

Committee of the Whole Meeting
City Hall
1707 St Johns Avenue,
Highland Park, IL 60035
May 27, 2026
5:30 PM
Agenda

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- 1. Emails with Unlimited Information.** Individuals may email the City an unlimited number of words at cityhp@cityhpil.com. Emails will be forwarded to the City Council if requested. All emails received will be acknowledged.
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I. Call to Order

II. Roll Call

III. Approval of Minutes

- A. Approval of the Minutes of the Regular Rescheduled Meeting of the Committee of the Whole Held on May 11, 2026
- B. Approval of the Minutes of a Special Meeting of the Committee of the Whole Held on May 18, 2026

IV. Scheduled Business

- A. Planning and Options for Redevelopment and Renovation of the City's Public Services Center and Fire Station #34 (PSC/FS)
- B. Discussion of Highland Park Property Owner Association Housing Policy Position Paper

V. Other Matters

VI. Adjournment

Staff Report



Meeting Date: May 27, 2026

Staff Contact: Ashley Palbitska, Assistant to the City Manager/Deputy City Clerk

Department: City Manager's Office

Title: Approval of the Minutes of the Regular Rescheduled Meeting of the Committee of the Whole Held on May 11, 2026

Recommendation:

For the City Council's approval are the minutes of the Regular Rescheduled Meeting of the Committee of the Whole held on May 11, 2026.

Attachments:

1. MIN COTW 5-11-2026

**MINUTES OF THE COMMITTEE OF THE WHOLE OF THE CITY OF HIGHLAND
PARK**

MEETING DATE: May 11, 2026

MEETING LOCATION: City Hall, 1707 St Johns Avenue, Highland Park, IL 60035

I. Call to Order

At 4:32 PM, Mayor Rotering called the meeting to order and asked for a roll call:

II. Roll Call

Present: Mayor Rotering, Councilmembers Center, Bruckman, Ross, Tapia (remote), Lidawer, Blumberg

Absent: None

Staff Present: City Manager Neukirch, Director of Public Works Bannon, Community Development Director Fontane, Assistant City Manager Jason, Police Chief Jogmen, Finance Director McCaulou, Fire Chief Schrage, Assistant City Manager Taub, Commander Curran, Communications Manager Bennett, Assistant to the City Manager Palbitska, Business Development Manager Elder, Management Analyst Cherry, Social Services Specialist Alejandro

Also Present: Corporation Counsel Elrod, Assistant Corporation Counsel Martinez, All Together (Marisa Schulz), SWA (Ben Waldo, Sofia Mingo)

III. Approval of Minutes

A. Approval of the Minutes of the Regular Meeting of the Committee of the Whole Held on April 27, 2026

Councilmember Lidawer moved to approve the Minutes of the Regular Meeting of the Committee of the Whole Held on April 27, 2026. Councilmember Blumberg seconded the motion. Upon a voice vote, the Mayor declared the motion Passed (7 - 0).

| | |
|------------------|---|
| MOVER: | Councilmember Lidawer |
| SECONDER: | Councilmember Blumberg |
| AYES: | Mayor Rotering, Councilmembers Center, Bruckman, Ross, Tapia, Lidawer, Blumberg |
| NAYS: | None |

IV. Scheduled Business

A. Discussion Regarding the Permanent Place of Remembrance Initial Design Concepts
City Manager Neukirch introduced the discussion regarding the Permanent Place of Remembrance.

Marisa Schulz, representative for All Together, presented the results of the survey and listening sessions that took place over the past few months.

Ben Waldo, representative for SWA, presented the preliminary concept designs for the Permanent Place of Remembrance.

The Council, Mr. Waldo, and City Manager Neukirch discussed the concepts presented for the Rose Garden, including design 1 - Woven Together, design 2 - Mending Lines, and design 3 - Petals. They discussed the concepts that were presented for Port Clinton Square, including design 1 - Woven Together, design 2 - Love Letters, and design 3 - Petals.

A majority of the Council was in consensus with concept design 1, Woven Together, for the Rose Garden. There were different opinions regarding the concepts for Port Clinton. Staff emphasized that the next step in the process is to obtain feedback about the design concepts from victims, next of kin and the general public. Information will be compiled and then a follow-up report and recommendation will be presented to the City Council at a Special meeting on June 8, 2026.

At 6:15 PM, the Council recessed the Committee of the Whole meeting.

At 6:22 PM, Mayor Rotering reconvened the Committee of the Whole meeting.

Present: Mayor Rotering, Councilmembers Center, Bruckman, Ross, Tapia (remote), Lidawer, Blumberg

Absent: None

Staff Present: City Manager Neukirch, Director of Public Works Bannon, Community Development Director Fontane, Assistant City Manager Jason, Police Chief Jogmen, Finance Director McCaulou, Fire Chief Schrage, Assistant City Manager Taub, Commander Curran, Communications Manager Bennett, Assistant to the City Manager Palbitska, Business Development Manager Elder, Management Analyst Cherry, Social Services Specialist Alejandro,

Also Present: Corporation Counsel Elrod, Assistant Corporation Counsel Martinez

B. Policy Discussion Regarding the Possible Advancement of Term Limits

City Manager Neukirch introduced the policy discussion regarding term limits. She noted that if term limits were to advance, it would not affect current terms or previous time served by current elected officials as any term limits imposed in the future would not be retroactive.

Management Analyst Cherry presented information regarding term limits including municipal survey information, the legal process for advancing term limits and suggested policy questions for Council consideration

The Council, Corporation Counsel Elrod, and staff discussed the Council's interest in pursuing a referendum, if the referendum should appear on the November 3, 2026, or April 6, 2027 ballot, what parameters should be considered for the term limits, and if the term limit policy should account for non-consecutive terms.

A majority of the Council was interested in having Corporation Counsel draft a resolution to include the referendum on the November 3, 2026 ballot. The Council will reconvene at a future meeting to discuss the specifics as it relates to the number of terms and how those terms could be served.

C. Update: Status of 445 Central

City Manager Neukirch noted that an update regarding 445 Central would be provided during Business from the Staff at the City Council meeting.

V. Adjournment

Councilmember Center moved to adjourn the Committee of the Whole meeting. Councilmember Blumberg seconded the motion. Upon a voice vote, Mayor Rotering declared the motion passed unanimously.

The Committee of the Whole adjourned its meeting at 7:11 PM.

Respectfully Submitted,

Ashley Palbitska
Assistant to the City Manager/Deputy City Clerk

Staff Report



Meeting Date: May 27, 2026
Staff Contact: Ghida Neukirch, City Manager
Department: City Manager's Office

Title: Approval of the Minutes of a Special Meeting of the Committee of the Whole Held on May 18, 2026

Recommendation:

For the City Council’s approval are the minutes of a Special Meeting of the Committee of the Whole held on May 18, 2026.

