improve monitoring of Program compliance, consideration of partnering with non-profits for administration of the Program, etc.

Staff will present these findings to the Housing Commission, including an evaluation of the existing conditions and recommendations for improvements to the administration of the Inclusionary Housing Ordinance program.

ATTACHMENTS:

1. IHO Memo Final Packet

VILLAGE OF ARLINGTON HEIGHTS
INC. 1887

Meeting Date: September 16, 2026

To: Housing Commission

From: Basmah Nadeem, Planner I

Subject: Inclusionary Housing Ordinance – Findings & Recommendations

Attachments: Inclusionary Housing Ordinance
Inclusionary Housing Guidelines

Purpose

The Village Board has identified "Expand housing affordability and attainability strategies that are impactful on the local level and provide a variety of housing options for residents at all stages of life" as their second Strategic Priority in the 2026-2027 Business Plan. This Strategic Priority encompasses several actions items administered by the Department of Planning & Community Development, including "Enhance Effectiveness of Inclusionary Housing Program". Staff has evaluated opportunities to expand the effectiveness of our existing Inclusionary Housing Program and is seeking feedback from the Housing Commission on this evaluation.

Background

Inclusionary Housing Ordinance (IHO)

The Inclusionary Housing Ordinance was adopted in 2020, with a few minor amendments made in 2023. This Ordinance dictates a standard for providing affordable units within the Village or assessing a fee to new residential units, which would then be collected and placed in the Affordable Housing Trust Fund (AHTF).

These fees are adjusted annually based on the Consumer Price Index (CPI-U) for the Chicago-Elgin-Naperville area. The set maximum rents for affordable units are also adjusted annually. Similarly, the maximum income allowance is for 60% of the area median income (AMI). These rent and income numbers are calculated annually by the Illinois Housing Development Authority (IHDA) based on the number of bedrooms in the unit and the number of persons inhabiting the unit, respectively.

Generally, developments with fewer than 10 dwelling units do not require an affordable unit to be provided. However, a fee is assessed, known as the "linkage fee", for each of these units. Single family homes also fall under this provision.

Multi-family rental developments with 10 or more units are required to provide either affordable units or a fee-in-lieu. The exact requirements are dependent on location and whether public (i.e. Village) funding is being provided. Any development with 10 or more dwelling units located within the Village's B-5 Downtown District, is required to:

1) provide a total of 7.5% of their units as affordable with no fee assessed to the developer, or
2) provide 5% of the total units as affordable with the remainder 2.5% requirement assessed as a fee-in-lieu, or

3) if proper reasoning is provided dictating affordable units are not reasonably feasible, then pay a fee-in-lieu amount assessed based on 10% of the total units.

Any development with 10 or more dwelling units located outside of the B-5 District must provide 5% of the units as affordable. If affordable units are not provided, a fee-in-lieu is assessed based on 10% of the units. For any publicly assisted multi-family products with 10 or more dwelling units, it is mandatory that 10% of the total units be affordable, with no fee-in-lieu as an option.

Any development project in the Village required to provide affordable dwelling units, pay a fee-in-lieu of an affordable unit, or pay linkage fees under the provisions of the IHO, are also required to provide an Affordable Housing Plan to the Village. This Plan should provide information on the affordable housing units (specific details regarding unit size, design, rent) or a payment of a fee-in-lieu. Affordable units are required to be integrated within the development, and include similar finishes, features, and amenities found in the market-rate units.

Once constructed, the property owner is required to submit an annual report to the Village by March 1, covering the prior year's reporting period. The report should describe the status of each affordable unit in detail including, but not limited to, changes in tenancy, turnovers, increase in rent, and income certifications for all new tenants, giving a holistic view of how the developer is operating the affordable units in compliance with the Village's IHO.

Multi-family for-sale products are not required to provide affordable units. Instead, a linkage fee is required for any developments including nine (9) or fewer dwelling units. For developments incorporating 10 or more units, a fee-in-lieu of affordable units in the amount of 12.5% of the unit value for 10% of the total number of units is required. The cap amount is adjusted annually.

