

Affordable Housing in Suburban Chicago

The Compliance of Municipalities in Suburban Chicago Towards the Illinois Affordable Housing Planning and Appeal Act



**rijksuniversiteit
 groningen**

Faculty of Spatial Sciences



University of Illinois at Urbana-Champaign

Department of Urban and Regional Planning

Christiaan Bos
August 2008

Affordable Housing in Suburban Chicago

The Compliance of Municipalities in Suburban Chicago Towards the Illinois Affordable Housing Planning and Appeal Act

Author:

Christiaan Bos

Master:

Urban Planning
Faculty of Spatial Sciences
University of Groningen

Advisor:

Prof. dr. de Roo

Date:

August 2008

Preface

This thesis is part of the NEURUS program, which stands for Network for European and U.S. Urban and Regional Studies. In total six universities from the United States and Europe are part of this network. Being part of this program I seized the opportunity to study abroad in the fall semester of 2007 at the University of Illinois at Urbana-Champaign. I went there with my friend Gerjan Dragt, who was also part of the NEURUS program. The focus of my thesis is on affordable housing and in particular about the affordable housing mandate of Illinois. The idea for this subject came from a lecture in 2005 given by a professor from the United States as part as an introduction for an excursion in my third year to the US. I found this lecture very interesting and kept this subject in my mind. When I had the chance to go to US to do my thesis as part of the NEURUS program, the subject of affordable housing came quickly in my mind.

I would like to thank Professor Ed Feser, interim head of the Department of Urban Regional Planning at the University of Illinois, for giving me comments and advices during the meetings and for being a great host. Also I would like to thank Assistant Professor Lisa Bates, who gave me a good start by giving me an interesting article about the affordable housing mandate of Illinois.

In addition, I would like to thank Drs. Paul van Steen from the Department of Spatial Sciences at the University of Groningen for helping me with the preparations before going abroad. Another Dutch person I want to thank is my advisor, Professor de Roo, who gave me helpful comments and advice for my thesis. Further I would like to thank all the persons who provided me information for my thesis. I hope you will enjoy reading my thesis.

Groningen, The Netherlands

June, 2008

Christiaan Bos

Contents

Preface	1
Contents	2
Abstract	3
1. Introduction	6
2. Local public policy choices	10
2.1 Public choice theory	10
2.2 Local autonomy	15
2.3 Dillon's Rule	18
2.4 Home Rule	19
2.5 State-local relationship	20
2.6 Conclusion	23
3. Affordable housing mandates	24
3.1 Mandates defined	24
3.2 Role of state mandates on local planning	25
3.3 Research on mandates	27
3.4 Affordable Housing Mandates in other states	29
3.5 Conclusion	32
4. Case study: Home rule municipalities under the Illinois Affordable Housing and Planning Act	32
4.1 Affordable housing problem in the Chicago Metropolitan Area	34
4.2 Illinois Affordable Housing Planning and Appeal Act	38
4.3 Compliance to IAHPA from home rule municipalities	40
4.4 The case of Highland Park	44
4.5 Conclusions	50
5. Dutch reflection on US housing sector	52
5.1 Dutch Planning System	52
5.2 US Planning System	53
5.3 Housing comparison US and Netherlands	55
5.5 Conclusions	58
6. Conclusions	60
7. References	65
Literature	65
Interviewees	71

Abstract

In the United States there is a shortage of affordable housing or even worse, a crisis in affordable housing. Since the 1970's, there has been a huge reduction in the number of low rent units in the housing stock and a sharp increase in the number of poor families. The result is an unbalance between supply and demand, leading to higher rents and higher rent burdens. Especially people with low income suffer from the shortage of affordable housing.

The Chicago Metropolitan Area is also facing a shortage of affordable housing. In addition the region experiences housing value increases that effectively exclude moderate or low income households. Over the last decades the spatial organization and location of suburban municipalities has developed into a geographic segmentation and clustering of housing by value. Zoning barriers made by suburbs, which exclude new housing for working families near their jobs have only strengthen these geographic segmentation.

As a result in 2004 the state of Illinois introduced a mandate called the Illinois Affordable Housing Planning and Appeal Act to increase the supply of housing for low- and moderate-income families in every local jurisdiction. In 2005, the Illinois Housing Development Authority (IHDA) identified 49 Chicago suburban municipalities that did not comply to the mandate, they had not enough affordable housing. As a result, they had to make an affordable housing plan with strategies to facilitate more affordable housing in their community. The most of the 49 communities are prosperous and have not been actively involved in affordable housing in the last 50 years. City officials have shown some defensiveness towards the mandate and made the plans with the minimum required.

In this study the objective is to analyse if the affordable housing mandate has changed the attitude of suburban cities in the Chicago Metropolitan Area towards affordable housing policy

The enactment of the mandate in 2004 resulted in that a discussion has been started in the municipalities that fall under the mandate. The mandate focused attention on the for municipalities unpopular affordable housing issue. Also, affordable housing agencies have

Affordable Housing in Suburban Chicago

made efforts to encourage the noncompliant municipalities to take action and tried to make them more aware of the affordable housing problems.

However, the mandate consists of some disadvantages. The first problem of the Illinois Affordable Housing Planning and Appeal Act is that it is an unfunded mandate and that is one of the reasons why the mandate is not popular by most of the municipalities. As a result of the lack of state funding, municipalities have to fund their own money in the facilitation of affordable housing. The possibility is that, because of the lack of state funding, not much efforts will be placed by municipalities to facilitate affordable housing.

Further the mandate misses state incentives to encourage municipalities to take action. Not only compliance and attention of the affordable housing problem is enough. Especially in suburbs for which affordable housing is not a main issue, incentives are required. From the study it is clear that collaboration and technical assistance are also important aspects to create more commitment for local governments to support the mandate. The state offers some technical assistance, but there is no sufficient cooperation between the municipalities and state level.

Also there are problems with home rule communities which say the act does not apply to them, as planning is something where the state can have no interference on. Home rule communities have a certain degree of local power, and they claim affordable housing is a local issue. However, affordable housing is not an important issue in the prosperous suburbs, priorities are more focused to satisfy the needs of the high-income residents.

Another issue is that tax base is important for the suburban communities. Most of tax revenues of a municipality comes from their local community. High income households are paying more taxes and are in need of less services than that low-income households do. Therefore, city officials prefer to attract high-income households above than low-income households. Also there are fears from city officials that because of the development of affordable housing, housing prices will drop or high-income households will vote with their feet and move away. However, studies have shown that the development of affordable housing will not undermine housing values.

Affordable Housing in Suburban Chicago

The prosperous suburb Highland Park is a positive exception among the 49 noncompliant suburbs. This community has been active with affordable housing from the 1970s and shows with their detailed affordable housing plan their commitment to the act. Nonetheless the city planner of Highland Park states that the mandate misses the required incentives and funds to become a successful tool to encourage municipalities to facilitate affordable housing.

Where in the US local governments have more autonomy and home rule provisions resulting in more responsibilities and policies, this is different in the Netherlands. The Netherlands have a more top-down with policies from above, although it is getting more decentralized. Affordable housing is not an important issue in local politics in the US, as this study shows in the prosperous suburbs. Dutch governments are far more active in facilitating affordable housing, trying to provide housing for low and moderate income households.

An overall conclusion that could be drawn is that the mandate has created some awareness among the 49 suburban municipalities about the affordable housing issues, but the mandate needs to be improved to force municipalities to be more involved in the affordable housing issues than they are now.

1. Introduction

In the United States there is a shortage of affordable housing or even worse, a crisis in affordable housing (Feldman, 2002). Since the 1970's, there has been a huge reduction in the number of low rent units in the housing stock and a sharp increase in the number of poor families (Nelson, 1994). The result is an unbalance between supply and demand, leading to higher rents and higher rent burdens. Especially people with low income suffer from the shortage of affordable housing. These developments led also to an increasing number of homeless families on the street, which makes it the most dramatic evidence of this housing crisis (Nelson, 1994).

An affordable housing state mandate could be a good initiative to make local governments more aware of the affordable housing problem, in order that they will make affordable housing plans and encourage local actors to develop more affordable housing. A problem is that mainly prosperous suburban municipalities are resistant to the affordable housing mandates. However, a mandate could make these municipalities more aware of the affordable housing problem and make a change in their attitude and view towards affordable housing policies. In this study the main question is if the affordable housing mandate is changing the attitude of city officials from prosperous suburban municipalities towards affordable housing policy. In this study especially the attitude of home rule communities will be discussed, because those communities have a certain degree of autonomous power and it could be interesting to see how they perceive a state mandate.

The Metropolitan Area of Chicago is a clear example where prosperous suburban municipalities are resistant to the mandate to facilitate affordable housing in their community. In 2004 the state of Illinois introduced a mandate called the Illinois Affordable Housing Planning and Appeal Act to increase the supply of housing for low- and moderate-income families in every local jurisdiction. In 2005, the Illinois Housing Development Authority (IHDA) identified 49 Chicago suburban municipalities that did not comply to the mandate, they had not enough affordable housing. As a result, they had to make an affordable housing plan to comply to the mandate. Charles Hoch analysed the consequences of this state wide affordable housing planning mandate in Illinois. He made a survey in the Chicago Metropolitan Area to analyze the response of the 49 prosperous suburban municipalities

which did not comply to the mandate (Hoch, 2007). Many of these municipalities were resistant to the mandate.

The planning system in the Netherlands is very different from the United States. The central government has more influence on housing and the housing stock has a much bigger share of social housing than in the United States. For a reflection it will be interesting how the United States and the Netherlands differ from each other concerning planning and housing.

The question is if the Illinois Affordable Housing Planning and Appeal Act will shift the attention of city officials of prosperous suburban municipalities towards affordable housing policy. Is it legitimate for a municipality to deny a state-level mandate, without acknowledging the affordable housing issue? The fear from affordable housing agencies is that the noncompliant municipalities may as well make the required plans, but will do nothing further with it.

This results in the following problem:

Definition of the problem:

- *Many prosperous suburban municipalities in the Chicago Metropolitan Area have little affordable housing and the most of them are defensive towards the Illinois affordable housing mandate.*

This problem definition results in the following study objective:

- *The objective is to analyse if the state-level affordable housing mandate has changed the attitude of suburban cities in the Chicago Metropolitan Area towards affordable housing policy.*

The main question in this study is:

- *Has the process of complying with the Illinois Housing Planning Mandate changed the way suburban cities in the Chicago Metropolitan Area are approaching affordable housing policy?*

The main question has the following sub-questions:

- *How can state planning mandates be used to improve planning policies on a local level?*
- *How are state and local government levels related to each other regarding planning?*
- *Why are many city officials resistant to redistributive policy, such as affordable housing programmes?*
- *What is the attitude of city officials from prosperous suburban municipalities in the Chicago Metropolitan Area towards the Illinois Affordable Housing Planning and Appeal Act?*
- *How does the Dutch housing situation reflect on the US housing situation?*

Methodology

This study will be supported by literature about public choice theory and literature about resistance of city decision-makers to redistributive policies, such as a housing mandate and what kind of discourses there exists of how local governments perceive redistributive policies. To get more background of the intergovernmental relations it would be interesting to analyze the state influence on the local government and how these two levels are related. Does the state has the right to force local governments to develop affordable housing by using a mandate? The concept of home rule will be an important issue in this case. Also literature will be given about planning mandates in general, and especially the affordable housing mandate that is in effect in the state of Illinois. The study of Charles Hoch will be a starting-point for this study and especially for the case study. Hoch analyzed how local officials responded to the mandate. In this study it could be interesting to analyze if the process of complying with the Illinois Affordable Housing and Planning Act changed the way how local officials in suburban Chicago are approaching affordable housing policy. In order to get a more detailed insight in the affordable housing mandate issue and the planning making process on a local level, a case study will be done in one of the 49 prosperous suburban municipalities of Chicago that falls under the mandate, called Highland Park. It is a

municipality that is actively involved in affordable housing plans and one prosperous municipality that is resistant to the mandate. It will be interesting to analyze what their approach is towards affordable housing. Also some other communities and their affordable housing plan will be discussed.