Attachments:

1. MIN COTW 5-18-2026

**MINUTES OF A SPECIAL MEETING OF
THE COMMITTEE OF THE WHOLE OF THE CITY OF HIGHLAND PARK**

MEETING DATE: Monday, May 18, 2026
MEETING LOCATION: City of Highland Park Senior Center
1201 Park Avenue West, Highland Park, IL 60035

CALL TO ORDER

At 12:08 PM, Mayor Rotering called the meeting to order and asked for a roll call:

PRESENT: Mayor Rotering, Councilmembers Bruckman, Ross, Tapia, Lidawer, Blumberg

ABSENT: None

STAFF PRESENT: City Manager Neukirch, Public Works Director Bannon, Community Development Director Fontane, Assistant City Manager Jason, Police Chief Jogmen, Finance Director McCaulou, Fire Chief Schrage, Assistant City Manager Taub, Communications Manager Bennett

Councilmember Tapia joined the meeting at 12:13 PM

Councilmember Center joined the meeting at 12:18 PM

SCHEDULED BUSINESS

The Mayor welcomed attendees and provided the history of these special workshops.

City Manager Neukirch reviewed the agenda for the workshop and indicated that a PowerPoint was prepared to guide the discussion covering a myriad of topics. Committee feedback was requested on the various proposals and initiatives as it pertains to Fiscal Year 2027 planning.

1. Mission & Priorities

City Manager Neukirch reviewed the City's mission and priorities.

The Council reviewed the 2026 priorities (Fiscal Stability, Public Safety, Infrastructure Investment, Economic Development, Environmental Sustainability, Vibrancy).

The Council discussed the mission for FY2026 as follows:

The mission of the City of Highland Park, Illinois is to provide high-quality municipal services in an efficient and fiscally responsible manner through effective, transparent, collaborative, and inclusive governance.

The Council discussed the priority of Vibrancy and changing Public Safety to Community Safety.

After much Council discussion, the majority of Councilmembers agreed to the following:

- Retain the mission as-is

- Replace Infrastructure Investment with Infrastructure

2. City of Highland Park Values Statement

Each year the City Council reviews its Values statement. As requested by the Council several months ago, the Human Relations Advisory Group most recently reviewed the City's Statement Against Hate and Values statement. A report and recommendation will be forthcoming to the Council at a Committee of the Whole meeting for Council discussion and approval.

3. Multi-Year Major Project Work Plan Brainstorming Session

The Council provided input on strengths of the City, where we are constrained or underperforming, and opportunities. The information will be compiled with initiatives supported by the Council to be added to a future multi-year work plan.

4. Review of Select Initiatives

Helistop Private Rental

An overview of the use of the City's helistop was provided. The helistop is only used for EMS purposes to transport critically ill patients in coordination with HP Hospital and Lake Forest Hospital. The Council was supportive exploring private rental of the helipad subject to limitations. A follow-up formal report and recommendation will be provided at a future meeting.

IGA between the City of Highwood and Highland Park re: Fire/EMS Service

An update was provided to the Council on the termination that Highland Park provided Highwood pursuant to our IGA. It was noted that the City will provide a reminder about termination each year. The Council recommended including information to the effect of, "Each year Highwood delays the decision to duly compensate Highland Park as previously community, the proposed rate will increase to cover the shortfall over this five-year period".

Ravinia District TIF Update

Staff recommended use of the remaining and anticipated incremental TIF funds for the balance of the term for the following:

- Water/sewer/curb/gutter/crosswalks
- Bollards for public safety
- Parking along Burton (29 spaces)
- Bump outs along Roger Williams

Council supported the recommendation as well as consideration of the following:

- Sidewalk consideration along Jens Jensen Park
- Gateway lighting

There was an interest in murals, although staff indicated that based on past feedback, the businesses were entertaining advancing with murals on their properties on their own.

5. State of City Finances and Financial Plans

City Manager Neukirch and Director McCaulou presented a number of recommendations and information pertaining to the following financial plans and policies. The Council was supportive of the policies and recommended action items, unless otherwise noted.

- Budget FY 2027 calendar
- Total Long-Term Liability Trend and Financial Indicators
- 10-Year CIP & Debt Planning Efforts
- Pension & OPEB Contribution Strategy
 - Council supported the recommendations as drafted; \$.6M for IMRF; \$9.5M for public safety pensions and \$.6M for OPEB.
- Local Government Distributive Fund (LGDF)
 - The Governor has proposed a reduction in contributions from 6.47% to 6.28%. In 2025, the City collected \$5.4M. Staff indicated a flat revenue projection in terms of dollars.
- Insurance Costs
 - The City, consistent with other municipalities, will experience significant increases in 2027 renewal rates. The increase is estimated to be 19.8% for PPO and 18.2% in HMO which equates to an approximate \$1.083 increase.
 - Staff has initiated an insurance committee to brainstorm opportunities to help offset financial impacts to the City.
- The Council affirmed the following policies, which were recommended for approval with no changes from the prior year.
 - Budget Policy
 - Fund Reserve Policy
 - Investment Policy
 - Purchasing Policy
- Policy Considerations Impacting Revenue
 - Tax Levy – The City Council affirmed the proposed tax levy as part of the 10-year tax levy plan.
 - Inquiry about the tax rate and what it equates to in dollars.
 - Water and Sewer Rates – The Council affirmed the five-year rate plans for the 2027 budget process. Benchmarks were also shared with the Council.
 - Select Municipal Taxes such as grocery tax, F&B tax, auto rental, motor fuel, natural gas and others. The council affirmed the tax rates.

- Staff conducted preliminary research on a variety of taxes and fees and presented recommendations for the following topics. Recommendations were approved unless otherwise noted:
 - Possible increase home rule sales tax – Support for .5% increase with sunset after 5 years to be dedicated for capital.
 - Streaming tax – no support to advance.
 - Voluntary Sewer Lateral Cost Share Program
 - Lab Analysis Fee
 - Push Carts and Animal Drawn Vehicles Minimum Fine
 - Auction Sale Special Permit
 - Non-Refundable Charitable Games Application Fee
 - Failure to obtain a business registration
 - Auctions and Auctioneers License
 - Food & Drink Sales Permit Fines
 - Regulated Rental Dwelling Registration Fee
 - Building Code
 - Alarm Systems – Recommendation to increase fine to \$500 for penalty for 6th false alarms per year or more.
 - Dogs, Cats and Other Animals

Councilmembers Bruckman and Center departed at 4:35 PM.

OTHER BUSINESS

The Council also discussed vendor fees and agreed to provide a discount on vendor fees for businesses who participate as a vendor at a festival within a short distance (to be defined) from their permanent place of business. A discount for Highland Park business is also encouraged. A follow-up staff report and recommendation will be drafted for formal Council consideration.

Mayor Rotering requested the City continue to focus on accessibility, and requested consideration of the short term rental program. It was noted that an ADA transition plan is underway and STR will be discussed at an upcoming Committee meeting.

Upon request, staff provided a brief update about Miss Nitro’s location; Council provided additional locations for staff consideration. This policy discussion is scheduled for the June 29, 2026 Committee meeting.

An inquiry was expressed about the timing for revisiting the restaurant/business grants. The topic is tentatively scheduled for the October 13, 2026 Committee of the Whole meeting.

A request was made to add gateway signage in the downtown district.

An inquiry was made about the number of mural applications made to date. The City has received two applications to date.

Information was discussed about the City’s transit program.

Information was discussed about the rationale to remove the Ravinia Festival bus stop from the Ravinia District. It was agreed that public engagement will be conducted this year to residents and businesses, the City will coordinate with Ravinia Festival and consider an adjustment to the bus schedule for the 2027 year.

Appreciation was expressed for the Council and Staff.

ADJOURNMENT

Councilmember Blumberg moved to adjourn. Councilmember Lidawer seconded the motion. Upon a roll call vote, the Mayor declared the motion passed unanimously.