The IHO also includes incentives for the provision of affordable housing, which are intended to help offset the financial impact to the developer of providing the units. These incentives may include: density bonuses, fee waivers for the affordable units, and satisfaction of parking requirements for developments in the Downtown by using parking permits in the Village's parking garages.

Inclusionary Housing Guidelines

Whereas the IHO dictates specific standards for providing affordable units and associated fees, the Inclusionary Housing Guidelines expand on policies and procedures, especially in relation to implementation. For instance, the Guidelines provide requirements for specific information the Affordable Housing Plan should cover. Additionally, the Guidelines are updated annually to reflect the adjusted fees amounts, maximum rents assessed, and income limits. The Guidelines also clarify information regarding income determination, recertification of incomes, demolition of buildings, and the calculation of units.

Challenges Associated with Current Programming

Once a multi-family rental product is fully constructed with affordable units, it is the responsibility of the developer or property manager to follow the IHO and Inclusionary Housing Guidelines. This includes soliciting potential tenants, screening applicants in accordance with eligibility guidelines, setting appropriate rental and utility rates, monitoring existing tenant income levels vs. rental rates, and preparing and submitting the required annual report to the Village. Village Staff does not assist with the management and monitoring of affordable units, aside from answering general questions regarding our requirements and reviewing the annual reports.

Some developers have struggled with implementation of the IHO, as they must establish a procedure for determining an applicant's eligibility for the affordable units. For example, while there are standards with regard to income limits, how a developer verifies income has generally been left to their discretion, especially in relation to assets. In addition, the developer is provided an option to set utility allowances which can be challenging based on how utilities are bundled and what options are available to tenants within the building. Developers and property managers have expressed frustration to Staff as they struggle to implement the IHO and Inclusionary Guidelines. These requirements are unique to the Village of Arlington Heights and thus, challenging for developers and property owners to navigate on a "one-basis" for their project. Because the Village does not have a standard operating procedure for developers to utilize, differing methods tend to be used. Staff has also fielded multiple complaints from prospective tenants regarding this process. Tenants have expressed they feel there is a lack of transparency in the process and are frustrated at the Village's inability to hold developer's/property managers accountable for extensive and differing selection criteria.

Staff has also experienced challenges in relation to the annual compliance reporting. As part of the annual compliance reporting, the Village requests the developer/property manager to provide the unit number, last name of the occupying tenant, the number of bedrooms in the unit, the amount of people inhabiting the unit, the household's total income, the rent assessed to the tenant, the current lease start and ends times, and the tenant's job description. Once this information is provided, Village staff checks the income and rental levels to verify they meet the standards, but otherwise the information is accepted at face value. The Village does not require formal documentation verifying the information submitted is accurate and does not have the expertise to do so.

Enhancing The Effectiveness of the Inclusionary Housing Program
In order to address some of these challenges and limitations of the current Inclusionary Program and to ensure that program is meeting its objectives by serving the intended populations, staff has evaluated various opportunities to expand our administration of the Program. This included:

1) A review of the current administration of the Program,
2) A review of how other communities administer their affordable housing programs (where applicable),
3) Consideration of alternatives to expand access to units made available through the Program,
4) Consideration of how to standardize the screening process to ensure transparency and equity across all affordable housing units within the Inclusionary Housing program,
5) Consideration of how to streamline the screening process for the benefit of both the property manager and the applicants,
6) Review of opportunities to improve monitoring of Program compliance, and
7) Consideration of existing Village resources for expansion of the program.

Success for this project is defined by improving public access to units created under the Program, providing enhanced support to property owners managing units under the Program, and ensuring compliance with the Inclusionary Housing Program.

Upon review and consideration of the above, discussions with the previous Housing Planner, and discussions with the Department and Health Human Services, Staff believes the most efficient and cost-effective way to enhance our current program, would be to outsource the administration of the program to a third-party, with the Village (specifically the Planning & Community Development Department and the Housing Commission) maintaining general oversight of the program.