To get information about Highland Park an interview has been done with a city official. A state official has also been interviewed to find out his view about the affordable housing mandate. To give a more diverse selection of interviewees, affordable housing agencies, which try to promote affordable housing in the suburban region of Chicago has been questioned. Of course Charles Hoch is interviewed, because he did the research on the affordable housing mandate in Illinois. This information should give a good overview of the attitude of local governments towards the affordable housing mandate.

From the perspective of the Dutch housing and planning situation, it will be interesting to make a brief comparison between the US and the Netherlands. That is why a chapter is included about these differences. However, the main part of this study is on the attitude of suburban municipalities towards the Illinois affordable housing mandate.

2. Local public policy choices

This section will discuss the role of the local government regarding local policy choices and how this affects the decision-making process. The public choice theory will be a basis in providing an explanation for policy choices on a local level. Also local autonomy, Dillon's rule and home rule will be discussed.

As already mentioned in the introduction, the United States governance is decentralized. Because of the reduction in federal funding from the end of the 1970's more policy control is concentrated on a local level (Basolo, 1999-1). The federal government reduced spending on domestic programs, mainly programs from the Department of Housing and Urban Development. The cuttings in the federal budget implies that the future of several programs from the federal government is in danger and with that the future of low-income families. Also this implies that on a local level, the local government will need to look to new partnerships, new ideas and innovations, that do not necessary rely on federal help (Bohm, 2005). The reduction of federal funding means that local governments have a lot of responsibility to decide on what to spend its money and it can set its own priorities. Many public choice theorists predict that cities will not support local affordable programs, because city officials seek to provide the best cost-to-benefit ratio for their community to attract residents and to keep their tax base. This economic self-interest by cities results in a resistance to redistributive programs like affordable housing programs (Basolo, 1999-2). To get more control and/or try to solve problems on the local level, states try with for example planning mandates to influence the plan making on a local level. Local governments may be defensive towards planning mandates and come up with reasons for their own benefit not to cooperate with the mandate. The reasons behind this self-interest of local governments will be explained with the public choice theory.

2.1 Public choice theory

The basis of the public choice theory is the concept of the Homo economicus, that a 'man is an egoistic, rational utility maximizer' (Mueller, 1979: p.1). The public choice theory derives from neo-classical models of economic behaviour. These assume that producers in economic markets are driven by selfishness and that competition can channel self-interested behaviour towards the common good. Public choice theorists argue that policy makers in the public

sector go for their own interests too. However, competition can redirect the attention of policy makers towards the general welfare of society (Boyne, 1998).

When discussing research based on the public choice theory, the works of Tiebout (1956), Peterson (1981), and Schneider (1989), are important. Tiebout (1956) argues that a local government structure with many small units can provide a solution based on economic reasoning to the problem of matching local policies to public preferences. In a fragmented local government system, each unit must compete effectively in order to retain existing households and firms, to attract new customers in the local government marketplace. In Tiebout's model, residents have unlimited mobility and have several preferences for public goods and services (Camões, 2003). Individuals choose to live in a community that maximises their preferences for local services. Local politicians have to respond to the demands of voters, by offering low taxes and a high quantity and quality of services to attract residents. Local politicians who fail to deliver a good ratio of service benefits to tax costs will probably lose residents and with this a reduction of their tax base. Residents will 'vote with their feet' if their preferences will not be met by the local politicians, which is a strong incentive for competition (Tiebout, 1956). In reality cities will try to deliver the best benefit/cost ratio for public goods and services to keep and attract residents. As a result city officials will avoid redistributive programs like affordable housing programs, because this may result in a loss of residents (Basolo, 1999-1).

The model of Tiebout has been under discussion by some scholars. Camoes (2003) criticizes Tiebout's model by saying that the model has unrealistic assumptions. One of Tiebout's assumptions is that an individual has full mobility and that local communities have full knowledge. No-one has full mobility, not everybody has the opportunity to get from A to B. A more important assumption is that Tiebout's model assumes that local governments are entirely independent concerning the choice of local public goods and services. So, Tiebout assumes they have complete autonomy to make policy decisions. However, this is not the case, because local governments have to deal with other levels of government, like state and federal government (Camões, 2003). Otherwise, if the preferences of the residents were denied by higher government on what local governments could do, the model would not make sense (Clark, 1984). Clark (1984) criticized Tiebout model, because he is questioning Tiebout's theory of local government. "The most obvious answer is that the Tiebout

hypothesis has no theory of the state.” (Clark, 1984: p.202). In the Tiebout’ model, local government can hardly be seen as an institution, because it has no organizational structure, “no real “interests” or agendas and no real power” (p. 202) Clark argues. Although this criticism, Tiebout’s model has been a important model for many scholars using public choice theory.

One of them is Peterson (1981). Peterson uses Tiebout’s model further to explain residential choice and local public decision making. He argues that policy decisions in American cities are mainly shaped by their position within the American system of government. Therefore, local governments provide several public services such as police and fire protection and cultural amenities. In cooperation with other levels of government, cities provide major welfare state services such as public health, education, social services, housing, etc. (Saiz, 1999).

Peterson further makes the point that “city politics is limited politics”, which means that local governments “are limited in what they can do” (Peterson, 1981: 4). Local government can offer different benefit/cost ratios to their residents. The diversity of goods and services offered by cities creates a market for public goods. Residents will consider the public services before locating in the community that offers the best combination of services and levels of taxes that most satisfies their preferences. Peterson stresses that cities go for maximizing the resident’s benefit/tax ratio, but they are limited by the freedom of residents to choose for another city. So city officials have to be aware of the demands of the residents and will try to offer better services and goods than neighbouring cities. This results in intercity competition to attract residents (Camões, 2003).

Following Tiebout’s model, Peterson identifies three different policy types used from Lowi (1964): developmental, distributive, and allocational policy types. These policy types have different effects on the ratio. Peterson mainly focuses his analysis on developmental and redistributive policies. Developmental policies such as tax incentives to attract or retain major employers provide economic benefits to a city. Allocational policies are for example fire and police protection and this type of policy is considered neutral in their economic impact (Saiz, 1999). Redistributive policies such as affordable housing programmes shift resources from middle- and upper-income to lower-income people and are harmful to a city’s economy

(Basolo, 1999-1). Cities prefer support policies to keep companies and residents from leaving their community. That is why cities prefer developmental above redistributive programs. Because of the limited freedom of local politicians Peterson suggests that the federal government should take the responsibility for redistributive programs, like affordable housing programmes, since local governments will avoid this type of policy. (Basolo, 1999-2).

Schneider (1989) adds to the models of Tiebout and Peterson and introduces a model about local markets for public goods. The main elements in this market are politicians, residents, firms and interest groups, bureaucrats, politicians, as well as the external limits. The external limits include economic conditions and its change, social conditions and its change, and intergovernmental limits. Schneider means with intergovernmental limits the autonomy of local governments and the limitations imposed from higher levels governments. Schneider says that the wide range of goods and services as well as the differences in taxes in local municipalities result in a local market for public goods. He identifies a local market with local businesses and residents on the demand side of the market and local elected officials and professionals bureaucrats on the supply side. Further, Schneider comments on the motives of city decision makers named by Peterson: "I especially rely on Peterson's insight that it is the relationship between the above-average-income community member and the local benefit/cost ratio which informs the interests of local governments" (Schneider 1989: p.201).

Schneider also agrees with Peterson' view of local redistributive policy making. Schneider stresses that policies like affordable housing programs are redistributive and are there to help mostly lower-income people, but these individuals pay lower taxes. Higher-income households benefit little from these redistributive programs, but they are involved in a higher cost-to-benefit ratio than lower-income households (Basolo, 1999-2). These higher-income may eventually choose to move to a community with lower cost-to-benefit ratio

Downs (1957) made a public choice model of competition based on work on the role of political parties in a representative democracy. Down argues that politicians are motivated by power and they try to maximise their share of the popular vote. Down argues that if public opinion is on a left-right ideological axis, then the party leaders will be on the middle of the axis in order to win votes. Assumptions of Downs are that politicians are 'power hungry' and to get power is to win votes. Further, he assumed that politicians are so eager to win votes and

they are little attached to policies, but will adopt the policies to win the election. The bigger the competition between the parties, the greater the chance that politicians will match their policies to the preference of the median voter at the centre of political spectrum. If there is no real competition, a party can pay less attention to the demands of the electorate, but try to maximise their power and adopting policies that please their own supporters (Boyne, 1998).

Downs (1994) also comes with a view that assumes competition between communities. He emphasizes that cities must remain attractive and maintain a reasonable tax rate to attract residents and businesses. Redistributive policy is inconsistent with this goal regardless of the affluence level in the city. Down argues, “[. . .] only wealthy communities can support major redistributive policies. And the residents of these localities have strong social and political motives to reject additional low-income residents and policies favourable to them” (p. 24).

Like Schneider already stated, lower-income communities have a weak tax base, but typically a higher per capita cost for many public services. In these localities Downs argue, an increase in the tax rate to fund services gives a small return of revenues. Although these communities may elect officials that meets to their needs, the city decision makers will continue to use policies that economically benefits the community, such as subsidies to for-profit developers and discourage the attraction of additional lower-income people (Downs 1994). Downs concludes that the solution to intercity competition is an involvement of state or regional coordination and allocation of resources.

Another public choice model based on competition is the model developed by Niskanen (1971). He made a model about the behaviour of public officials rather than politicians. Niskanen argues that city officials are motivated by a number of selfish objectives, like prestige, and that all of these interests are served by higher levels of public expenditure. In short, bureaucrats are budgets maximizers. Furthermore, they have the power to achieve this aim because they have a monopoly of information on the costs of service production, since they are the monopoly providers of public services. The consequence is that government expenditure is too high, and that services are inefficient and do not respond to the public demands. According to Niskanen, then, the wrong services are provided at the wrong price because of the monopolistic structure of public sector markets. A solution to this monopoly

then would be competition, for example that the production of service may be done by a different organization (Boyne, 1998, p.8-9).

As already stated by Peterson cities are not likely to give much importance to affordable housing policies. Citizens may perceive lower-income housing as having a negative effect on the community both socially and economically in the form of reduced property values. An example of this NIMBY phenomenon of citizens and city officials to the location of lower-income housing is when suburban cities exclude high density residential development. High density residential housing is generally used for affordable housing than single-family development (Basolo, 1999-2). This type of zoning when a local government exclude high density residential housing is called exclusionary zoning. Municipalities may use zoning restriction to exclude low-income families by raising the price of the general housing stock and decreasing the development of affordable housing. These restrictions may prescribe minimum lot size and floor space requirements. Large lots results in higher costs of owner-occupied housing in suburban communities. This makes it hard for low- and moderate-income households to buy a house in these communities (Ihlanfeldt, 2004).

A good example involving exclusionary zoning is the case of the Supreme Court of New Jersey, called *Southern Burlington County NAACP v. Township of Mount Laurel* in 1975. The township used zoning ordinances that excluded low- and moderate income people. For example, it used practices that included lot size and floor space requirements and development limitations on apartment units with multiple bedrooms (Hennion, 2006) The Supreme Court decided that municipalities had to use their zoning powers in a way to provide an opportunity for the production of housing affordable to low- and moderate-income households. After this decision, lawsuits were filed against several municipalities. These lawsuits came from people that looked for affordable housing, and housing developers that tried to develop affordable housing. In the mean time, not many affordable housing was developed, so the state of New Jersey came with the Fair Housing Act that required municipalities to have a certain percentage of their housing stock affordable (Hall, 2003).

2.2 Local autonomy

There has been a lot of debating about how much power local governments have and should have. Frug (1980) argues that because of a general interpretation hostile to strong local

government, American cities are more or less powerless and unable to solve the problems that they have.