The Committee of the Whole adjourned its meeting at 5:03 PM.

Respectfully Submitted,

Ghida S. Neukirch
City Manager

Staff Report



Meeting Date: May 27, 2026

Staff Contact: Ghida Neukirch, City Manager
Joe Schrage, Fire Chief
Ron Bannon, Director of Public Works
Joel Fontane, Director of Community Development
Kristi McCaulou, Finance Director

Department: City Manager's Office

Title:
Planning and Options for Redevelopment and Renovation of the City's Public Services Center and Fire Station #34 (PSC/FS)

Recommendation:

City Staff and representatives from the City's consultant team, Williams Architects with support from Camosy Construction and Gewalt Engineering will present the following information as it pertains to planning for public safety and infrastructure updates to the City's Public Services Center and Fire Station #34. The Public Services Center houses the City's Community Development Department (Building/Planning Divisions) and Public Works Department (Admn, Engineering, Fleet, Forestry, Facilities, Streets, Sewer, Water, Transit, Recycling).

The following will be presented:

1. Review of the City's Capital Improvement Plan as it pertains to the proposed renovation of the Public Services Center and Fire Station #34.
2. Review of the needs assessment conducted by Williams Architects with support from impacted staff personnel.
3. Site options to accommodate the needs of Fire, Public Works and Community Development.
 - Site options to be presented based on needs assessment;
 - Associated cost for each site option;
 - Identification of costs relating to stormwater management, code regulations and comparable factors;

- Options for working to ensure continued service to the public during construction/possible phasing plans; and
- Options for consideration if optimal redevelopment cannot be attained in Phase 1 redevelopment.

4. Costs and considerations relative to Community Development remaining on site or pursuing off-site work space.

The purpose of the May 27, 2026 Committee of the Whole meeting is to obtain Council feedback on the plan options and associated budget considerations.

Policy Consideration:

The City’s 10-year Capital Improvement Program (CIP) is updated annually and adopted as part of the budget process. The City’s Financial and Budgetary Policies serve as the foundation under which the CIP is prepared. The CIP sets forth initiatives to upgrade, rehabilitate, and replace existing infrastructure systems, facilities, and equipment. The CIP’s secondary purpose is to plan funding for future significant capacity increases or new infrastructure systems, facilities, and equipment. The CIP can be found beginning on page 199 of the adopted budget on the City’s web site at www.cityhpil.com.

Although the budget reflects a conceptual dollar value in 2027 for construction of the PSC/FS project, this figure was not based on any project planning. In 2025, the City retained the services of Williams Architects to begin a needs assessment which would lead to plan options and a preliminary budget for the PSC/FS project. Once a plan for redevelopment/renovation is supported by the Council, City staff will budget accordingly in the FY2027 or appropriate budget with costs reflected in the CIP.

In the first quarter of 2026, City staff met individually with each Council member to discuss this important public facility project. On March 30, 2026, the City Council toured the PSC/FS facilities to review the current conditions of each property as part of the Committee of the Whole meeting on that date.

As requested by the City Council, a survey of the property and floor plans were provided to the Council via email on April 10, 2026.

The purpose of the May 27, 2026 Committee of the Whole meeting is to obtain Council feedback on the plan options and associated budget considerations.

Core Priorities:

Fiscal Stability

The City uses a variety of budgeting and financing methods in order to minimize costs, reduce the tax impact on the public, and to operate most fiscally responsible.

Public Safety

The City's PSC/FS projects houses three of the City's emergency response operations including the Fire Department, Public Works and Community Development. The Fire Station operates 24/7/365 providing fire and emergency medical services to the communities of Highland Park and Highwood. The Public Works Department is the largest operating department responsible for 11 divisions; employees respond 24/7/365 to public works needs such as snow and ice operations and watermain repairs.

Economic Development

The Community Development Department also provides critical public safety operations as well as work in the area of the City's ED priority given that CD houses the Planning and Building Divisions. They are responsible for regularity, planning and program management services related to land use, real estate development and housing.

Infrastructure Investment

The City's FY2026 budget includes approximately \$40M in infrastructure investment in the primary areas of water, streets, sewer and facilities. The City's Public Works Department is the principle department managing the City's capital budget.

Attachments:

None

Staff Report



Meeting Date: May 27, 2026
Staff Contact: Zubin Coleman, Senior Planner
Joel Fontane, Director of Community Development
Department: Community Development Department

Title: Discussion of Highland Park Property Owner Association Housing Policy Position Paper

Recommendation:

Staff has reviewed a formal Housing Policy Position Paper submitted to the City by the Downtown Property Owner's Association. Council feedback is requested if any additional policy review or action items should be conducted.

Policy Consideration:

In December of 2025, the Property Owners Association of Highland Park (POA) released its final draft Position Paper titled “Affordable Housing Policy Recommendations for Highland Park” (hereafter “*The Paper*”) see **Attachment C**. Staff reviewed the Paper and agree that zoning constraints are a key limiter to development, but respectfully disagree with its overarching contention that the City’s overall housing supply will materially increase by decreasing the City’s on-site affordable unit requirements and expanding by-right payments in-lieu of affordable housing. [\[1\]](#)

As a built out community, much of Highland Park's readily available land can only accommodate smaller developments (up to 30 units). In fact, the median number of units in approved planned developments since 2014 is about 22. Therefore, seemingly small policy changes to the City’s inclusionary housing requirements would have an outsized impact on the number of affordable units provided on-site included in otherwise market rate developments. Changes to the proportion of affordable units required and thresholds related to by-right payment in-lieu eligibility will yield fewer new affordable units for very low, low, and moderate income households[\[2\]](#) in Highland Park, as the private sector has the capacity to construct affordable units at higher rate and at a lower cost than the public sector.

The Paper cites credible sources, yet staff disagrees that the findings of these studies are applicable to Highland Park, a relative small housing market within the larger Chicagoland region. The Pew Study examines total housing unit production and cost, and the UCLA study

analyzes a part of the City of Los Angeles' inclusionary housing policy. Lastly, the Paper attributes the decline in the number of affordable units in Highland Park between 2018 and 2023[3], to the City's inclusionary affordable housing policies. Instead, staff contend that the change in the number of affordable units in the housing market[4] is attributable to change in the national and regional housing markets, not the City's inclusionary zoning policy.

In addition to the studies cited in the Paper, in 2025 a nationwide study of Inclusionary Zoning (IZ) impacts was published titled: [Do Inclusionary Zoning Policies Affect Local Housing Markets? An Empirical Study in the United States](#)[5] that provides important insights into the ongoing debate over IZ policy. Its authors caution policymakers in drawing conclusions solely based on their study[6].

“In this study, we focused on examining the average effect of IZ policies on housing market outcomes across all jurisdictions, rather than the effects of individual IZ policies on their respective local markets. Policymakers should exercise caution in drawing conclusions solely based on this study, particularly regarding specific policy features – or IZ policy in general – and their market effects, even if backed by statistically significant results. Effective policymaking must consider local policy objectives, housing market conditions, community preferences, and the broader regulatory and political environments.”

That study's authors conclude:

“Our study contributes valuable insights into the ongoing debate over IZ policies and their impact on housing market outcomes. [...] we demonstrate that IZ policies do not significantly dampen housing starts or increase rents. However, we observed a modest increase in home prices, with effects amplified by stringent IZ requirements and within the single-family market segment. These findings align with economic theory, highlighting that IZ policies come with certain costs. They also underscore the importance of thoughtful policy design and consideration of local context in shaping the effectiveness of IZ policies.”