Administration of Inclusionary Housing Ordinances in Other Communities
Currently, there are 10 other municipalities with an IHO (or a similar program in the case of the City of Chicago) in the Chicagoland area, including Chicago, Deerfield, Evanston, Highland Park, Lake Forest, Morton Grove, Northbrook, Oak Park, Skokie, and St. Charles. Most of these communities utilize a consultant to administer their programs, providing a cohesive, transparent, and streamlined process for the provision and management of affordable units and/or other housing programs. The City of Chicago has a Department of Housing (a dedicated City department) and an organization

handling this administration for the City's Affordable Requirements Ordinance (ARO). Oak Park has their own Department of Housing to dedicate management of their programming. St. Charles contracts out the administration of their other housing programs, including their home rehabilitation and trust fund programming, leaving the IHO for the Village to administer. Lake Forest has an Inclusionary Housing Ordinance and Affordable Housing Trust Fund, which are meant to be managed by an inactive Housing Trust Fund Board. The extent of Morton Grove's housing programming includes an Inclusionary Housing Ordinance and Affordable Housing Trust Fund, both of which are relatively new. The other five (5) municipalities utilize a non-profit organization to administer their IHO programs.

Staff Recommendation

Based on this information, Staff recommends partnering with a non-profit organization to administer the Village's Inclusionary Housing Program. We believe this will achieve the Village's goal of providing a more transparent, equitable, and streamlined administrative process, that will hold developers and property managers accountable. Staff will present this non-profit organization at the next Housing Commission meeting on October 21, 2026.

Inclusionary Housing Ordinance

Ordinance 2020-025, as amended by Ordinance 2023-075
Village Code Chapter 7, Sections 7-1701-1711

Section 7-1701 Purpose. The purpose of this Article is to promote the public health, safety, and welfare by encouraging high quality housing throughout the Village sufficient to meet the needs of all Arlington Heights residents. The Village may adopt administrative guidelines to assist in the effective implementation of this Article.

While this Article provides alternatives to the production of on-site affordable units, the preference of this Article is to provide permanent affordable dwelling units that are constructed on the site of all Covered Development Projects. Affordable dwelling units created pursuant to this Article shall remain affordable in perpetuity. All cash payments received pursuant to this Article shall be deposited into the Village's Affordable Housing Trust Fund. Effective January 1, 2021, the fee-in-lieu amounts and linkage fees shall be adjusted in January of each year by the annual percentage change in the Consumer Price Index (CPI-U) for the Chicago-Elgin-Naperville area.

Section 7-1702 Definitions. For purposes of this Article, the following definitions shall apply:

a. Affordable Dwelling Unit or Attainable Housing. Decent, safe, sanitary, and appropriate housing that households below median income can own or rent without having to devote more than 30 percent of their gross income to monthly housing expenses.

b. Affordable Housing Trust Fund. A trust fund providing sustainable financial resources to address the attainable housing needs of eligible households in Arlington Heights; and preserving and producing affordable dedicated attainable housing.

c. Affordability Period. The time during which the affordability restrictions imposed by this Article shall apply to affordable dwelling units.

d. Applicant. Any developer, individual, non-profit, housing owner/operator who applied to the Village for processing for approval of a covered development pursuant to this Article.

e. Area Median Income. The median income level for the Chicago-Joliet-Naperville Metro Area, as established and defined in the annual schedule published by the Secretary of Housing and Urban Development, and adjusted for household size.

f. Base Density. The number of dwelling units permitted to be constructed on a parcel in conformation with the requirements of the zoning district in which it is located, prior to applying any applicable density bonus.

g. Consumer Price Index. Consumer price index for all urban consumers as published annually by the U.S. Department of Labor, Bureau of Labor Statistics.

h. Covered Development Project. Any development project in the Village that is required to provide affordable dwelling units, fees in lieu of affordable housing, or linkage fees under provisions of this Article. Projects at one location undertaken in phases, stages, or otherwise developed in distinct parts shall be considered a single Covered Development Project.

i. Developer. Any person, firm, corporation, partnership, limited liability company, association, joint venture, or any entity or combination of entities that develops dwelling units, including any successors or assigns, but does not include any governmental entity.

j. Housing Expenses for Rental Housing. Rent and utilities.

k. Market Rate Dwelling Units. Residential dwelling units that are not required to be affordable dwelling units under this Article.

l. Primarily Affordable Dwelling Development. A residential multi-family development that may have the physical characteristics of a covered development, but will have affordability restrictions that exceed the requirements of this Article. This may include a development in which all of the units are restricted to households earning at or below the median income.

m. Publicly Assisted Development. A residential multi-family development that received some form of public financial assistance, which may include TIF funding or funding from the Village's Affordable Housing Trust Fund.