Briffault has a different opinion concerning local power. He says that it depends how power is defined. According to Briffault, “If power is defined as a legally enforceable right to existence and continuation, to control local resources and regulate local territory and to prevail in conflicts with higher levels of government, then local governments generally lack power. There is no right to local self-government.” (Briffault 1990-1) Yet, “If power refers to the actual arrangements for governance at the local level, then local governments possess considerable power.” (Briffault, 1990 -2). Briffault, unlike Frug, looks at all municipalities – suburbs as well as cities. He says that most municipalities are far from powerless and that many have considerable autonomy over matters that concern to them. According to Briffault, especially suburban municipalities are far better off than central cities when it comes to having the power to do what they want to do. Briffault is also sceptical about the net benefits of so much local power and about the value of extending local autonomy. He argues, that localism reinforces territorial economic and social inequities and thus serves as an obstacle to securing social justice (Berman, 2003).

Wolman and Smith stressed the importance of autonomy to local governments. They criticize what they call traditional literature, which defines autonomy as the “discretion local governments possess to act free from control by higher levels of government” (Wolman & Goldsmith, 1990: 24). They claim that the traditional treatments do not provide a rationale for the study of local politics. They ask themselves if local governments in urban areas have autonomy “in the sense that their presence and activities have impacts on anything important? Does urban politics matter?” (Wolman & Goldsmith, 1990: 3). According to them it indeed matters and they give a definition of local autonomy: “the freedom to exercise choice in local-policy making and the capacity thereby to influence the well-being of local residents”. They assume that the greater the level of autonomy, the greater the ability to increase the well-being of residents in the urban area. In this context well-being is seen as welfare; as an income which permits individuals to purchase goods and services, to satisfy their desires. This will result in monetary and non-monetary welfare.

Goldsmith stressed that local autonomy is an important concept for understanding the local government, because autonomy is “at the heart of the very justification of most systems of elected local government“ (Goldsmith, 1997: p.229). Goldsmith argues that if local governments lack the ability to decide their policies and the supply of services, goods and tax rates, the local government will be an administrative arm of the state. And as a result the local elections will have little purpose (Goldsmith, 1997). But on the other hand the idea that local governments having complete autonomy is unrealistic. Most local governments act in an environment which is more or less constrained and decentralized. Dependant on how constrained and decentralized a government system is, the autonomy of local governments can differ. Goldsmith claims that if political decision making is decentralized, each local unit ‘can tailor its tax and service package to the preference of its citizenry’ (Goldsmith, 1990:31). As a result decentralized local governments will be closer to their citizens and so they are able to respond better to their demands to make the right policies which meet the public demands.

Clark (1984) identifies two primary principles of local autonomy: the power of initiation and the power of immunity. Clark sees the power of initiation as the power of local governments to legislate and regulate the behaviour of their residents. The source of initiation powers is important for the principle of local autonomy. Local autonomy is reduced if for example states assign initiation powers to local governments. Local autonomy will then depend on the state legislation and this may result in a limited local autonomy.

The power of immunity is “the power of localities to act without fear of the oversight authority of higher tiers of the state” (Clark, 1984: p.198). Localities can act “however they wish within the limits exposed by their initiative powers” (Clark, 1984: p.198). A good example of immunity would be local governments regulating land use, without an institution, like the state that is keeping an eye on them (Clark, 1984, p.198).

Clark combines the principles of local power to identify four ideal types of autonomy.

The power of localities may be characterized by the following terms:

Type 1: initiative and immunity

Type 2: initiative and no immunity

Type 3: no initiative and immunity

Type 4: no initiative and no immunity

Under type 1 local governments have both the capacity to initiate and are immune from higher levels of government. Under the opposite case (type 4) local governments have neither the power to initiate nor do they have any immunity from higher levels. Under Type 2, local governments have the power to initiate policies, but they are constrained in that everything they do is subject to oversight by higher levels of government. Under Type 3, local governments have little or no power to initiate, but are then immune from higher level oversight.

Over the last decennia the power of localities has changed. In the 1980s, Reagan argued a decentralist policy, to reduce the power of the federal government relative to state and local governments by scaling down to reduce federal programs. He also supported the desirability of increasing the discretion of states and localities. Reagan challenged the notion that federal grants to state and local governments, in general, were necessary and useful (Berman, 2003). Many of these changes were explicitly designed to enhance the power of state government, not only with respect to the federal government, but also to local governments as well. But the overall reduction in grants meant that the resources available to local governments actually decreased, making it more difficult for them to support existing spending levels, thus in effect reducing their local autonomy (Goldsmith, 1995: p.244).

2.3 Dillon's rule

Dillon's rule (1911) is an important model of government powers and still is used in debates about the power relations between local and state government. To quote Dillon: "Municipal corporations owe their origin to, and derive their powers and rights wholly from, the legislature [...] They are, so to phrase it, the mere tenants of the legislature." (Dillon, 1911). He considers that local government is a 'creature of the state' and following a Supreme Court ruling of 1923, can have its powers and structures modified or withdrawn at the state's discretion (Brown, 1993). Under Dillon's rule local governments have only those powers "expressly granted" by state legislatures, powers necessary implied or incidental to the powers expressly granted. According to Dillon's rule, local governments required to have legislative authority for everything they wish to do (Berman, 2003).

As a result of the model of Dillon, Clark's local initiative powers and immunity powers are limited. The power of initiative is limited, because they can not do what they wish to do, their initiative powers by the state are assigned by the state. Also under Dillon's rule local governments have no immunity, because state courts have the power to review, amend, and negate local decisions in areas like zoning (Clark, 1984). But many states have gone further than Dillon's rule implied, giving their municipalities some form of home rule, this will be discussed later on. Dillon's rule have therefore lost some of its importance by states (Berman, 2003). This has also to do with the fragmentation of the municipal system in the US. Such fragmentation can isolate communities, particularly the major central city, from other areas, leading to exclusionary zoning. Secondly, there may be internal constraints imposed upon the autonomy of localities, such as the celebrated tax and expenditure limitations enacted by some states and localities from the 1970s onwards. For example, by 1985, 31 states had placed a maximum on the tax rate which their localities could apply to the assessed value of property in their areas (Wolman and Goldsmith, 1992).

Having said that, the political representation of cities and municipalities remains as strong as ever, even if the degree of influence may not be as great as exerted by state governors. In terms of the distinction between legal and political status, American local government would appear to have relatively high political status. As a result, local government in the US would thus have reasonable autonomy, even if its legal status is limited and relatively low. (Goldsmith, 1995, p.245). Tiebout's model also assumes a relatively autonomous local government, comparable with type 2 of Clark's model. This contradicts with Clark's opinion when he says that "the American reality of government autonomy seems much closer to absolutely no autonomy (type 4). Essentially, local governments are the bureaucratic extensions of state governments" (p.205).

2.4 Home rule

As already stated some American states have undermined Dillon's rule by increasing local autonomy through home rule. The traditional and most common form of home rule gives local governments that qualify under state constitutional or statutory provisions the right to make decisions on their own and limiting the power of the state to intervene in the policies of

the localities. There are two concepts of home rule provision: imperium in imperio and the National League of Cities model (NLC) (Berman, 2003).

The imperio model was first introduced. Imperio creates a sphere of action labelled 'municipal affairs'. Within that sphere the municipality has initiative powers and is free to pass laws. Outside of that sphere it must obey and conform to the general laws of the state. Within the defined sphere of municipal affairs, imperio home rule gives local governments some initiative power and immunity from state regulation (Clark, 1984). However, courts had difficulties in finding the distinction between 'municipal affairs' and state affairs and these situations were most of the time in favour of the states.

In 1953 the National League of Cities promoted a new model of home rule. The NLC model proposed that local governments can exercise every power, with the state legislature able to take any power back by passing laws. Imperio was thought to restrict local actions so narrowly that democracy at the local level became very limited (Clark, 1984). The NLC model on the other hand was to encourage the use of municipal power. However, courts have interpreted the law in a way that restricts the municipal affairs to a small sphere of local affairs (Berman, 2003). Although the home-rule was enacted, state legislatures have continued to legislate concerning local matters, often displacing local decision makers in the process. Home rule has failed to provide a shield against state influences on local power, because of the state courts "progressively considered view of what is a purely a local matter" (Briffault, 1990). However, localities still try to rally behind the cry of 'home rule' to protect themselves from state actions that they feel are intruding on their sphere of activity. When it comes to money, state and local governments, like state governments and the federal government fight over access to tax resources and over funding responsibilities. Problems encountered by state and local officials in dealing with the federal government, mandates and the lack of assistance in meeting pressing financial needs, have also characterized state-local relation.

Local officials have not only condemned state influences on local authority but also have tried to extract as much as they can in the form of resources from higher levels of government. They have strengthened their position towards the state with local home rule as a means of enhancing local discretion and of protecting local prerogatives and intergovernmental partnerships to extract resources from other governments.

2.5 State-local relationship

State and local governments have several kinds of relationship and can fulfill different roles. This depends on how much local autonomy a municipality has and if a municipality is home rule community. Berman (2003) mentions four roles that local officials may exercise in a state-local relationship:

- 1: agents of the state seeking to gain favour;
- 2: representatives of autonomous governments;
- 3: partners or co-governors with state officials;
- 4: advocates who defend and pursue the special interests of their jurisdictions;

According to Berman, these roles are not exclusive and local officials may play all four. Local officials see themselves as 2nd en 3rd role player by pursuing both autonomy and partnerships. State legislators have preferred to view local officials more negatively as agents of the state or as special interest representatives. Local officials as in the 2nd role can be viewed as one of the forces of localism and as being part of an intergovernmental political system in which they promote and defend the interests of the local government which they present. Local governments try to defend these interests by surviving as an independent unit and securing the authority of their government. Conflicts between state and local level can occur when state legislatures are enacted. There are at least five areas of state-local conflicts that can be named (Wright, 1982):

1. taxation;
2. incorporation, annexation, and consolidation procedures;
3. regulatory authority in the fields of land use, health, building, traffic, and utilities;
4. organization and jurisdictions of local courts; and
5. conditions attached to the provision of major public services-education, public safety, sanitation, housing.

The success of local officials and the organizations representing them to handle these conflicts depends on the skills they have and the political conditions. Sometimes local officials are on the offensive, trying to secure more authority of revenues, and sometimes they are on the defence, trying to protect what they have. Here, the financial well-being plays an important part (Wright, 1982). The quest for revenues takes them to the federal as well as the

state governments, and often brings conflict with neighbouring local jurisdictions. Each area of the state wants its fair share of state spending and no area wants to subsidize spending programs going into other area. These areas may fight over for example who should pay for what services and how revenues should be allocated. Similar conflicts may occur between the same kind of local government, for example between municipalities. On the other hand, seeing themselves under economic stress or under severe financial constraints, local officials also think in terms of financially rewarding partnerships with every level of government. So for local governments building up partnerships is very important, though they have sought at the same time to minimize their loss of control or the degree of interference in their operations that the partnerships may bring. This important aspect of partnerships makes local officials, in stressing home rule and partnerships, inconsistent. While home rule calls for governmental separation and competition, the partnership idea places emphasis on the need for cooperation among local, state and federal governments, each of which is a unit in the same governing system.

Sokolov (1980) argues that the behaviour of state officials towards local officials seems to best reflect the type of feelings that parents might have for their children. State actions such as coming to the rescue of local governments when they are suddenly faced with a financial emergency are a “natural outcome of a basic paternal relationship between the states and their local creatures” (Sokolov, 1998; p.180). For their part local officials complain about being treated as children. Given their childlike dependency on the state, some have theorized that local officials are likely to be anxious to avoid confrontations with state officials. On the other hand, others have suggested that local officials, like children have ways of getting what they want. Also, every now and then, local officials are going against the state, for example refusing to turn over taxes to the state and threatening to secede from the state.