Attachment A provides City staff comments (in italics) within the Paper to facilitate policy discussion, and **Attachment B** provides a Table of the City's programmatic data on approved residential planned development developments and inclusionary housing provided on-site and via fee in-lieu. Staff seek feedback which specific policies warrant further research and exploration.

[1] See [Inclusionary Zoning Code, Article XXI](#).

[2] The income groups that the City's housing policy attempts to address.

[3] As calculated by State of Illinois Housing Development Agency's as part of its administration of the Affordable Housing and Appeals Act.

[4] Otherwise known as Market-Rate Affordable, Naturally Occurring Affordable Housing as the

POA refers to them, or Below Market Rate (BMR) housing as many studies refer to them.

[5] Wang, R., Kang, W., & Fu, X. (2025). Do inclusionary zoning policies affect local housing markets? An empirical study in the United States. *Cities*, 158, 105736.
<https://doi.org/10.1016/j.cities.2025.105736>

[6] Staff advocates for the same caution regarding any the studies cited in the Position Paper as well as research on IZ policy in general, which is largely inconclusive. This is due to the large variation in IZ policy designs and the peculiarities of local housing markets, which renders the applicability of one study limited - see Wang, R., Kang, W., & Fu, X. (2025) .

Core Priorities:

Economic Development and Vibrancy - Affordable housing is a key element of a vibrant healthy economy.

Attachments:

1. Attachment A - HPPOA Housing Policy Position Paper wStaff Comments
2. Attachment B - Table of PUDs & Inclusionary Housing Units
3. Attachment C - HPPOA Position Paper 12.3.2025

Please note, the following is an annotated version of the Property Owners Association Position Paper. City staff comments are in italics.

POSITION PAPER

Affordable Housing Policy Recommendations for Highland Park, Illinois

Authors: Property Owners Association of Highland Park (HPPOA)

Date: December 3, 2025

Executive Summary

The goal of this policy recommendation is to increase affordable housing in our community without stifling development. Highland Park faces a shortage of affordable housing, worsened by restrictive zoning and inclusionary housing mandates that limit overall housing supply. **According to a Pew Charitable Trusts report, increasing housing supply, even with market-rate units, significantly slows rent growth, particularly for older, more affordable Class-C units in lower-income areas [1].**

The report found that every 10% increase in metro-area housing supply from 2017 to 2023 correlated with a 5% reduction in rent growth from 2017 to 2024, saving renters approximately \$470 annually in high-supply metropolitan areas [1]. At the ZIP code level, a 10% supply increase resulted in rents growing 1.4% less, with savings of at least \$120 annually [1]. However, Highland Park's current Inclusionary Housing Code, requiring 20% of units in developments of five or more units to be affordable (effectively 15-17% with incentives), has led to a decline in affordable housing stock from 9.3% in 2018 to 6.3% in 2025, per the City's Affordable Housing Plan. This reduction highlights a broader issue: policies that deter development reduce both market-rate and affordable units, driving up costs and displacing lower-income residents. **Nationally, U.S. metro area rents increased by 49% from October 2017 to October 2024, with a record 27% of renters spending more than half their income on rent [1].**

The HPPOA proposes a balanced, data-driven approach to address these challenges by: (1) increasing overall housing supply to stabilize rents, (2) preserving Naturally Occurring Affordable Housing (NOAH), (3) introducing flexible compliance options like cash-in-lieu contributions which give developers more options, and (4) optimizing inclusionary zoning thresholds to maximize affordable unit creation without stifling development. These strategies aim to meet the city's affordable housing goals while fostering economic vitality and supporting local businesses through increased density.

Challenges with Current Inclusionary Housing Policies

Highland Park's Inclusionary Housing Code, while well-intentioned, creates unintended consequences:

- **Reduced Housing Supply:** Mandating 20% affordable units increases development costs, with median costs for affordable units in Highland Park reaching \$739,250 in 2025 (Rocket Homes, April 2025). This deters developers from building affordable units, reducing total housing production, including affordable units. The UCLA Lewis Center (Phillips, 2024) confirms that high inclusionary zoning thresholds lead to sharp declines in overall housing production, undermining affordability goals.
 - *Staff comments.* There has not been any noticeable or decline in approval of housing production, as this consequence suggests. Since 2021, ten developments with a total of 351 units including 44 inclusionary units have been approved through the City's inclusionary and planned development¹ processes. In the roughly six years prior from 2014-2019, a total of 486 units including 64 inclusionary units were approved through the City's inclusionary and planned development review processes.
 - Staff was unable to verify the April 2025 Rocket Homes development costs referenced.
 - Since its inception the City's inclusionary affordable housing policy has created 112 inclusionary affordable units. It has also leveraged 83 affordable units throughout the community through its Scattered Site Affordable Housing grant making program.
- **Rising Rents and Displacement:** Pew's research shows that limited housing supply disproportionately impacts lower-income areas, with rents rising 10 percentage points faster in the lowest-income quarter of ZIP codes (median incomes below \$43,302 in 2017) compared to the highest-income quarter (above \$69,804) [1]. In Highland Park, constrained supply has pushed prices beyond affordability, pricing out low- and moderate-income households. **Eleven large metropolitan areas that increased housing supply by at least 10% from 2017 to 2023 saw average rents decline from 2023 to 2024 for large apartment buildings [1].**
 - *Staff Comments.* Staff agree that, all else equal, greater supply reduces housing costs, and notes that from a regulatory perspective, zoning is a key constraint to housing supply. In May 2015, the City Council adopted a set of zoning policy changes that, among other things, increasing the density and height of housing allowed in and around downtown Highland Park. In the years since, 791 units have been approved through planned developments due, in part, to those policy changes. The Pew Study found that in large metropolitan areas with significant increases (10%) in housing supply over a seven-year period there was evidence of rents declining in certain

¹ A subset of all developments consisting of the largest developments in the City.

segments of the housing market. To put this in context, Highland Park would need to develop over 1,200 units² in a seven year period to achieve a 10% increase in its total number of housing units. Since 2019, Highland Park has approved planned developments with a total of 647 units – half the rate the Pew study found as affecting rents at the metropolitan level.