Section 7-1703 Affordable Housing Plan. All developers of Covered Development Projects as defined in Section 7-1704 (a) and (b) shall provide an Affordable Housing Plan at the same time as their first submittal to the Village for any reason related to the Covered Development Project.

Section 7-1704 Covered Development Projects. The provisions of this Article shall apply to the following developments:

a. all developments that result in new single family (one and two family detached) dwelling units, and

b. new multi-family dwelling units.

Section 7-1705 Annual Reporting. For all Covered Development Projects as defined in Section 1704 (b), the developer or its successors, assignee, or designee shall submit an annual compliance report to the Village no later than March 1 of each year for the prior year. This report shall describe the status of each affordable unit in detail including, but not limited to, changes in tenancy, turnovers, and income certifications for all new tenants. The reports shall also include annual recertification of all tenants renting affordable units.

Section 7-1706 Single Family Dwelling Units (One and Two Family Detached Dwellings)
The requirement for new single family dwelling units, and units built in place of an existing single-family dwelling unit that was torn down. is payment of a linkage fee of $3,500 per dwelling unit. This fee is due as part of the building permit fees. No actual affordable units are required. (Amended by Ordinance 2023-075)

Section 7-1707 Multi-Family Rental Developments. The following are the requirements for affordable units and/or cash in lieu of units for multi-family rental developments.

a. For multi-family rental developments containing nine or fewer dwelling units, no actual affordable units are required to be provided. A linkage fee of $3,500 per market rate unit is due as part of the building permit fees. The developer may voluntarily provide actual onsite affordable units, in which case no fee is required.

b. For multi-family rental developments containing ten or more dwelling units, the following are the requirements for affordable units:

1. Downtown (B-5 District) – Market Rate Privately Funded Developments. The affordability requirement is 7.5% of the total number of units. This requirement may be met in one of two ways:

a) The developer may voluntarily provide 7.5% of the total number of units as actual on-site affordable units, in which case no fee is required.

b) A minimum of 5% of the total units must be actual affordable on-site units. The remaining percentage to meet the total unit requirement, up to 2.5%, can be met by payment of a fee-in-lieu in the amount of $25,000 per required affordable unit; or

If the developer can provide information to show that affordable units are not reasonably feasible, in lieu of providing any units, the Village may accept a fee of $75,000 per unit for 10% of the total number of units.

2. All Zoning Districts other than B-5 - Market Rate Privately Funded Developments. The affordability requirement is 5% of the total number of units in the development must be on-site affordable dwelling units. If the developer can provide information to show that affordable units are not reasonably feasible, in lieu of providing affordable units, the Village may accept a fee of $75,000 per unit for 10% of the total number of units.

3. All Zoning Districts - Publicly Assisted Developments. The affordability requirement is that 10% of the total number of units in the development must be affordable on-site units. There is no fee-in-lieu option for publicly assisted developments.

c. Maximum Price For-Rent Affordable Units. The maximum gross rent, including a utility allowance for utilities not provided with the rent, shall be the gross rent affordable to households with annual incomes at 60% of area median income as devoting no more than 30 percent of their gross income to monthly housing expenses as calculated annually by the Illinois Housing Development Authority based on number of bedrooms in the unit.