Discussing the parent-children relationship further, state legislators are generally against in giving more control to local governments. From their view they see local autonomy as an potential problem, but local governments see local autonomy as a good thing. As an Alabama state senator said of county governments, “I oppose any home-rule. We exist for checks and balances to keep county commissioners from doing anything unreasonable” (Berman, 2003). In some states, especially in the south, there is a long tradition of giving state legislators a great deal of control over legislation affecting local governments.

Not only state legislators are worried of the local autonomy, also other local actors, like business groups often oppose local home rule, because they think local governments will use their authority with home rule to impose more business tax and regulations which may affect profits. When it comes to regulations, they find it easier to deal with a single state legislative body than with different local governments regulations. Local officials say on the other hand that there are important differences in local needs and conditions make different regulations necessary (Wright, 2003).

2.6 Conclusion

The literature on public choice and local autonomy helps understanding what factors are motivating both state and local decisions with respect to affordable housing at the community level in Illinois.

On the one hand, state officials of Illinois view the problem as a concern for the region as a whole and the consequences for the lack of affordable housing. Low and moderate income households having trouble finding affordable housing, because of high housing prices. Another concern of the state is, that local governments, as said in the theory, go for their own benefits and are mainly neglecting the affordable housing problem, because affordable housing does not yield as much tax revenue as expensive single-family housing does. Also state officials want to be competitive with other regions, so they need to keep low-moderate income households for low paid jobs. Therefore, the state has to intervene through a mandate to stimulate and press local governments for having more affordable housing in their community.

On the other hand, at the local level, decision makers are constrained by high land prices and they want to attract high-income households and prefer single family housing development above affordable housing which consists mostly of high dense housing. Also decision makers on a local level have to be competitive with other municipalities in their region. They may fear that if there is a big development of affordable housing in their municipality, they may

Affordable Housing in Suburban Chicago

lose high income households and/or attract less high income households. Some communities may use their home-rule to keep of higher governments of intervening in their decision-making process. Although this general aversion from local communities towards affordable housing, local communities may get more and more aware of the problem that households cannot find affordable housing. An important question if the Illinois Affordable Housing And Appeal Act is making this problem more aware for municipalities. Another aspect is if the state has enough authority, and than especially the state mandate, to enforce municipalities to comply to the mandate. An important issue here is the concept of home rule.

3. Affordable housing mandates

In this section planning mandates in the US will be discussed and its influence for plan-making on a local level. First a definition will be given for mandates. Then the issue of unfunded mandates will be discussed as well as a theoretical framework on planning mandates will be given. This section ends with research on planning mandates and analysis from state mandates in Massachusetts, Connecticut and Rhode Island.

3.1 Mandate defined

There is not a universally accepted definition of a “mandate”. This may cause problems, because when there is no common definition of a mandate it can result in difficulties for legislators and local officials to identify the issues a mandate can raise and how to response to it. Mandates can also be divided between state and federal mandates, both with their own requirements.

Zimmerman (1987), a scholar who has written about mandates, defines a mandate as “a legal requirement that a local government must undertake a specified activity or provide a service meeting minimum state standards” (p.78). Some government officials and scholars define mandate narrowly as a mandatory requirement that says what local governments must do. A more broadly definition is also used, this definition includes conditional requirements that local governments must meet if they want to participate in optional programs or receive aid.

Others expand the definition to include program and revenue-raising restrictions. Restrictions can have local fiscal impacts and may prevent local governments from acting as they choose. In 1994, in a study on federal mandates, the United States Advisory Commission on Intergovernmental Relations (1994) defined a mandate as a “statutory, regulatory, or judicial instruction that:

1. directs state or local governments to undertake a specific action or to perform an existing function in a particular way;
2. imposes additional financial burdens on states and localities; or
3. reduces state and local revenue sources”.

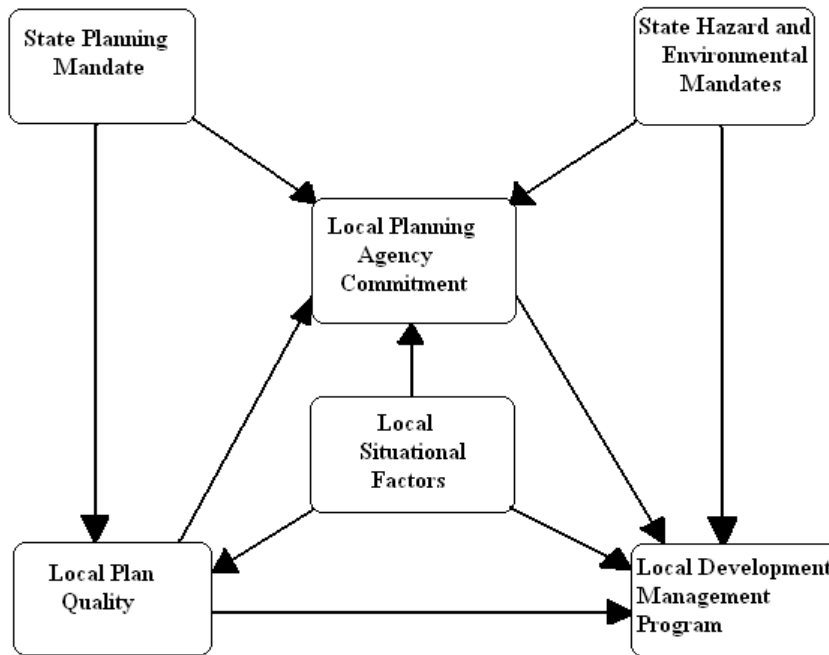
Duties that arise as a condition of federal assistance or from participation in a voluntary federal program are not seen as mandates.

A year later, the Unfunded Mandates Reform Act was enacted, as a response to concerns of many local and state officials with regard to costs of federal mandate being placed upon them (UMRA, 1995). Local officials worried about the loss of local governmental authority, the lack of sufficient power to decide to generate local revenues, the lack of support of federal and state agencies, and, perhaps most of all, problems with unfunded mandates (Berman, 2003). This act defines a mandate as any provision in legislation, statute, or regulation that would impose an enforceable duty on state, local, or tribal governments or the private sector, or that would reduce or eliminate the amount of funding authorized to cover the costs of existing mandates (UMRA, 1995).

3.2 Role of state mandates on local planning

Since the beginning of the 1970s, states have assumed increasing responsibility for planning issues that were formerly delegated to local government. This is also called the quiet revolution in land-use management (Dalton, Burby, 1994). Citizens and government became more conscious that economic growth had negative effects towards environmental issues and as a result concerns arose towards regional growth impacts, and social concerns, like affordable housing. This led to two forms of state intervention. The first state approach, described in detail by Kusler (1980), mentions direct state regulation and state mandates for local regulation of matters of particular state concern such as affordable housing. Advocates of this approach, including Kusler (1980) and Popper (1988) claimed that a combination of single-purpose planning laws can be as effective as more comprehensive state planning laws. The more comprehensive laws tend to be too diffuse in their objectives and difficult to enforce. The other form of state intervention is a growth management approach, based on planning and coordination. Growth management is an approach that arose in the 1970 and improved at the end of the 1980s. In the 1970's it was mainly steered on environmental problems as a result of urban growth. The approach of 1980s and beginning of the 1990s focused more on comprehensive planning. Not only environmental problems had the attention, but also economic development, housing and infrastructure (Janssen-Jansen, 2001). State growth management uses mandates for local land-use planning. An important issue here is the policy consistency on both horizontal as well as vertical level of government (Burby and Dalton, 1994).

Figure 3.1 Framework for state mandates on local planning



Source: Burby and Dalton (1994)

Figure 3.1 shows a framework for state mandates on local planning. Burby and Dalton argue that states influence local development management through planning mandates, and also through other mandates that address specific development issues. State incentives, such as technical and financial assistance, can encourage the local commitment to make plans. Finally, a number of local situational factors affect local commitment, plans and development management efforts. These includes political support, development pressure, environmental constraints, and resources. The diagram represents a top-down concept of state mandates that expect local governments will implement their policies. The diagram stresses the important role of the local planning system. Burby and Dalton argue that state mandates are not only of interest for the local planning agency and for local plans, but “also the local political environment and other contextual factors independently influence developments management programs” (p.446). They show how states try to influence localities and the means by which cities and counties adapt to these policies, react to their own situations, and initiate their own development management programs. To justify the goals of the state mandate it depends if the mandate has the ability to influence local planning activity.

A problem of mandates can be that they are often unfunded. Local governments then have to finance the mandate from their own local money. Mandates adding local costs to a municipality results mostly in a lot of complaints by local officials. As a result, local officials are on the defensive, trying to resist costly mandates (Berman, 2003). It also resulted in tensions between local and state level. To overcome these problem, federal and state governments have turned to collaborative planning and cooperative processes, which “aim [...]at enhancing local governments’ interest in and ability to achieve policy goals” (May, 1995, p.91). In a cooperative process, higher levels of government offer incentives and technical assistance. May and Burby (1996) called such assistance catalytic controls and contrasted them with coercive controls, which “leave little room for manoeuvring and seek adherence to mandate goals through regulatory enforcements” (p.3).

The last few decades a shift is noticeable in state-local planning relations between coercive and catalytic approaches. Early systems dealt with stopping undesirable actions, while many of the recently adopted systems have relied more on collaboration and cooperation between levels of government to encourage desired local actions. May (1995) argued nevertheless that there are only a few cases of cooperative policy approaches in state planning systems. The same could be said, however of coercive state planning. States use most of the time technical assistance and funds to promote their planning mandate on local governments. So the difference between coercive and catalytic planning have become in a sense fuzzy and the two different systems may not be that contradictory.

3.3 Research on state mandates

Deyle and Smith (1998) did research on the compliance of the planning mandate in Florida. In 1985 the Florida’s planning mandatte was enacted, called the Local Government Comprehensive Planning Act. The mandate says that all cities and counties must prepare and adopt local comprehensive plans and have them approved by the state Department of Community Affairs (DCA). Florida’s state mandate is known as one of most coercive because of the great review powers of the state agency and the power to give heavy sanctions against non-complying communities (Deyle and Smith, 1998).

Deyle and Smith did a analysis of compliance to the mandate on different categories which required a plan, for example a coastal infrastructure plan, beach and dune systems plan and an

evacuation plan. They found that the compliance by local governments was variable within the different mandate categories. Evacuation plans got more compliance than coastal infrastructure plans, because protection of public safety through evacuation was given more importance. Another reason was that the state agency was under political pressure to make the reviews of the plan work. Combined with the limited time, the state agency judged some issues stronger than others and this may explain why some categories did not have a high compliance level as expected from a strong planning mandate. Deyle and Smith concluded to say that planning mandates clearly influence the decision of whether or not to prepare a plan and to influence the issues addressed in local plans. However, local officials in many Florida communities are unaware of, or paid little attention to the policies in their comprehensive plans on coastal storm hazards. So, in this case it can be said that local commitment to a plan is an important factor for the success of a mandate.

Burby and Dalton (1994) did a study on hazard planning for 176 communities in five states that had different planning mandates. Local elected officials recognized that their communities could be vulnerable to natural catastrophes, so they supported the hazard planning mandate. However, because the location and timing of hazard events are uncertain, preparation and prevention efforts are easy to post-pone. Burby and Dalton found that state mandates which use sanctions for non-compliance and offer state technical and financial assistance improve local plan quality, but also local legitimacy, like the support from the community's residents and local government support are important factors. Local plan quality had a moderate effect on the number of municipal development tools (land use controls, site design requirements, building standards, and information) used to anticipate and prepare for future hazards. Local commitment for hazard planning by planners, local elected officials, residents, and developers had the greatest effect on the implementation of the plan.