- Staff have consistently pointed out the importance of what it calls “Market-Rate Affordable” units (NOAH), and have noted the fluctuations in the supply of those units, particularly the tenuous nature of their affordability, which is dependent on market conditions³. The extent to which those households with high incomes occupy housing that would otherwise be affordable to moderate and low-income households they, in effect, cause rents to increase in the market-rate affordable segment of the housing market.
- Thus, the extent to which the creation of higher price units draws those households with financial means out of less costly units, affordability can improve in the more moderately priced unit segment of the market. However, Highland Park operates within a broader housing market context. Therefore, it may be that those more moderately priced units are elsewhere in the regional housing market, not located in Highland Park, without the City’s inclusionary housing requirements. The City’s inclusionary housing policy seeks to increase the supply of affordable housing for low to moderate income households in Highland Park itself, not elsewhere within the metropolitan housing market.
- **Economic Disequilibrium:** Excessively high inclusionary requirements (e.g., 20%) reduce development activity, yielding fewer affordable units. A [2024 UCLA study](#) found that optimal inclusionary zoning thresholds balance affordable unit creation with viable development, suggesting a "sweet spot" between 10-15%.
 - **Staff Comments.** The Council should consider the comparability of Highland Park with this study. The study examined the City of Los Angeles’ Transit Oriented Communities (TOC) program (since 2018) requirements, and uses the Turner Housing Policy Simulator – developed for the City of Los Angeles. The study contends that Inclusionary Zoning, while having been shown to produce Below Market Rate (BMR)⁴ housing, is also sometimes associated with reduced overall housing production and increased rents / housing prices. The author of the UCLA study, Shane Phillips, says in the abovementioned report, “readers should not interpret this analysis as identifying an “optimal” IZ requirement.” Furthermore, Phillips has spoken on the UCLA Housing Voice podcast about his research.⁵ He says "Given that IZ programs vary widely in their implementation, economic reasoning will predict different effects

² Highland Park has a total of 12,029 housing units according to the State of Illinois Housing Development Agency’s 2023 analysis as part of its administration of the Affordable Housing and Appeals Act.

³ As evidenced by the State reporting a significant decrease in the number of affordable units in Highland Park in its 2023 report, and the variability of market rate affordability, which is driven by many factors in the housing market.

⁴ The term the UCLA study uses to describe what staff calls Market Rate Affordable, and the Property Owners Association calls “Naturally Occurring Affordable Housing”.

⁵ UCLA Voice Podcast Citation: Phillips, S. (2025, April 9). Episode 79: Who Pays For Inclusionary Zoning with Shane Phillips - UCLA Lewis Center for Regional Policy Studies. UCLA Lewis Center for Regional Policy Studies. <https://www.lewis.ucla.edu/2024/10/16/79-who-pays-for-inclusionary-zoning-with-shane-phillips/>

on housing market outcomes from different specific programs." For these reasons, Phillip's study of Los Angeles is not a good predictor of IZ impacts on Highland Park and should not be seen as suggesting an optimal IZ range.

- *Importantly, the UCLA study analyzes the impact of the City of LA's inclusionary housing program that requires 8-11 percent of units be affordable to extremely low-income households⁶. UCLA study examines 11% affordable to those earning no more than 30% of Area Median Income (AMI). Moreover, the UCLA study states: "It is worth noting that this level of affordability in IZ programs is rare: policies in other cities generally target households earning up to 50 percent, 80 percent, or 120 percent of AMI⁷ (very low income, low income, and moderate income, respectively), in part due to the challenges associated with making projects financially feasible at deeper affordability levels."*
- *Highland Park's program requires significantly less affordability than the UCLA study examines, which reduces the impacts of Highland Park's policy on market rate affordability. In fact, Highland Park's policy requires ~15% of the total number of units within a development be affordable of which a third of those (~5%) must be affordable to those earning, on-average, 45% of Area Median Income for rental units. The City's affordability requirements for ownership unit is divided between 65% and 100% of Area Median Income⁸. Again, UCLA study examines 11% affordable to those earning no more than 30% of AMI.*
- *Moreover, Highland Park's policy that by-right payment in-lieu for fractional affordable unit requirements further reduces the overall affordability requirement in terms of the proportion of units that are affordable. This, along with rounding of unit requirements, reduces overall requirements for developments with few units.*
- *In fact, reflecting on programmatic data, the proportion of onsite affordable units for projects with few units are frequently less than 15% for developments (see Table in Attachment B to this Council item).*

⁶ Those households earning 30% or less of Area Median Income.

⁷ Area Median Income (100% AMI) for a four-person family in the Chicago-Joliet-Naperville, IL HUD Metro FMR Area is \$121,500 per year, \$97,200 for 80% AMI, and \$60,750 for 50% AMI. For reference, 30% AMI is \$36,450 per yr. for a family of four.

⁸ Per Sec.150.2155(B) "*Rental of Affordable Housing Units*. In covered development projects that contain rental units: (i) no less than 33 percent of the affordable housing units shall be rented or leased to households with gross incomes from zero percent to 50 percent of the Chicago area median income at a price, as determined pursuant to [Section 150.2155\(C\)](#) of this Code, that, on average, is affordable to a household with an annual income that is 45 percent of area median income; (ii) no less than 33 percent of the affordable housing units shall be rented or leased to households with gross incomes between 51 percent and 80 percent of the Chicago area median income at a price, as determined pursuant to [Section 150.2155\(C\)](#) of this Code, that, on average, is affordable to a household with an annual income that is 65 percent of area median income; and (iii) no more than 33 percent of the affordable housing units shall be rented or leased to households with gross incomes between 81 percent and 120 percent of the Chicago area median income at a price, as determined pursuant to [Section 150.2155\(C\)](#) of this Code, that, on average, is affordable to a household with an annual income that is 100 percent of area median income. If fewer than three affordable units will be provided, such units shall be rented or leased to low-income households at a price, as determined pursuant to [Section 150.2155\(C\)](#) of this Code, that does not exceed what is affordable to a household with an annual income that is 65 percent of area median income."; and

Per Sec. 150.2155(A) *For-Sale Affordable Housing Units*. In covered development projects that contain for-sale units, at least one affordable housing unit and no less than 50 percent of the affordable housing units shall be sold to low-income households at a price, as determined pursuant to [Section 150.2155\(C\)](#) of this Code, that, on average, is affordable to a household with an annual income that is 65 percent of area median income. Any remaining affordable units shall be sold to moderate-income households at a price, as determined pursuant to [Section 150.2155\(C\)](#) of this Code, that, on average, is affordable to a household with an annual income that is 100 percent of area median income. The owner shall execute and record any documents required by [Section 150.2140](#) of this Code to ensure compliance with this [Section 150.2155\(A\)](#).

- **Inefficient Implementation:** Subjective enforcement by city staff and councilmembers creates uncertainty, further discouraging investment. Additionally, mandating on-site affordable units in smaller developments is less cost-effective than leveraging existing NOAH properties.
 - *Staff Comments.* The City’s affordable inclusionary housing program is not subjectively enforced. However, whether a payment in-lieu of on-site affordable housing is acceptable is a discretionary consideration by the City Council based on a consideration of a recommendation from the Housing Commission, and after making a determination that such a payment will further affordable housing opportunities in the City to an equal or greater extent than through provision of affordable units pursuant to the Code.⁹
 - Discretionary considerations introduce uncertainty. The Property Owners Association appears to define “smaller developments” as those with 30 units or less. The City’s scattered site grant-making program does use payment in-lieu and monies from the City’s Housing Trust Fund to obtain, and make permanently affordable, units throughout the community. Making payment in-lieu a by-right option would reduce the number of on-site affordable units, and the number of affordable units created overall in Highland Park as the City does not have the capacity (~2-3 per yr.) to secure and make permanently affordable housing at the rate the private housing market can develop them. Moreover, the private sector can deliver units at a lower overall cost per unit.
 - In times when the City’s housing trust fund has had a low balance, payments in-lieu have been supported by staff – notably in 2019-21 related to the Albion I and II developments.
 - Policy Notes. It is important to note that payment in-lieu is a by-right option for only small developments of single-family detached units, and that there is no affordable requirement for less than five units. This recognizes concerns related to smaller developments. The City’s Scattered Site Grant making program attempts to off-set this by securing single-family units throughout the City. The by-right payment in-lieu option is not available to townhouse or multi-family developments given that there are few units of these types, and the relative cost of obtaining or constructing these units as opposed to requiring units be on-site. Moreover, the City’s Housing Program does not focus on construction of units through use of its Housing Trust Fund monies. Instead, it encourages the inclusion of affordable units throughout the community through purchase, update/repair, and making permanently affordable

⁹ Sec. 150.2125. - Cash Payment in Lieu of Affordable Housing Units.