Section 7-1708 Multi-Family For-Sale Developments. There is no requirement for actual affordable units for multi-family for sale developments. There is a fee-in-lieu requirements as follows:

a. For multi-family for sale developments containing nine or fewer dwelling units, there is a linkage fee of $3,500 per market rate unit due as part of the building permit fees.

b. For multi-family for sale developments containing ten or more dwelling units, there is a fee-in-lieu of affordable units in the amount of 12.5% of the unit value (projected, list, or sale price) or other calculation method approved by the Village per market rate unit for 10% of the total number of units in the development. The fee-in-lieu shall be capped at $75,000 per required unit (subject to annual CPI adjustment) and shall be paid at the time of occupancy permit for the first unit.

c. If affordable units are voluntarily provided, the units must be affordable to households at 80% of area median income for the applicable unit size as calculated annually by the Illinois Housing Development Authority.

Section 7-1709 Development Cost Offsets. The following development cost offsets may apply as set forth below for Covered Development Projects:

a. Density Bonuses. At the discretion of the Village Board, a density bonus may be provided equal to no more than one market rate dwelling unit for each required affordable dwelling unit constructed on the site of the Covered Development Project. No density bonus shall be provided for any affordable units for which a fee-in-lieu is paid instead of construction of an affordable unit.

b. Fee Waivers. An applicant that fully complies with providing actual affordable units in accordance with the requirements of this Article shall, upon written request, receive from the Village a waiver of all of the otherwise applicable application fees and building permit fees imposed by the Village, but only with regard to the affordable units in the Covered Development Project. The fees charged for the total development shall be adjusted proportionally to reflect this waiver of fees for the affordable dwelling units, but in no instance will more than 50% of the permit fees be waived. Under no circumstances will any out-of-pocket fees or impact fees be waived.

c. Parking Requirements in the Downtown Only. Subject to availability, at the discretion of the Village, parking requirements for affordable on-site units may be partially satisfied using parking permits in downtown Village parking garages at a rate not-to-exceed one parking permit per affordable on-site affordable unit at a monthly parking fee to be determined by the Village.

Section 7-1710 Integration of Affordable Housing Units. The following are the requirements for affordable dwelling units in Covered Development Projects:

a. Affordable units shall be dispersed among the market rate units.

b. The exterior appearance of the affordable units shall be visually compatible with the market rate dwelling units.

c. Affordable units may differ from market rate units with regard to interior finishes provided that:

> 1. Interior features, amenities, and structural elements of affordable units shall be contractor grade or higher. For purposes of this section, “amenities” shall include, without limitation, storage and parking.
>
> 2. The affordable units shall have the same improvements related to energy efficiency, including mechanical equipment and plumbing, insulation, windows, and heating and cooling systems, as the market rate units.
>
> 3. The interior gross area for the affordable shall be no less than the lesser of 75% of the gross floor area (exclusive of utility rooms and garages) of market rate units with comparable number of bedrooms or the minimum size requirements required by the Zoning Code.
>
> 4. The bedroom mix of affordable units shall be in equal proportion to the bedroom mix of the market rate units within the covered development project unless otherwise approved by the Village.
>
> 5. Affordable units shall be constructed concurrent with the development of market rate units. Construction phasing of affordable units shall not be delayed unless authorized by the Village and only after it has been demonstrated by the developer to the satisfaction of the Village that a delay is necessary in order to account for the different financing and funding requirements, economies of scale and/or infrastructure needs applicable to development of the market rate units and affordable units.

Section 7-1711 Relief from Requirements. The Village Board may grant relief from the strict application of the standards set forth in this Article upon finding that due to specific and unique circumstances which are set forth in writing, undue hardship would be caused by the strict application of the standards and requirements set forth in this Article.

Inclusionary Housing Guidelines

June 2026

The Village of
Arlington Heights
Illinois
Planning & Community Development

Inclusionary Housing Guidelines

Purpose: Administrative guidelines to implement the proposed Inclusionary Housing Ordinance.