Pendall (2001) exercised a study about voluntary plans and involuntary plan mandates in the state of Maine. In 1988 Maine introduced a mandate that required municipal comprehensive plans, but replaced the mandate with a strong voluntary program in 1992, because of a drop in state funding and a growing resistance from the local level. Even though the mandate is since then voluntary, the state provides support to help local governments in making the plans for the mandate, including technical and financial assistance, and review of plans for consistency with plan mandates. Most of Maine's local governments have developed and improved their

comprehensive plans, despite the shift to voluntary planning, and the majority of local plans met the state's planning goals. In this case, voluntary compliance resulted in more local plan adoption than did mandated compliance. When planning was mandated, plans were more likely to be submitted to the state, but no more likely to be adopted by local jurisdictions. A reason for the success of the voluntary plan is that the state offer professional support to make a plan. Pendall concluded that "the combination of incentives, assistance, and a qualified state agency with professional staff may produce positive results when compared to an unfunded mandate with only the lurking threat legal action to encourage municipal planning" (p.163).

3.4 Affordable Housing Mandates in other states

Beside Illinois, just a few other states have established affordable housing mandates. The housing mandates of Massachusetts, Connecticut and Rhode Island will be discussed here, because they use, as Illinois does, a statewide review board, where affected developers can appeal local zoning decisions.

Massachusetts' Comprehensive Permit and Zoning Appeals Act

In 1969 the Massachusetts Comprehensive Permit and Zoning Appeals Act (Chapter 40B) was enacted (Massachusetts General Law, 1969). It is also known as the "Anti-Snob Zoning Law", because of the promotion of affordable housing (Courchesne, 2003). It resulted from the state's recognition that there existed an "acute shortage of decent, safe and low and moderate cost housing" (HAC, 1969). Its purpose was to stimulate the production of affordable housing, especially in open exclusive suburban areas to housing for people of low and moderate incomes. The act requires that ten percent of the housing stock within all Massachusetts municipalities becomes affordable. At least 25 percent of the housing what is planned to be developed must be affordable to households that earn no more than 80 percent of the area median income, and affordability restrictions must be maintained for at least 15 years. To qualify for Chapter 40B, a development project must first be approved by the state. They must be part of a subsidized project built or operated by a public agency, non-profit or limited dividend organization. (Chapa, 2001).

Chapter 40B consists of a comprehensive permit component and an appeals component. The comprehensive permit component allows organizations that wish to build low- or moderate-income housing to submit a single building application to the local Zoning Board of Appeals

(ZBA) instead of the several applications to different boards that are normally necessary. This is for developers much easier and gives them an incentive to build. Chapter 40B directs the ZBA to notify the other boards about the application, to hold a public hearing on the application, and to grant or deny the application within forty days of the public hearing. If the ZBA grants the application, a comprehensive permit (CP) will be given. If the ZBA denies the application or grants it with conditions that make the project “uneconomic,” the applicant may appeal the decision with the Housing Appeals Committee (HAC) (Massachusetts General Law, 1969). So far, Chapter 40B has had reasonable impact in Massachusetts’ affordable housing supply. From 1969 until 2006 more than 50,000 units have been build under the act, from which 23,000 are affordable. These 23,000 affordable units were in some cases part of mixed income developments, this explains the other units. In 2006, 47 municipalities out of 351 have reached the 10 percent of affordable housing required by the act, up from 23 municipalities in 1997 (Chapa, 2006). Further, in the last three years before 2006, 30% of all housing production in Massachusetts was directly attributable to Chapter 40B (Chapa, 2006). Although the success of last years, housing advocates argue the law still is an absolute necessity in Massachusetts, where housing prices have increased the last two decades at a similar pace to that of New York and San Francisco. The suburbs have built mostly expensive, large-lot, single-family. As a result, several communities, far from having 10 percent affordable housing, have barely one percent (Flint, 2004).

The last couple of years local officials are unhappy with Chapter 40 B saying that they have no control over where development goes and putting a big constrain on schools and municipal services (Flint, 2004). From local officials there came support to weaken or cancel the mandate and therefore, in 2003, then Governor Mitt Romney established a taskforce on Chapter 40B. The taskforce recommended to keep the law but to give municipalities more space from multiple project proposals if they show progress toward increasing affordability within a year. It was also decided that municipalities get credit if they produce a plan showing how they will meet affordable housing goals over several years and they can get technical assistance for the preparation of the required plans (MHP, 2003).

Rhode Island

Rhode Island’s Low and Moderate Income Housing Act (the “RI Act”) has its influence by the Massachusetts Chapter 40B. The Rhode Island Act was enacted in 1991, and resulted

from Rhode Island's recognition that "there exists an acute shortage of affordable, accessible, safe, and sanitary housing" and "that it is necessary that each city and town provide opportunities for the establishment of low and moderate income housing." (Rhode Island General Assembly, 1991). The RI Act seeks to create "housing opportunities for low and moderate income individuals" in every municipality, to rehabilitate existing housing, and to assimilate "low and moderate income housing into existing developments and neighbourhoods" (Rhode Island General Assembly, 1991).

Like Chapter 40B, the RI Act consists of both a comprehensive permit component and an appeals component (Rhode Island General Assembly, 2004). The comprehensive permit component requires an affordable housing developer to built 25 percent of the units for affordable housing. The developer needs to submit a single housing application to the local review board (LRB) in instead of separate applications to multiple boards that are normally necessary. After that, the application is reviewed for completeness to comply. Once the application is judged as complete, the RI Act requires the LRB to notify other interested boards about the application, to hold a public hearing on the application, and to render a decision granting or denying the application within 95 days of the issuance of a certificate of completeness for minor projects and within 120 days of the issuance of a certificate of completeness for major projects. If the LRB grants the application, a comprehensive permit is issued. If the LRB denies the application or grants it with conditions that make the project "infeasible," the applicant may file an appeal with the State Housing Appeals Board (HAB) (Rhode Island General Assembly, 2004).

The precise effect of the RI Act on Rhode Island's affordable housing supply is unknown. However, the affordable housing supply increased by 19 percent in the ten years after the RI Act's was enacted. This is about 5500 affordable housing units (Devitt, 2005).

Connecticut

Connecticut's Affordable Housing Land Use Appeals Procedure (Section 8-30g) differs slightly from the Massachusetts and Rhode Island procedures. It was enacted in 1989 in response to Connecticut's concern over its affordable housing crisis. The purpose of Section 8-30g was to encourage towns to participate in voluntary state inclusionary housing initiatives and to encourage local land use commissions to consider affordable housing needs

(Connecticut General Assembly, 1991). Unlike the Massachusetts and Rhode Island procedures, Section 8-30g does not have a comprehensive permit component. Instead, it may be used by any person filing an affordable housing application with any housing commission. It requires that the person submits an affordability plan with the application. If the commission grants the application, a permit is issued to the developer. If the commission denies the application, or grants it with conditions that have a “substantial adverse impact on the viability of the affordable housing development,” the applicant may modify and resubmit the application or appeal the commission’s decision (Connecticut General Assembly, 1991) . Section 8-30g is responsible for the construction of some affordable housing in Connecticut.

The Appeals Act has been controversial. Municipalities have objected that the statute interferes in their home rule authority. Planners have feared that builders could force communities into accepting development proposals by threatening to file an affordable housing proposal if the first proposal were rejected.

Of the total number of Section 8-30g units built, two-thirds were approved or resulted from negotiations between the developers and municipalities. The other one-third resulted from court decisions overturning the commission’s denial of a project. (Jennifer Devitt, 2005).

3.5 Conclusion

The research and literature on planning mandates above show mixed results. Planning mandates that get implemented with support from state sponsoring agencies with for example technical assistance, funding and incentives receive more local commitment from residents, officials and professional planners than unfunded mandates. That is why a state has to provide incentives and funds to encourage local action. When local officials believe in the goals, it is more likely that there will be more local commitment to a plan and that the mandate has more chances to be successful.

Unfunded mandates are often not popular by local governments, this can result in resistance to the mandate. Clearly and narrowly focused mandates are more likely to succeed than broad and inclusive policies. Lately growth management receives more attention by government levels. Important here is cooperation and collaboration between state and local level to accommodate growth in a good way. The development of affordable housing could fit well in this approach, when more houses are developed on one lot, which makes it more affordable.

When looking to the cases of Massachusetts, Rhode Island and Connecticut, it can be said that the mandates had and have a substantial effect on the development of affordable housing. In addition, local governments have gotten more aware of the affordable housing problem. Massachusetts has a strong mandate which resulted in a substantial development of affordable housing, especially in the last couple of years. It encouraged municipalities to make an affordable housing plan (Chapa, 2006). Under the Massachusetts Act, the Housing Appeals Committee puts a strong push towards municipalities, because if a developer appeals to the Housing Appeals Committee, the developer has a good chance of winning it. So communities know they better to take action to facilitate affordable housing. However for all cases counts that still a lot has to been done when looking for example to the problem of increasing housing prices and the local commitment to a mandate.

In the next section the case of the Illinois Housing Planning and Appeal Act will be discussed.

4. Case study: Home rule municipalities under the Illinois Affordable Housing Planning and Appeal Act

This section will discuss the Illinois Affordable Housing and Planning Act and how suburban municipalities in Chicago Metropolitan Area are dealing with this act. The focus is especially on home rule municipalities, because they have a certain degree of autonomy and it could be interesting to see how they interpret the act. Among these home rule communities, Highland Park is chosen, because it is an active community with affordable housing. This section will start with affordable housing problem in the Chicago Metropolitan and thereafter with outlining the act. Then the issues of home rule municipalities will be discussed, including a case study about Highland Park.

4.1 Affordable housing problem in the Chicago Metropolitan Area

Many towns and cities in Illinois, like in other states around the country, are facing shortages of affordable housing. This shortage can hinder economic development, increase traffic congestion, and limit opportunities for hard-working residents and their children. These challenges have resulted in consequences for homeowners, renters, communities, and the state as a whole (IHDA, 2005). Over 730,000 families, 25% of all the families in the Chicago Metropolitan Area, have financial problems, because they pay more than 30% of their income for housing (Chicago Metropolis 2020). It is estimated that an additional 140,000 families will face the same problem by 2030 due to a lack of affordable housing. By 2030, the regional population is expected to increase 24%, from 8,1 million in 2000 to 10 million.

Reasons for shortage of affordable housing in Chicago Metropolitan Area

Several reasons can be given for the lack of affordable housing. First, rents have increased rapidly. The monthly median rent increased to \$935 dollar for a two-bedroom apartment in 2006. To afford this rent a household needs to earn \$37,400 per year, the equivalent of more than 2 minimum wage jobs (Paywizard, 2008). Also home owners have more problems financing their home. Home foreclosures in the Chicago Metropolitan Area have increased rapidly with 55% between 2005 and 2006, a total of 72,000. The first nine months of 2007 have reached a 16% increase from the same period in 2006 (Realtytrac, 2007).

Second, local barriers also contribute to the shortage of affordable housing. Over the last decades the spatial organization and location of suburban municipalities have developed into

Affordable Housing in Suburban Chicago

a geographic segmentation and clustering of housing by value. Municipalities, like in the Chicago Metropolitan Area that contain mainly expensive housing are mostly located away from municipalities with mainly inexpensive housing. This is intensified by communities that are adopting zoning regulations that restrict parcel size and dwelling type (Hoch, 2005). These barriers have excluded low- and moderate income households. The result is that the region is one of the most economically and racially segregated regions in the nation (Brunick & Patton, 2003). Affordable housing advocating agencies like BPI believe that municipal plans and regulations can and should be used to increase the provision of affordable housing (Brunick, Patton, 2003). According to them, municipalities made plans and used regulations in the past that increased the provision of expensive housing. In other words, municipalities play an active role shaping the geographic location of housing development in the regional housing market. The resulting economic hierarchy of suburban municipalities has produced unexpected consequences. Young adults starting a new household cannot afford to live near parents in the old neighbourhood. Local government employees, like fire fighters, nurses, policemen cannot afford to live in the community where they work (see table 4.1).