(A) *General Applicability.* The applicant may make a cash payment in lieu of constructing some or all of the required affordable housing units otherwise required pursuant to [Section 150.2115](#) of this Code, but only if either:

- (1) the covered development consists solely of 19 or fewer single-family detached dwelling units; or
- (2) the City Council approves such payment, after consideration of a recommendation from the Housing Commission, and after making a determination that such a payment will further affordable housing opportunities in the City to an equal or greater extent than through provision of affordable units pursuant to [Section 150.2115](#) of this Code.”

units throughout the City. The units targeted for these purchases are, in part, units identified as being at risk of being demolished. Other well-functioning market-rate units are not sought after, as they are not perceived to be in jeopardy of being lost to demolition.

- **Social and Economic Impacts:** On-site affordable units in market-rate developments can create financial imbalances, with market-rate buyers subsidizing higher HOA fees, fostering tension. Moreover, concentrating affordable units in new developments risks social stratification, unlike NOAH's scattered-site approach, which promotes integration. **Restrictive zoning exacerbates housing shortages, leading to steeper rent increases for low-income tenants and making them more vulnerable to displacement [1].**
 - *Staff Comments. In entirely market rate developments, HOA fees frequently differ by unit based on various unit characteristics independently of affordable unit requirements.*
 - *The City's Housing Program strives to achieve affordability throughout the community through a combination of Inclusionary Housing requirements and its scattered site affordable housing program. Securing Market Rate Affordable units (or NOAHs) instead of requiring inclusion of affordable units in new buildings, will not add to the supply of affordable units to the same extent and type, particularly for multi-family developments.*

Policy Recommendations

To address these challenges, the HPPOA recommends the following, integrating **Pew's findings [1]** and insights from the HPPOA:

1. Increase Overall Housing Supply

- **Rationale:** Pew's data demonstrates that a 10% increase in housing supply slows rent growth by 5%, with the most significant savings in Class-C units (older, less-expensive buildings) [1]. Building more market-rate housing prevents high-income households from competing for lower-cost units, stabilizing rents and preserving affordability. Even unsubsidized expensive new housing helps by freeing up older units through "moving chains," where up to 70 homes in below-average income communities are freed for every 100 market-rate homes built in high-income areas [1].
- **Action:** Relax restrictive zoning codes to facilitate diverse housing types, including market-rate and mixed-income developments. Encourage higher affordability targets in larger projects, like the former Solo Cup factory site, where economies of scale allow developers to better absorb the costs of inclusionary units.
 - *Staff Comments. As part of the comprehensive planning process the City will evaluate its Zoning requirements, including density and height.*
 - *Staff note that the rationale above demonstrates that Highland Park's role in the housing market is that of nearly exclusively high-income*

development, if it were not for the City's Inclusionary Housing Code, Scatter Site Grant program, and its other affordable housing developments (Betsy Lassar Pl., Hyacinth Pl., Sunset Woods Condominiums, Peers Senior Apartments, Walnut Senior Apartments and Family Townhomes and Ravinia Townhomes).

2. Preserve and Enhance Naturally Occurring Affordable Housing (NOAH)

- **Rationale:** NOAH properties, such as older units sold at \$100,000-\$167,500 per unit (e.g., Oak Green Townhomes, Laretta Place), are significantly cheaper than constructing new affordable units at \$739,250. Preserving NOAH maintains affordability without the financial burden of new construction.
- **Action:** Implement incentives like rental vouchers, favorable financing, lower property taxes, or improvement grants for landlords who maintain low rents. Partner with nonprofits like CPAH to acquire and preserve NOAH properties, as missed opportunities (e.g., 367-375 Central sale) demonstrate the potential for cost-effective preservation.
 - **Staff Comments.** *The cost of new construction is among the reasons the City has an inclusionary housing code. The development community can build a unit at a lower per unit cost than the public sector can, thus it is more effective to leverage unit creation through inclusionary housing requirements coupled with a Scattered Site Grant program focused on acquiring and making permanently affordable primarily single-family units as the City currently does.*
 - *As for Market Rate affordable units (NOAHs). The assumption is that there are always a certain number of NOAHs in the market. Well maintained NOAHs generally do not need to be purchased as they are not likely to be lost due to demolition. The issue is that not enough are available in Highland Park. The City's Scattered Site Affordable Housing Programs leverages other public funds to acquire, repair / update and make permanently affordable units throughout the community – helping avoid demolition of these units.*
 - *The Housing Program's Scattered Site Grant Program policy is a subject for the Housing Commission to discuss should the City Council so direct.*

3. Introduce Flexible Compliance Options

- **Rationale:** The HPPOA emphasizes that cash-in-lieu contributions allow developers to fund affordable housing without compromising project viability. These funds can support scattered-site NOAH preservation, yielding more affordable units than rigid on-site mandates.

- **Action:** Expand cash-in-lieu options for smaller developments (5-30 units), directing funds to a city-managed affordable housing trust or nonprofit partners. Use these funds to acquire teardowns or smaller lots for integrated affordable housing across neighborhoods.
- *Staff Comments.* The City's current Housing Program integrates affordable housing within new and existing development through its inclusionary housing code and its Scattered Site Grant-Making Program. Expanding fee in-lieu to larger developments will result in fewer inclusionary affordable units within new developments and introduce a fundamental policy shift to the City's current housing program as many developments in Highland Park consist of 30 or fewer units.

4. Optimize Inclusionary Zoning Thresholds

- **Rationale:** Highland Park's 20% inclusionary requirement is high compared to peers like San Jose (15%), San Diego (10%), or Boston (13%). The UCLA study suggests a 10-15% range maximizes affordable unit creation without deterring development.
- **Action:** Commission a data-driven study with economists, developers, CPAH, and the Highland Park Housing Commission to identify the optimal inclusionary percentage for Highland Park. Maintain a minimum of 10% to ensure affordability commitments while encouraging development.
 - *Staff Comments.* The City's inclusionary affordable housing requirements after market rate bonuses currently require about 15 percent of units be affordable. In some cases, smaller developments may be able to achieve a requirement that is less than 15 percent of on-site units being affordable through payment in-lieu of affordable housing for partial unit requirements - a by-right option to all types of development; further rounding may reduce overall requirements for small developments depending on the number of units proposed. For example, 734 Central Ave. 11 unit development, was required to provide 1.8 Affordable units and made a by-right payment in-lieu for the partial unit requirement, thus 9.1% of the building's 11 were affordable.
 - The State Act requires that 10% of all units be affordable. Therefore, any requirement for new developments must equal or exceed 10% to maintain or achieve that proportion of affordability. The City's goal is to achieve that 10% by requiring about 15% of new units be affordable.
 - Note that given the sensitivity related to smaller developments, the affordable housing calculator rounds in a way that is favorable to smaller developments.

5. Support Downtown Vitality Through Density

- **Rationale:** Increased housing density drives pedestrian traffic, supporting local

businesses struggling with high commercial vacancy rates. HPPOA strongly believes that constrained housing supply undermines the economic health of Highland Park's central business district.