I. Affordable Housing Plan Application

II. Annually adjusted linkage fees, fee in lieu amounts, and calculations

III. Maximum income eligibility by household sizes

IV. Maximum rents by unit sizes & Maximum rents for parking spaces

V. Income determination and asset limits

VI. Preferences
   a. Categories of households to receive preference in the rental of affordable units

VII. Income re-certification
   a. Frequency and timing
   b. Continuing/Non-continuing eligibility if tenant household size or income changes

VIII. Other policy administration determination
   a. Single family tear down definition

IX. Annual reporting to the Village of Arlington Heights

Attachments

A. Inclusionary Housing Ordinance (Chapter 7, Article XVII)

I. Affordable Housing Plan Application

The applicant shall submit an Inclusionary Housing Plan Application for development projects of 10 units or more at the same time as their first submittal to the Village for any reason related to the Covered Development Project (Village Code Chapter 7, Section 7-1703). The Inclusionary Housing Plan Application shall specifically contain, at a minimum, the following information regarding the Covered Development:

1. A general description of the covered development.
2. The total number of market rate dwelling units in the development and the number of affordable dwelling units to be included in the development.
3. If applicable, the justification for proposals to make a cash fee-in-lieu payment for affordable units as per Village Code Chapter 7, Section 7-1706, 7-1707 or 7-1708.
4. The number of bedrooms in each market rate dwelling unit and each affordable dwelling unit.
5. The square footage of each market rate dwelling unit and each affordable dwelling unit.
6. The general location of each affordable dwelling unit within the covered development if specific units are designated as the affordable units.
7. The pricing schedule for each affordable dwelling unit and each market rate dwelling unit for rental projects if the units were leased at the present time. The pricing for the market rate units may be shown as an estimated range.
8. The pricing for parking spaces if parking spaces are leased rather than included in the rental cost of the housing unit for rental projects (See Section IV).
9. The phasing and construction schedule for the market rate dwelling units and affordable dwelling units.
10. If units designated as affordable units are proposed to have exterior and interior appearances, materials, or finishes different from the market rate units, provide documentation and plans showing the differences in exterior and interior appearances, materials and finishes between the affordable and market rate units. If the finishes will not be different, state that the finishes will not be different in the Affordable Housing Plan.
11. A copy of the development's Tenant Selection Plan for rental projects. The Tenant Selection Plan should address at a minimum: 1) the marketing plan for the affordable units; 2) how the preferences in these Inclusionary Housing Guidelines (Section VI) will be applied; 3) how the wait list will be managed; and 4) the procedure for verifying income-eligibility and income re-certification.
12. Verification that the development will comply with the reporting requirements as per the Inclusionary Housing Ordinance as Guidelines.

II. Annually adjusted linkage fee and fee in lieu amounts

The Inclusionary Housing Ordinance contains the affordable unit requirements for developments. In specified instances, linkage fees are required and there are fee in lieu options. Effective January 1, 2021, the linkage fee and fee in lieu amounts (below) shall be adjusted each year by the annual percentage change in the Consumer Price Index (CPI-U) for the Chicago-Elgin-Naperville area.

Schedule of Linkage Fees and Fee in Lieu Amounts	
Single Family Dwelling Units	**2026 Linkage Fees and Fee in Lieu Amounts**
New Single Family Dwelling Unit (One and Two Family Detached Dwellings) Linkage Fee including Teardown/ Rebuilds. Due as part of building permit fees.	$4,350/per market rate unit
Multi-Family Rental Developments	
Developments of 9 or fewer units (Village-wide) pay a linkage fee. Due as part of building permit fees.	$4,350/per market rate unit
Downtown (B-5) developments of 10 or more total units • Up to 2.5% of required units may be provided in the form of a fee in lieu. Fees are payable prior to issuance of a building permit.	$31,113 per affordable unit
All Zoning Districts other than B-5 developments of 10 or more units, if affordable units are not provided pay a fee in lieu for 10% of the total units. Fees are payable prior to issuance of a building permit.	$93,337 per affordable unit
Publicly Assisted Developments of 10 or more units, there is no fee in lieu option.	Not applicable
Multi-Family For-Sale Developments	
Developments of 9 or fewer units pay a linkage fee.*	$4,350/per market rate unit
Developments of 10 or more pay a fee in lieu of providing affordable units for 10% of the total units.**	Up to $93,337 per affordable unit (cap)

*Due as part of building permit fees. **Due at time of occupancy permit for first unit.