Table 4.1 The need of moderately priced housing in the Northbrook

Occupations	Combined Cook Country Median Wage	Affordable Home	Median Home 2006
Fire Fighter and Nursing Aide	\$81,947	\$272,728	\$655,000
Registered Nurse and Bank Teller	\$77,293	\$257,281	\$655,000
Bookkeeping Clerk and Paralegal	\$75,652	\$251,821	\$655,000
Preschool Teacher and Mail Carrier	\$74,509	\$247,959	\$655,000
Receptionist and Security Guard	\$46,914	\$156,073	\$655,000

Source: Interfaith Housing Center, 2007

This phenomenon is called the jobs/housing mismatch (BPI, 2007). Table 4.1 shows information of a wealthy suburb in the Chicago Metropolitan Area, called Northbrook. The prices of the affordable homes which the workforce can afford differs greatly from the median home price in Northbrook. For them it is very difficult to find a decent house they can afford. As a consequence of the high housing prices in the municipality, they have to find a house, mostly far from where they work (Clarke, 2007).

Jobs/housing mismatch

The phenomenon of jobs/housing mismatch has its origin after World War II when suburbs were growing and with an increasing mobility. This resulted in a decentralisation of metropolitan employment and so this meant that workers no longer needed to live near a single central business district. This undermined the classic urban-economics conception of jobs in a central city surrounded by successively higher-income rings of suburbs. Once jobs suburbanised, low-income workers who had formerly resided close to central cities to conserve on commuting costs now had to find jobs in the suburbs. Indeed, for those poor without automobiles or confined by racial prejudice to the central cities, the “spatial mismatch’ between jobs and homes became a real concern (Fischel, 2004). These will result in increasing traffic in the region and increasing travel costs for individual households. Ultimately these traffic costs will have consequences for the economic position of the Chicago Metropolitan Area in comparison with for example the Sunbelt area. Nowadays, regional commuting times are the second longest in the nation (Chicago Metropolis 2020).

Suburban residential inequality

Besides workers having difficulties finding affordable housing, seniors are being priced out of the communities where they grew up and raised their own children. The range of dwelling prices within many suburban municipalities shrinks increasing the differences among municipalities. This has led to suburban residential inequality.

There are more factors that can be named as a possible cause for suburban residential inequality. In the 1960s farmland in developing suburbs were often initially zoned for three-acre lots as a temporarily “holding zone” (Fischel, 2004). Land-owners and civic leaders

expected such land to be rezoned to smaller lots and higher density as development pressure arose. The new development was not much feared by existing home-owners because it was expected to be more of the same type of homes that were already there. But as jobs decentralized, the factors that had established high-income suburbs, like the greater pull for the rich of cheaper suburban land compared with their larger suburban travel costs, started to diminish. From the 1970s the community's quality of life in US suburbs became an important determinant of home values. The model of Tiebout (1956) in which public services are determined by the householders 'voting with their feet' in suburbs became an important issue here with home values and location decisions. Home-owners kept an eye on zoning changes that might affect that quality of life. The three-acre minimum lot sizes and farmland that had formerly been regarded as 'holding' zones stayed as a permanent area that kept the poor and higher-density development from wealthy suburbs.

Besides jobs decentralization, segregation by race is and was an issue, although segregation through racial zoning was almost never tolerated by the courts. Zoning could, however, be used to reduce potential contact between races, or between high- and low-income, through ordinances that required large lots and single family homes in residential districts. But exclusion is not only happening by race, it is more about income and class (Fischel, 2004). These developments have produced housing markets in the U.S. that are segmented and regions with similar housing values are clustered together. For example, a residential subdivision containing \$500,000 homes will more likely adjoin a community containing \$300,000 priced homes than one with \$100,000 priced homes. Local governments can even increase these inequality by using zoning ordinances to exclude affordable housing developments and to encourage single-family homes on large lots (Hoch, 2005). This is called exclusionary zoning. In a survey of BPI in 2002 among developers and homebuilders in the North East Illinois Region about the impact of local zoning and permit requirements on the development of affordable housing, it appeared that 9 out of 10 developers believed there are local regulatory barriers that impede the development of affordable housing, particularly the length of the approval process, large minimum lot size requirements and lower density requirements (Brunick & Patton, 2003).

All these issues have led to the state and advocating agencies like BPI taking action by creating the Affordable Housing Planning and Appeal Act. This act is made to provide new

ways to remove inefficient barriers in the housing market and facilitate the creation of affordable housing.

4.2 Illinois Affordable Housing Planning and Appeal Act

In 2003, the planning mandate for affordable housing, called the Illinois Affordable Housing Planning and Appeal Act (IAHPA), was enacted by the state of Illinois. On January 1 2004, the act came into effect. The purpose of the Act is “to encourage municipalities and counties to incorporate sufficient affordable housing into their communities” (Illinois General Assembly, 2004: p.1). The act defines affordable housing as housing that costs no more than 30% of a low- and moderate income family’s gross earnings. Rental units must be affordable to households with incomes of 60% of area median household income and owner-occupied units must be affordable to households with incomes of 80% of area median household income (Illinois General Assembly, 2004). The act required all counties and municipalities with insufficient affordable housing to adopt an affordable housing plan. If less than 10% of the housing stock of an Illinois municipality was affordable, the IAHPA required that the local government had to make and adopt an affordable housing plan by April 2005. Municipalities with more 10% affordable housing of their total housing stock are not requested to make an affordable housing plan. The act does not apply for jurisdictions with 1,000 or fewer inhabitants (Illinois General Assembly).

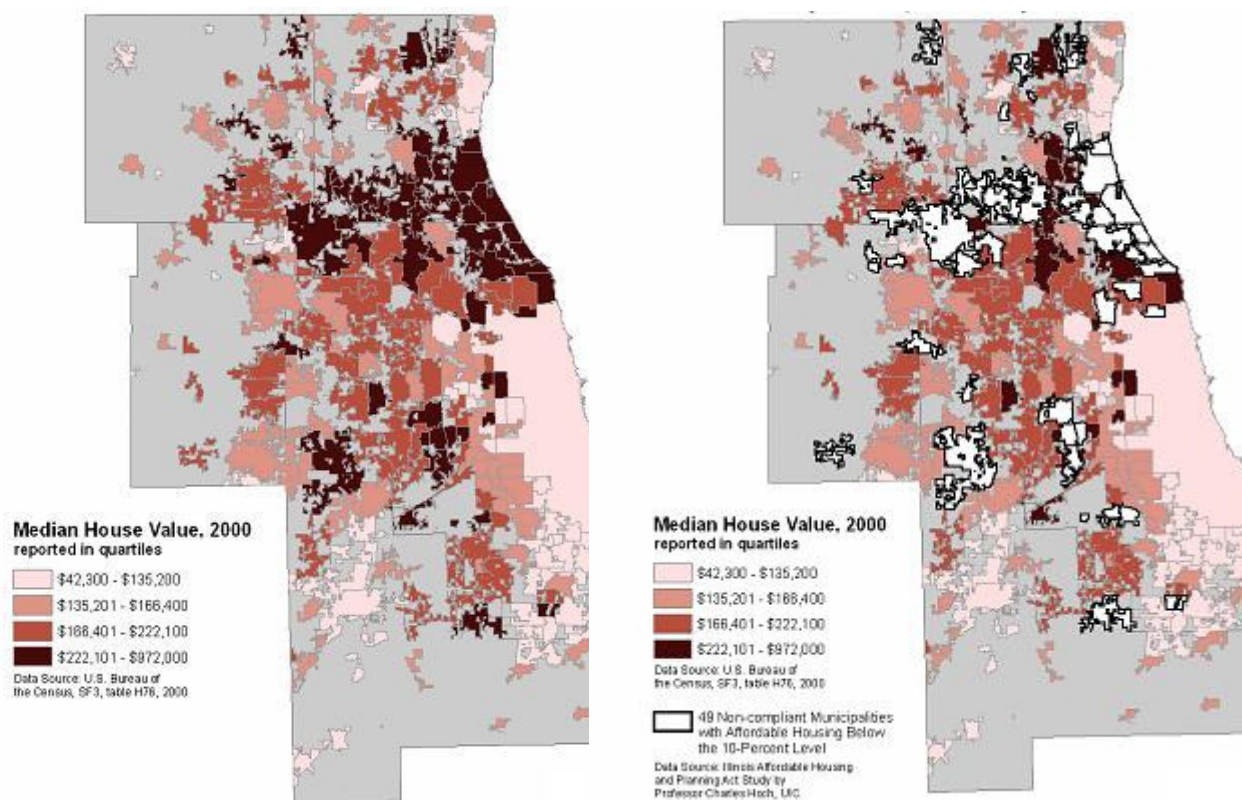
The State of Illinois has no statewide agency focusing on either planning or housing. The responsibility for implementing the new laws was given to the state housing finance agency, named the Illinois Housing Development Authority (IHDA), without any funding. IHDA identified the noncompliant municipalities and requested them to make an affordable housing plan and provided workshops describing the law and possible affordable housing policies, programs, and regulations to help a municipality in facilitating affordable housing development (Quick, 2007).

In August 2004, the Illinois Housing Development Authority (IHDA) identified 49 communities that do not have enough affordable housing to pass the 10-percent compliance level. Most of these suburban communities consist mainly of high value single family dwellings and are situated in the north and west side of the Chicago Metropolitan Region.

Affordable Housing in Suburban Chicago

This is clear to see in figure 4.1 and 4.2 where median house values are the highest in the west and north side of the Chicago Metropolitan Region. The 49 municipalities had until April 2005 to make and adopt an affordable housing compliance plan. By 2007, Deerfield, Lincolnwood and Park Ridge had not yet completed their plan (Clarke, 2007).

Figure 4.1 Median House Values in Chicago Metropolitan Region



Source: University of Illinois, 2005

The IAHPA identified the following requirements needed for the affordable housing plan which needed to be adopted by the non-compliant municipalities:

1. Count the number of units needed to meet the 10% requirement.
2. Identify land and structure available for development as affordable housing.
3. Identify and adopt incentives to attract affordable housing development,
4. Adopt one of the following goals:
 - Make 15% of new housing development affordable;
 - Achieve a 3% increase in total affordable housing units; or

- Provide enough affordable housing to reach 10% of total units.

Local governments and residential developers may appeal the IHDA's determination that a county or municipality does or does not comply with the IAHPA. Since January 2006, developers seeking to build affordable housing who claim to have been unfairly denied by local government ordinances or regulations may also appeal to a State Housing Appeals Board. Starting in 2009, the Appeals Board is empowered to review cases concerning affordable housing developments. (University of Illinois, 2004). Communities with 10% or more affordable housing or communities that have submit a plan are not subject to the authority of the Appeals Board. Another aspect is that the developer must bear the burden of successfully proving to the State Housing Appeals Board that the development was denied because of its affordable component (IHDA, 2004). To be eligible to make use of the appeals process, developers must include 20% affordable housing in their proposed development.

In 2005, the law was improved. To encourage development of creative solutions to the affordable housing crisis, the law now allows communities to work together with other municipalities or counties with less than 25% affordable housing and within ten miles of their corporate boundaries to facilitate affordable housing. For example, one municipality can provide land and another funding to develop affordable housing. This is a way to reach the 10% threshold, and then the municipalities are able to divide the credit for the units produced through an intergovernmental agreement (BPI, 2007).