- **Action:** Prioritize zoning reforms that promote mixed-use, high-density developments in the downtown area and surrounding neighborhoods, balancing affordability with economic growth.
 - *Staff Comments.* The City's adoption of zoning amendments that increased density and height in and around downtown addressed this matter, however, staff acknowledge that height restrictions appear to be the most acute limiting factor. As part of the Comprehensive Plan Update effort, the City will consider Zoning policy in detail again.

Benefits of Proposed Approach

- **Affordability:** Stabilizes rents for low- and moderate-income households by increasing supply and preserving NOAH, aligning with **Pew's findings on supply-driven rent relief [1]**.
- **Economic Vitality:** Boosts downtown business districts through increased density and foot traffic, supporting local shops and restaurants.
- **Social Integration:** NOAH and scattered-site strategies reduce social stratification compared to on-site mandates, fostering cohesive communities.
- **Developer Viability:** Flexible options like cash-in-lieu ensure projects remain financially feasible, encouraging more housing construction.
- **Data-Driven Policy:** A study to optimize inclusionary thresholds ensures policies are tailored to Highland Park's unique market dynamics, maximizing affordable unit creation.

Conclusion

Highland Park's affordable housing crisis, demands a balanced approach that increases housing supply, preserves NOAH, and optimizes inclusionary zoning. The current 20% mandate, while well-intentioned, reduces development, drives up rents, and fails even to meet the city's 10% affordable housing goal. By adopting flexible, evidence-based policies, Highland Park can achieve affordability, support local businesses, and maintain its inclusive character. The HPPOA stands ready to collaborate with the City Council, Housing Commission, and community stakeholders to implement these recommendations and ensure a vibrant, equitable future for all residents.

References

[1] Pew Charitable Trusts. (2025, July 31). *New Housing Slows Rent Growth Most for Older, More Affordable Units*. Retrieved from <https://www.pew.org/en/research-and-analysis/articles/2025/07/31/new-housing-slows-rent-growth-most-for-older-more->

[affordable-units](#)

[2] Other....

Residential Planned Unit Developments & Inclusionary Affordable Housing 2014-2026*

| Development Name | Year Approved | Address | Aff. Units On-Site | Total Units | # of units via fee-in- | Approved fee-in-lieu amount | % of on-site units that are affordable |
|------------------------------------|---------------|-------------------------------|--------------------|-------------|------------------------|-----------------------------|--|
| Laurel Courts II** | 2014 | 833 Laurel Avenue (rent) | 4 | 26 | 0 | \$0.00 | 15.4% |
| Laurel Courts II** | 2014 | 815 Laurel Avenue (for-sale) | 3 | 20 | 0 | \$0.00 | 15.0% |
| The Ravinia | 2015 | 515-555 Roger Williams Avenue | 5 | 30 | 0 | \$0.00 | 16.7% |
| McGovern House | 2016 | 760 Central Avenue | 11 | 73 | 0 | \$0.00 | 15.1% |
| The Heritage*** | 2016 | 1005-1055 County Line Road | 0 | 12 | 2 | \$250,000.00 | 0.0% |
| McGovern Terraces | 2017 | 1633-1645 McGovern Avenue | 1 | 9 | 0 | \$0.00 | 11.1% |
| Oakwood Residences | 2018 | 1554 Oakwood Avenue | 3 | 20 | 0 | \$0.00 | 15.0% |
| Albion - Highland Park | 2019 | 1850 Green Bay Road | 17 | 161 | 10 | \$1,250,000.00 | 10.6% |
| Albion - Renaissance | 2021 | 1849 Green Bay Road | 10 | 89 | 4.8 | \$600,000.00 | 11.2% |
| The Bloom St. WalkUps | 2021 | 425 Bloom Street | 3 | 22 | 0.4 | \$50,000.00 | 13.6% |
| Compton & Livingston Hidden Oak*** | 2022 | 2505 Hidden Oak Circle | 0 | 10 | 2 | \$370,800.00 | 0.0% |
| 55 St. Johns | 2022 | 55 St. Johns Avenue | 2 | 13 | 0 | \$0.00 | 15.4% |
| The Park Sheridan | 2022 | 1950 Sheridan Road | 2 | 20 | 1.4 | \$175,000.00 | 10.0% |
| The Wolbright | 2023 | 650 Walnut Street | 3 | 23 | 0.8 | \$111,240.00 | 13.0% |
| Green Bay -Glenview | 2025 | 2090 Green Bay Road | 3 | 22 | 0.4 | \$74,160.00 | 13.6% |
| The Walton | 2025 | 1632-46 Second Street | 2 | 19 | 1.2 | \$222,480.00 | 10.5% |
| Laurel Park Phase II | 2025 | 790-840 Laurel Avenue | 4 | 30 | 0.8 | \$148,320.00 | 13.3% |
| The Bowery | 2026 | 1700 Old Deerfield | 34 | 227 | 1.2 | \$222,480.00 | 15.0% |
| 734 Central | 2026 | 734 Central Avenue | 1 | 11 | 0.8 | \$148,320.00 | 9.1% |

| | | | | | | |
|------------|-----------|-----|-----|------|-------------|-------|
| 2014-2019 | Sub-Total | 44 | 351 | 12 | \$1,500,000 | 12.5% |
| 2021-2026 | Sub-Total | 64 | 486 | 13.8 | \$2,122,800 | 13.2% |
| Since 2019 | Sub-Total | 81 | 647 | 23.8 | \$3,372,800 | 12.5% |
| Since 2015 | Sub-Total | 101 | 791 | 25.8 | \$3,622,800 | 12.8% |
| Since 2014 | Total | 108 | 837 | 25.8 | \$3,622,800 | 12.9% |
| All Years | Median | 3 | 22 | 0.8 | \$111,240 | 13.3% |

* The eight units associated with Betsy Lassar Pl. affordable townhome Planned Development not included in above chart - government-funded project

** Laurel Courts II originally approved for two 26-unit phases. 2nd phase amended twice from 26 to 22 and again from 22 to 20 units

*** Single Family Detached Dwelling Development per Sec. 2115 Single-Family Detached Developments can pay fee-in-lieu by-right for affordable unit requirements.

POSITION PAPER

Affordable Housing Policy Recommendations for Highland Park, Illinois

Authors: Property Owners Association of Highland Park (HPPOA) **Date:** December 3, 2025

Executive Summary

The goal of this policy recommendation is to increase affordable housing in our community without stifling development. Highland Park faces a shortage of affordable housing, worsened by restrictive zoning and inclusionary housing mandates that limit overall housing supply. **According to a Pew Charitable Trusts report, increasing housing supply, even with market-rate units, significantly slows rent growth, particularly for older, more affordable Class-C units in lower-income areas [1]. The report found that every 10% increase in metro-area housing supply from 2017 to 2023 correlated with a 5% reduction in rent growth from 2017 to 2024, saving renters approximately \$470 annually in high-supply metropolitan areas [1]. At the ZIP code level, a 10% supply increase resulted in rents growing 1.4% less, with savings of at least \$120 annually [1].** However, Highland Park's current Inclusionary Housing Code, requiring 20% of units in developments of five or more units to be affordable (effectively 15-17% with incentives), has led to a decline in affordable housing stock from 9.3% in 2018 to 6.3% in 2025, per the City's Affordable Housing Plan. This reduction highlights a broader issue: policies that deter development reduce both market-rate and affordable units, driving up costs and displacing lower-income residents. **Nationally, U.S. metro area rents increased by 49% from October 2017 to October 2024, with a record 27% of renters spending more than half their income on rent [1].**

The HPPOA proposes a balanced, data-driven approach to address these challenges by: (1) increasing overall housing supply to stabilize rents, (2) preserving Naturally Occurring Affordable Housing (NOAH), (3) introducing flexible compliance options like cash-in-lieu contributions which give developers more options, and (4) optimizing inclusionary zoning thresholds to maximize affordable unit creation without stifling development. These strategies aim to meet the city's affordable housing goals while fostering economic vitality and supporting local businesses through increased density.