Calculations

a. Required Affordable Housing Units

To calculate the number of affordable housing units required in a covered development, the total number of proposed housing units in the development shall be multiplied by the percentage of affordable housing units required by the Inclusionary Housing Ordinance. When the requirement results in a fractional unit, the following rules apply:

1. Fractions of one-half (½) and more are counted as a whole.
2. Fractions less than one-half (½) are disregarded.

b. Fractional for fees in lieu

To calculate the amount of the fee in lieu of affordable units, the number of required affordable units shall be multiplied by the applicable fee in lieu amount as defined in the Inclusionary Housing Ordinance. When the requirement results in a fractional amount of the fee amount assessed for a whole unit, the fractional amount shall not be rounded up or down.

III. Maximum income eligibility by household sizes (Updated Annually)

The maximum income eligibility limit for affordable rental units shall be the maximum income limits for households at 60% of Area Median Income in the Chicago-Joliet-Naperville MSA, adjusted for household size, as determined annually by the U.S. Department of Housing and Urban Development (HUD).

Maximum Income Levels 60% AMI for the Chicago-Joliet-Naperville MSA Effective June 1, 2026								
Household Size	1	2	3	4	5	6	7	8
Maximum income (Based on 60% AMI)	$51,060	$58,320	$65,640	$72,900	$78,780	$84,600	$90,420	$96,240

IV. Maximum rents by unit sizes (Updated Annually) & Maximum rents for parking spaces

Maximum Rents by Unit Sizes

The maximum gross rent shall be the gross rent affordable to households with annual incomes at 60% of area median income paying no more than 30 percent of their gross income for monthly housing expenses as calculated annually by the Illinois Housing Development Authority based on number of bedrooms in the unit. The maximum monthly rents shall be reduced by a utility allowance. The monthly utility allowance in most instances will not exceed $100/month but is determined on a case by case basis depending on the number and type of utilities not included in the rent.

Maximum Monthly Rents Effective May 1, 2026						
Bedroom Size	0 Bedroom or Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
Maximum Monthly Rent	$1,276 less utility allowance	$1,367 less utility allowance	$1,641 less utility allowance	$1,896 less utility allowance	$2,115 less utility allowance	$2,333 less utility allowance

Maximum Charges for Parking Spaces

For rental projects where a fee is charged for parking (i.e., parking spaces are leased) separately from the monthly rent for the housing unit, the monthly parking fee shall be reduced by the same proportion as the tenant's monthly rent is reduced compared to the monthly rent for an equivalent market rate unit.

V. Income Determination

a. Income: Rental unit applicants' annual income shall be their gross annual income. Income derived from assets is included in this calculation. Income shall be based on third party verification of income for the past 3 months and projected forward 12 months. Income eligibility determinations shall be valid for 90 days. If the income documentation on file is over 90 days old, the applicant will be required to submit new paycheck stubs or other income verification materials to demonstrate that household income still meets requirements.

The third party documentation used to verify income may include paycheck stubs, bank statements, social security statements, etc. for each member of the household. Misrepresenting household income or household information will be grounds for program ineligibility. A household found to have misrepresented household income that is occupying an affordable unit may be required to pay market rent for the unit. Such a unit will be disqualified as and affordable unit and another qualified affordable unit must be provided.

b. Assets: Non-retirement household assets of the applicant(s) must be equal to or less than 100% of area median income for the household size. Retirement assets are not subject to this limit.

VI. Preferences in Rental Housing

An eligible, qualified applicant for rental affordable housing who is determined to have a preference will receive housing in an affordable units before any other eligible, qualified person who does not have a preference. Preference for affordable dwelling units will be given by the developer to qualified housegholds who meet one or more of the following unranked qualifications:

- Veterans
- Persons with disabilities
- Arlington Heights residents who have resided in Arlington Heights for at least the past two years
- People who are employees of Arlington Heights businesses or organizations

Supporting documentation shall be required to verify eligibility for a preference.

VII. Income re-certification

Increases in household income may affect eligibility. Decreases in household income will not affect eligibility. Development owners may choose not to renew a lease for any reason allowed by law.

a. Frequency and timing

Annual income re-verification for Arlington Heights inclusionary housing units will take place 90 days before the tenant's lease is set to expire. Tenants will be provided with a form asking for basic information about household members and notifying tenants of the documentation required. Tenants will be expected to respond to the request for information and documentation within 15 days of receiving the request thereby giving the property manager sufficient time to conduct lease renewal.