4.3 Compliance to IAHPA from home rule municipalities

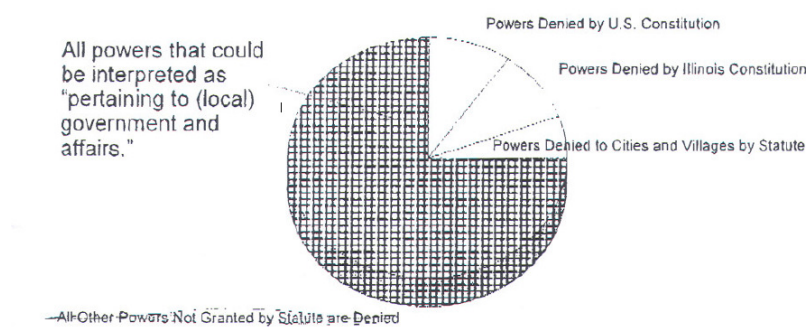
Fourteen of the 49 non-exempt municipalities determined in August of 2004 are home rule municipalities (IHDA, 2005). IHDA (2005) says that this law 'does not specifically exempt home rule municipalities from coverage under this law, and that neither House nor Senate bill sponsors or members requested a Home Rule Note to make such a further determination during the process of this law or its later amendment being approved by the Illinois General Assembly (p.3).'" Some home rule suburban municipalities among the 49 municipalities have a different opinion and argue that the law does not apply to them. First a brief history of home rule in Illinois will be given as well as conflicts that have occurred between home rule units and other level of governments

History of home rule in Illinois

In 1970 the state of Illinois adopted a home rule provision as part of its constitution. Home rule provision applies only for municipalities with a population of more than 25,000 inhabitants. Other municipalities below 25,000 inhabitants may elect by referenda to become home rule units. The grants of power is contained in Section 6 (Illinois Constitution, 1970): “Except as limited by this Section, a home rule unit may exercise any power and perform any function pertaining to its governments and affairs including but not limited to, the power to regulate for the protection of the public health, safety, morals and welfare; to license; to tax; and to incur debt.” This includes the power to enact zoning restrictions, and for example exclusionary zoning. Home rule units have no power to regulate national, state or regional affairs.

Figure 4.2 Home Rule Power .

Powers Delegated to Home Rule Cities & Villages



Source: Banovetz, 2000

Conflicts have occurred with home rule provision between governments. In the court case *City of Evanston v. County of Cook* in Illinois the relationship between county and municipal home rule about zoning and licensing ordinance was discussed (Zarlengo, 2004). Because there is an opportunity for direct conflict between county and municipal zoning and licensing ordinances, Section 6(c) does apply, which says that “when a home rule county and municipal ordinance conflict, "the municipal ordinance will prevail within its jurisdiction and the municipal ordinance prevails (Illinois Constitution, 1970). The court’s use of the word “opportunity”, however, leaves the door open for the home rule county and home rule municipality to zone in the same field, as long as the ordinances do not conflict directly.

Finally, the court decided that the county ordinance could override the municipal ordinance, because the City of Evanston did not clarify their ordinances enough.

Conflict of home rule communities versus Affordable Housing Planning and Appeal Act

As already mentioned earlier, the Affordable Housing Planning and Appeal Act states that it does not exempt home rule communities. However, the home rule provision in Illinois could result in claims by local officials arguing that their municipality does not apply to the act. There already have been local officials claiming this (Hoch, 2007). An example is the suburb Wilmette, a wealthy North-shore municipality, which mentions in their affordable housing plan that they invite moderate-income households to their community, but they also defend home rule. Their affordable housing plan mentions that the state of Illinois has no authority to impose a planning mandate on Wilmette, since they are home rule. Further they oppose the mandate, saying that their village already meets the 10% standard. This contradicts with IHDA findings that Wilmette has 5,50% affordable housing of their total housing stock. Although this defensive attitude towards the act, the plan stresses that the “crux of this Plan is the Village’s ongoing commitment to a proactive, but reasoned approach to providing additional affordable housing (Village of Wilmette, 2004).”

Another wealthy home rule suburb on the North-shore, called Northbrook, also defends home rule. They adopted an affordable housing plan where they stated: “the Act did not preempt home rule authority, it is our opinion that the Act does not apply to the Village, a home rule municipality (Village of Northbrook, 2005).” They argue that the Act does not include an explicit statement that it intends to restrict the authority of home rule municipalities. Further they argue that the Act misses a statement that it is a purely statewide interest. The third argument they use is that the Act does not specifically limit concurrent exercise of a local government or specifically declare the State’s exercise to be exclusive. However, having named these arguments, the Village of Northbrook stresses that it is important to provide opportunities for affordable housing. Also they note that without substantial subsidies from the state, it will be difficult to facilitate affordable housing.

Among the fourteen home rule communities, three suburban municipalities in the Chicago Metropolitan Area, called Deerfield, Lincolnwood and Park Ridge failed to make a plan (Clarke, 2007). Officials from these municipalities argue that because they are a home rule

community, the act exempts them from the act (IHDA, 2004). In 2004 the Metropolitan Mayor Caucus (MMC), an association of municipalities in the Chicago Metropolitan Area said, based on the Illinois Constitution and Illinois Supreme Court cases, that the Affordable Housing Planning and Appeal Act does not apply to home rule units of local government (Friedman, 2004).

The association gives three arguments for their statement. At first MMC claims that the act does not contain any explicit home rule preemption to restrict the powers of home rule municipalities. Second, like the Village of Northbrook also stated, they argue that the Act does not contain any express statement that affordable housing is purely a statewide interest. As already stated home rule municipalities have an authority for their local zoning. But Illinois courts can limit these zoning by issues of national and statewide concerns. Under the “statewide concern”, a home rule unit may use its power to regulate problems that are local in nature, but not those which are statewide or national concerns. The question then arises if housing is a local concern or a statewide concern. In many ways, zoning housing development is mainly a local issue. Courts will likely resist extending the statewide concern issue to something as pedestrian as housing development, fearing that making it too broad would result in limiting home rule authority to something very small. On the other hand, supporters of the Illinois Act will name problems like job/housing mismatch and increasing traffic and limited mass transit between central cities and suburbs. These problems make it not only a local concern, but also and moreover a statewide concern. Third, Article VII, Sec. 6(i) of the Illinois Constitution mentions that home rule units may exercise powers and perform functions concurrently with the state, “to the extent that the General Assembly by law does not specifically limit the concurrent exercise or specifically declare the State's exercise to be exclusive” (Illinois Constitution, 1970). The Affordable Housing Act does not specifically limit local governments’ concurrent exercise or specifically declare the State’s exercise to be exclusive. To the contrary, as noted above, the Affordable Housing Act calls for local exercise of authority and discretion in establishing plans and implementing regulations relating to affordable housing.

The arguments mentioned above show a clear defensive attitude towards the act. City officials of the home rule communities are aware of their autonomy and some use their home rule

power to be exempt from the act. An underlying argument is the avoidance of the act, because this may result in a loss of residents (Basolo, 1999-1).

Among residents of wealthy suburbs on the North Shore like Wilmette also exists opposition of the act by saying, it took more than one hundred years through vision and investment by city officials to preserve their “wonderful open space and forest-like atmosphere” (Collins, 2004) They are afraid that high-dense affordable housing will damage the character of their village. Schechter (2004) mentions the character of North Shore Communities is “synonymous with affluence, close mindedness and whiteness”. This character was created deliberately through now-illegal covenants that restricted the sale and rental of housing by race and religion. The pressure from residents can result in city officials deciding to do the minimum required by the act or to not comply at all. Further, city officials claim their local autonomy is interfered by an unfunded state mandate, that is why suburbs like Wilmette use home rule as an argument to oppose the act (Hoch, 2007-1). Also there are stereotypes among residents that affordable housing will have a negative impact on property values (Clarke, 2007). Research has shown that this is not the case. A 1999 study by the Innovative Housing Institute examined every real estate transaction from 1992-1996 in 14 communities of Montgomery County, Maryland, and Fairfax County, Virginia. The research showed that in both counties, no difference in price behaviour between market-rate homes located within 500 feet of a subsidized or affordable home and those market-rate homes farther away. It also found no difference in price behaviour between market-rate homes adjacent to affordable homes and those farther away (Siegel, 1999).

In the next section the city of Highland Park will be discussed, which is a home rule suburban community being actively involved in affordable housing.

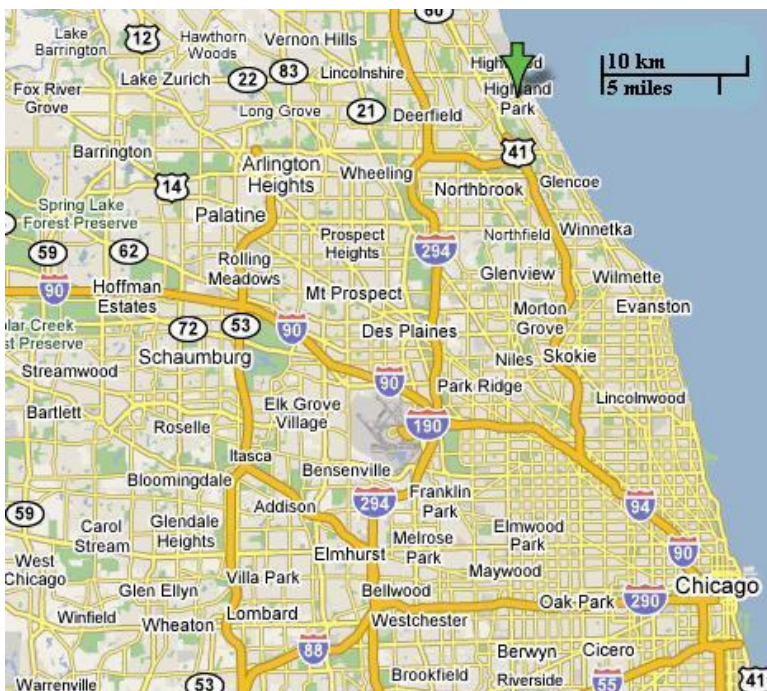
4.4 The case of Highland Park

It was 1869 when the town of Highland Park was incorporated in Lake County. The population at that time was about 500. In 2000, the United States census calculated Highland Park’s population to be 31,365 residents. The city is situated 23 miles north of Chicago. It is located along Lake Michigan (see figure 4.3).

Affordable Housing in Suburban Chicago

Highland Park distinguishes itself from other North Shore suburbs through a unique history of religious pluralism and deliberate tolerance. The Highland Park promoters and residents marketed the area as distinct from rival suburbs as an “inclusive” area to attract new residents (Highland Park, 2003). This history of “inclusiveness” is reflected in 1874 by the Highland Park Building Company’s promise of “great harmony” among residents, the absence of restrictive covenants, and the presence of an income mix of residents living in a diverse housing stock from mansions to affordable rental apartments in the central business area.

Figure 4.3 Highland Park



Source: maps.google.com

Beginning in 1970, there was a concern that the diversity of housing and residents was decreasing. This concern resulted in the formation of the Highland Park Housing Commission (HPHC) in 1973. Since the establishment of this commission, there has been some development of affordable or subsidized housing units in the city. Despite these efforts of the

HPHC, the conditions first recognized in 1970 have continued to intensify and threaten to change the Highland Park character as an inclusive place.

In this last 15 years, Highland Park has become an increasingly attractive place to live. This has resulted in higher home prices and the conversion or demolition of many affordable housing units to make place for larger and/or more expensive homes. Between 1993 and 1999, the median sales price of a home increased 17.2%, from \$238,750 to \$332,000. A minimum annual household income of \$108,000 is needed to afford the median 1999 home price of \$332,000.

Higher home prices resulted in that lower-income families and long-time residents on fixed incomes had to leave the area. The decrease in affordable units is also affecting the ability of local businesses to hire and keep employees, especially as the labour market remains tight and unemployment remains low.

Highland Park and affordable housing

The developments of higher home prices resulted in 1999 in making an affordable housing plan which was finished in 2001 and adopted by the City Council. In 2003 the plan had an data update. The Highland Park plan mentions inadequate sites, high land values, and public fears, but addresses each challenge with detailed program and policy actions and describing steps to make affordable housing feasible (Highland Park, 2003).

The City of Highland Park made several strategies to promote affordable housing. One strategy is in order to promote affordable single-family homeownership, the preservation of existing homes. This strategy would help to maintain the neighbourhood character and to prevent the demolition of houses. The demolition had led to a reduction in the diversity of the city's housing stock and a decrease in the availability of affordable housing options within Highland Park. To decrease the demolition the city introduced a demolition tax. The tax is imposed on all residential demolitions and the tax is \$10,000 for single family homes. For multi-unit buildings, the tax is either \$10,000 or \$3,000 per unit. The revenues from the tear down tax would be used to help fund new initiatives to address the community's affordable housing needs (Highland Park, 2003).