Challenges with Current Inclusionary Housing Policies

Highland Park's Inclusionary Housing Code, while well-intentioned, creates unintended consequences:

- **Reduced Housing Supply:** Mandating 20% affordable units increases development costs, with median costs for affordable units in Highland Park reaching \$739,250 in 2025 (Rocket Homes, April 2025). This deters developers from building affordable units, reducing total housing production, including affordable units. The UCLA Lewis Center (Phillips, 2024) confirms that high inclusionary zoning thresholds lead to sharp declines in overall housing production, undermining affordability goals.
- **Rising Rents and Displacement:** Pew's research shows that limited housing supply disproportionately impacts lower-income areas, with rents rising 10 percentage points faster in the lowest-income quarter of ZIP codes (median incomes below \$43,302 in 2017) compared to the highest-income quarter (above \$69,804) [1]. In Highland Park, constrained supply has pushed prices beyond affordability, pricing out low- and moderate-income households. **Eleven large metropolitan areas that increased housing supply by at least 10% from 2017 to 2023 saw average rents decline from 2023 to 2024 for large apartment buildings [1].**
- **Economic Disequilibrium:** Excessively high inclusionary requirements (e.g., 20%) reduce development activity, yielding fewer affordable units. A 2024 UCLA study found that optimal inclusionary zoning thresholds balance affordable unit creation with viable development, suggesting a "sweet spot" between 10-15%.
- **Inefficient Implementation:** Subjective enforcement by city staff and councilmembers creates uncertainty, further discouraging investment. Additionally, mandating on-site affordable units in smaller developments is less cost-effective than leveraging existing NOAH properties.
- **Social and Economic Impacts:** On-site affordable units in market-rate developments can create financial imbalances, with market-rate buyers subsidizing higher HOA fees, fostering tension. Moreover, concentrating affordable units in new developments risks social stratification, unlike NOAH's scattered-site approach, which promotes integration. **Restrictive zoning exacerbates housing shortages, leading to steeper rent increases for low-income tenants and making them more vulnerable to displacement [1].**

Policy Recommendations

To address these challenges, the HPPOA recommends the following, integrating **Pew's findings [1]** and insights from the HPPOA:

1. Increase Overall Housing Supply

- **Rationale:** Pew's data demonstrates that a 10% increase in housing supply slows rent growth by 5%, with the most significant savings in Class-C units (older, less-expensive buildings) [1]. Building more market-rate housing prevents high-income households from competing for lower-cost units, stabilizing rents and preserving affordability. Even unsubsidized expensive new housing helps by

freeing up older units through "moving chains," where up to 70 homes in below-average income communities are freed for every 100 market-rate homes built in high-income areas [1].

- **Action:** Relax restrictive zoning codes to facilitate diverse housing types, including market-rate and mixed-income developments. Encourage higher affordability targets in larger projects, like the former Solo Cup factory site, where economies of scale allow developers to better absorb the costs of inclusionary units.

2. Preserve and Enhance Naturally Occurring Affordable Housing (NOAH)

- **Rationale:** NOAH properties, such as older units sold at \$100,000-\$167,500 per unit (e.g., Oak Green Townhomes, Laretta Place), are significantly cheaper than constructing new affordable units at \$739,250. Preserving NOAH maintains affordability without the financial burden of new construction.
- **Action:** Implement incentives like rental vouchers, favorable financing, lower property taxes, or improvement grants for landlords who maintain low rents. Partner with nonprofits like CPAH to acquire and preserve NOAH properties, as missed opportunities (e.g., 367-375 Central sale) demonstrate the potential for cost-effective preservation.

3. Introduce Flexible Compliance Options

- **Rationale:** The HPPOA emphasizes that cash-in-lieu contributions allow developers to fund affordable housing without compromising project viability. These funds can support scattered-site NOAH preservation, yielding more affordable units than rigid on-site mandates.
- **Action:** Expand cash-in-lieu options for smaller developments (5-30 units), directing funds to a city-managed affordable housing trust or nonprofit partners. Use these funds to acquire teardowns or smaller lots for integrated affordable housing across neighborhoods.

4. Optimize Inclusionary Zoning Thresholds

- **Rationale:** Highland Park's 20% inclusionary requirement is high compared to peers like San Jose (15%), San Diego (10%), or Boston (13%). The UCLA study suggests a 10-15% range maximizes affordable unit creation without deterring development.
- **Action:** Commission a data-driven study with economists, developers, CPAH, and the Highland Park Housing Commission to identify the optimal inclusionary percentage for Highland Park. Maintain a minimum of 10% to ensure affordability commitments while encouraging development.

5. Support Downtown Vitality Through Density

- **Rationale:** Increased housing density drives pedestrian traffic, supporting local businesses struggling with high commercial vacancy rates. HPPOA strongly believes that constrained housing supply undermines the economic health of Highland Park's central business district.
- **Action:** Prioritize zoning reforms that promote mixed-use, high-density developments in the downtown area and surrounding neighborhoods,

balancing affordability with economic growth.

Benefits of Proposed Approach

- **Affordability:** Stabilizes rents for low- and moderate-income households by increasing supply and preserving NOAH, aligning with **Pew's findings on supply-driven rent relief [1]**.
- **Economic Vitality:** Boosts downtown business districts through increased density and foot traffic, supporting local shops and restaurants.
- **Social Integration:** NOAH and scattered-site strategies reduce social stratification compared to on-site mandates, fostering cohesive communities.
- **Developer Viability:** Flexible options like cash-in-lieu ensure projects remain financially feasible, encouraging more housing construction.
- **Data-Driven Policy:** A study to optimize inclusionary thresholds ensures policies are tailored to Highland Park's unique market dynamics, maximizing affordable unit creation.

Conclusion

Highland Park's affordable housing crisis, demands a balanced approach that increases housing supply, preserves NOAH, and optimizes inclusionary zoning. The current 20% mandate, while well-intentioned, reduces development, drives up rents, and fails even to meet the city's 10% affordable housing goal. By adopting flexible, evidence-based policies, Highland Park can achieve affordability, support local businesses, and maintain its inclusive character. The HPPOA stands ready to collaborate with the City Council, Housing Commission, and community stakeholders to implement these recommendations and ensure a vibrant, equitable future for all residents.

References

[1] Pew Charitable Trusts. (2025, July 31). *New Housing Slows Rent Growth Most for Older, More Affordable Units*. Retrieved from <https://www.pew.org/en/research-and-analysis/articles/2025/07/31/new-housing-slows-rent-growth-most-for-older-more-affordable-units>

[2] Other....