Household and income information will be used to determine household size and to calculate the combined gross household income.

b. Continuing/Non-continuing eligibility if tenant household size or income changes

1. When household income remains at or below 60% of area median income, adjusted for household size, then the household maintains income-eligibility for the affordable unit.
2. When household income increases above 60% of area median income, but stays below 80% of area median income for the household size, then the household maintains its income-eligibiblity for the affordable unit.
3. When the household income increases to above 80% of area median income, the tenant will be notified by the management office that the lease may be renewed for up to 12 additional months at the affordable rent after which the tenant may remain in the unit but may be required to pay market rent. If the tenant remains and pays market rent, the unit no longer qualifies as an affordable unit, and the owner must identify another unit as an affordable unit. If household income decreases during the one-time 12-month renewal period, the tenant will notify the management office no later than 60 days before the end of the lease term that it wishes to have its income re-evaluated for the purpose of possible lease renewal. If the examination of the household size and income are found to have decreased enough that the household's income is 80% of area median income or below for the household size the lease may be renewed beyond the 12-month renewal that was issued the previous year.

Being income re-verified is not a guarantee that a lease will be renewed. That decision is made by the property management company.

VIII. Other policy administration determination

Single Family Tear Down: The Department of Planning & Community Development shall make the final determination if tear down or addition constitutes a new single-family tear down and the linkage fee is owed. As a general rule, if the size, design or other characteristics renders the existing home unrecognizable it shall be determined to be a tear down. For example, if just a wall, chimney, room or foundation of the existing home remains it is a tear down.

IX. Annual reporting to the Village of Arlington Heights

For all Covered Development Projects as defined in Chapter 7, Section 1704b, the developer or its successors, assignee, or designee shall submit an annual compliance report to the Village no later than March 1 of each year for the prior year. This report shall describe the status of each affordable unit in detail including, but not limited to, changes in tenancy, turnovers, and income certifications or recertifications for all tenants.

The Department of Planning and Community Development is the administrator and interpreter of the Inclusionary Housing Guidelines and shall be the determiner of compliance with these Guidelines. The Village reserves the right to update and modify the Inclusionary Housing Guidelines at any time. If the provisions of these Guidelines and the Inclusionary Housing Ordinance conflict the Ordinance shall be controlling.

VILLAGE OF
ARLINGTON HEIGHTS
INC. 1887

9/16/2026

Item: Prep For New Business Plan
Department: Planning & Community Development

Item Description:
Every two years, the Village Board meets to discuss the current challenges facing the community and to determine its Strategic Priorities for the Village. The Village Board's identified priorities serve as the guiding principles for the development of the biannual Business Plan, outlining key projects designed to support and advance those priorities. The Village is currently following the 2026-2027 Business Plan.

The Village Board will undertake its next strategic planning session in the summer of 2027 to set the new strategic priorities for development of the 2028-2029 Business Plan. To assist the Village Board in setting its bi-annual Strategic Priorities, staff prepares recommendations for the Village Board to take under consideration, which will be presented to them in May 2027. In advance of this presentation, the Village's non-quasi-judicial Boards and Commissions are requested to provide the Village Board with a brief list of those items they believe should be considered a priority of the Village going forward. Typically, staff begins these discussions with the Boards and Commissions in January and staff forwards the Board and Commission recommendations to the Village Manager's Office by April 1st.

In order to prepare for the setting of new strategic priorities, staff welcomes the Housing Commissioners to individually send ideas and recommendations via email to their Staff Liaison in preparation for formal discussions in early 2027. There is also the option to allot 10–15 minutes of discussion for the "Other Business" agenda item in preparation for the next Business Plan's recommendations.

Staff will not be following up with individual items in relation to these discussions due to the preliminary nature of these discussions. Instead, staff intends to compile the list of ideas for further discussion in early 2027.

ATTACHMENTS:
None