Affordable Housing in Suburban Chicago

Another strategy for affordable ownership options are the promotion of town houses and condominium developments which are more high-dense and so the high land costs can be spread over a larger number of units. Also rental housing is an important housing option. For the many of housing this is the only housing option, because they do not have the income to buy a house and support a mortgage.

Highland Park faces two major constraints that make it difficult to construct affordable housing in the municipality: little vacant land and rapidly increasing property values. These factors are related, as a smaller supply in housing leads to an increased demand, subsequently raising home prices and rents. A strategy to address the scarcity of developable land and land value appreciation is a land trust strategy. The idea is to purchase the most affordable properties available, limit the appreciation of the land by holding it in trust, and selling or leasing only the structures that sit on the properties. Through this land trust strategy, no additional land is required to build new housing, and affordability is preserved. The only problem is that enough funds are required to purchase the affordable properties (Highland Park, 2003).

Further in the plan some incentives for affordable housing are mentioned. One of these is inclusionary zoning. It is a mechanism that requires developers to include a certain percentage of affordable units in residential developments they want to develop. The principle objective of inclusionary zoning is not only to increase the supply of affordable housing, but to do so in a way that fosters greater economic and racial residential integration (Calavita et al, 1997). With the passing of an inclusionary zoning ordinance in 2003, Highland Park became the first municipality in the region to use this tool that links the development of market-rate residential units with a percentage of affordable units (Brunick & Patton, 2003).

As today, the plan has resulted in the developed in rental housing in four affordable developments managed by the HPHC. In 2001 a private non-profit developer built 60 condos, 12 of them affordable rental units as part of inclusionary zoning development. The city owns those 12 units and the non profit organization, called Housing Opportunity Development Corporation (HODC), manages them. The other 48 units are affordable and owned by private households. By 2007, 7,6 % of the housing stock of Highland Park is considered as affordable.

Example of affordable housing units in Highland Park



Source: Christiaan Bos, 2007.

Approach towards Illinois Affordable Housing Planning And Appeal Act

As already said the Highland Park Affordable Housing Plan was adopted two years before the state mandate was introduced. Thus already before an affordable housing plan was required by the IAHPA a plan was made, making them a progressive community on affordable housing. The city is one of the few suburbs which relies on a history of earlier efforts to promote affordable housing. It is therefore not surprising that Smith, Housing Planner of the City of Highland Park states that the act is a good idea to encourage affordable housing. However, for city officials of Highland Park, the act itself has not become a hot topic since it was introduced in 2004, because they have been actively already involved in facilitating affordable housing in their community.

Being active on affordable housing, city planners in Highland Park are facing several problems. One of the problems is that affordable housing developers are hard to find. Most of the private developers prefer to build market rate housing, because it generates more profit (Smith, 2007). Moreover, most of the developers in the non-profit association Illinois Housing Council (IHC) invest very little in North and Western suburbs in the Chicago Metropolitan Area, because land costs are high and zoning codes are restricted to build affordable housing,

which is mostly high dense. Zoning codes in the more wealthy suburbs are focused on single-family housing, and excludes housing for low- and moderate households. These zoning barriers makes it difficult for developers to get a permit to develop of high dense affordable housing. Therefore, according to affordable housing promoters, communities have to change their plans to make it easier for developers to create affordable housing. As it takes more effort for municipalities to create affordable housing, the question is if they are willing to do it (Brunick, 2007). That is why incentives and funds from higher governments are needed to stimulate the development of affordable housing. Especially for communities that have not been active in affordable housing in the past, incentives are a requirement for encouraging those communities to invest in affordable housing (Brunick, 2007).

As like other municipalities have said, Smith states that the Illinois act misses the necessary funds to encourage local governments to be active in affordable housing. Such an unfunded mandate is not popular by local government, since they have to put own funds to facilitate affordable housing. This may result in an inactive role towards affordable housing (Pendall, 2001). In the perspective of municipalities, their tax base is very important. Affordable housing generates less tax revenues than large lot single family housing. In addition, high income households are paying more taxes and are in need of less services than that low-income households. So for municipalities it is more beneficial if they attract high-income households. The research of Basolo (1999-1) reflects this, when arguing that communities try to deliver the best/cost ratio for public goods and services to keep and attract mainly high-income residents. Without funds from the state, the mandate will be costly for a municipality, therefore the question is if the willingness to take action is high.

Smith further claims that the Illinois act can learn from the mandate in Massachusetts (see chapter three). This state has done a lot more to encourage affordable housing. One good aspect of the Massachusetts act is that it allows comprehensive permits. This means that developers can built under this permit rather than they have to pass all sort of different permits and it goes directly to state board, rather than it has to go through all sorts of planning commissions (Hennion, 2006). Another good aspect according to Smith is, that the Massachusetts act request some finances and identifies where they can get those finances. That is an impetus for local governments to create affordable units.

However, IHDA does provide some technical assistance periodically to provide training for communities about affordable housing and how to facilitate it in their community (Quick, 2007). One example of a mechanism for more affordable housing which is promoted by IDHA and affordable housing agencies is inclusionary zoning. The affordable housing plan of Northbrook mentions inclusionary zoning as possible strategy to foster more affordable housing. Beside this, according to Smith there is little contact about the act between the state agency and local officials.

Many suburban municipalities in the Chicago Metropolitan Area complain that it is hard to develop affordable housing, mostly by saying that they are built out. (Brunick, 2007). Smith (2007) on the contrary argues this is not a good argument, because Highland Park which has little vacant land, shows it can be possible be being active in encouraging and facilitating affordable housing. City planners in Highland Park try to cooperate with private parties and through inclusionary zoning to make the development of affordable housing possible. Further Smith notices that the 10% standard is not that much and it could be more, because the need of affordable housing in the Chicago Metropolitan Area is substantial.

To encourage affordable housing in other communities, Highland Park is interested in regional corporation, like the Metropolitan Planning Council. The city officials want to look at regional solutions for affordable housing, but they found little response among other prosperous suburban municipalities in Chicago Metropolitan Area. Those other municipalities are more concerned of their own situation and try not to lose residents to neighbouring communities (Tiebout, 1956). However, Smith notes that the act has created awareness for the affordable housing problem, not only for their community, but also for other less active communities.

4.5 Concluding remarks

The Illinois Affordable Housing Planning and Appeal Act is a good initiative from the state to tackle the affordable housing problem. A discussion has been started and affordable housing agencies/promoters try to encourage city officials to take action and make residents aware of the problem. However, this study shows the act has some disadvantages. First the Illinois act is an unfunded mandate, unpopular by local governments. This can result in communities not being active to facilitate affordable housing due to the lack of state funding. Further the act

misses incentives to encourage local governments to take action and provide affordable housing.

Several city officials of home rule communities are saying the act does not apply to them. They claim planning, like affordable housing is a local issue, planning is something where the state can have no interference on. An underlying reason is that city officials try to avoid redistributive programs, like the Illinois affordable housing mandate. Mandates are costly and without funds from the state, therefore the willingness from communities to facilitate the creation of affordable housing is not high.

As a result of this defensive rhetoric against affordable housing, advocating agencies fear that the act will not be powerful enough to stimulate communities to tackle the affordable housing problem. Impulses are needed if the state wants to meet the goals of the mandate.

An impulse could be to put affordable housing in the state capital budget. Several affordable housing advocating agencies, like BPI, have been advocating to get this done which will generate 100 million dollars a year for new housing. A striking thing is that municipalities have not been advocating for this capital bill. This can be seen as a signal of how redistributive programs like affordable housing programs are perceived by city officials. The state has to come with more strategies to encourage affordable housing in the 49 noncompliant municipalities.

However, the city of Highland Park shows that it is possible to facilitate affordable housing. This community has the commitment, creativity and corporation with developers to make the creation of affordable housing happening. Other communities can learn from Highland Park, however it seems like they have other priorities than affordable housing.

For the future it will be interesting to see what the State Housing Appeals Board will do. In 2009 the State Housing Appeals Board is empowered to hear appeals from developers who have been denied in their efforts to build affordable housing in one of the 49 communities. One of the questions is what the Appeals Board will do to act against the three home rule communities that have not adopted a plan. If it can put the three communities under pressure,

by for example threatening with penalties, the board can show its power and its determination to make the mandate successful.

5. Dutch reflection on US housing sector

In this section a reflection from the Netherlands on the US housing situation will be given, especially on the housing sector for low and moderate income housing. The Netherlands as well as the US belong both to the Western culture. However, there are significant differences to give when discussing about how planning is being done and how governments give directions on housing policies.

5.1 Dutch planning system

The Netherlands has a long-standing tradition on spatial planning. Decision making by consensus has been the dominant planning style in the Netherlands (Van der Valk, 2002). This system became the leading principle from the 1950s en 1960s. It may be considered collaborative planning, in which actors cooperate, become involved in the process of developing similar thoughts (Healey, 1997). This principle based on consensus is also known as the ‘poldermodel’. With a strong national government with its extensive welfare system, the Netherlands came close to the ideal of a ‘planned society’ (Van der Valk, 2002). A technical-rational approach here was seen as the best way to bring the idea of a planned society in practice and as the best way for the reconstruction of the country after the damages of World War II (De Roo, Voogd, 2004).

In the Netherlands the government system exists of three levels: central government, provincial government and municipal government. The three-tiers are autonomous, except for certain statutory powers reserved for provinces and central government (Van der Valk, 2002). The administrative system is based on a constitution and implementing acts and the process of communication between the tiers of government is characterized by consensus building. (Faludi and van der Valk, 1994). With Spatial Planning Acts, started in 1965, the central government provided a framework, where provinces and municipalities are required to comply (Van der Valk, 2002). Three tiers of government have their own planning power, in which national and provincial land use plans are broad framework plans and policy guidelines. Municipalities have the statutory power to make both framework plans (structuurplannen) as well as binding land allocation plans (bestemmingsplannen). The United States municipalities have no such framework from the federal government like in the Netherlands that requires how to comply. Municipalities are more autonomous and have more authority to determine their own planning policy.

Contrary to the American system of local government, Dutch provinces and municipalities all have the same statutory powers. There is no legal difference between the municipality of Amsterdam with a population of 725,000 and a small municipality of 2000 inhabitants (Van der Valk, 2002). In addition, the national government is the main source of income of Dutch municipalities, 83 per cent approximately. 37 per cent is distributed through the Municipalities Fund, and 46 per cent takes the form of welfare benefits administered at the local level. Only 17 per cent of municipal income (2001) comes from local taxation, mainly real estate tax (Van der Burg, Dieleman, 2003).

In the last couple of years there is an important turning point noticeable in the Dutch planning system. At many departments there is a strong decentralisation of funds, so that coordination on national level is not a condition for successful policy. On the field of land policies of municipalities there is a tendency of the rise of market parties that claim an greater position in the development process. Municipalities have to adjust their way of acting in the process. As a result, local governments have become more one of the actors, instead of a strong leading actor which they were. The growth of the participation of the private sector in the decision making process have led to a rise of public private partnerships (De Roo, Voogd, 2004). Further, the consensus model has received complaints about the sticky character of the decision-making process (Van der Valk, 2002). This has led to delayed and complex procedures in planning.

5.2 US planning system

In the United States the planning system is completely different. Local governments have more autonomy. There is no such hierarchy between the government levels as in the Netherlands. In the US, local governments exists in different types, like townships, school districts and special districts. This makes planning on a local level very complex (Berman, 2003). For example by 2002, the state of Illinois had 102 counties, 1,291 municipalities, 1,431 townships, 934 public school districts, and 3,145 special districts. This makes Illinois the state with the most local units (City-Data, 2007).

If a community is considered as home rule, it has more autonomy (see chapter 2). Local autonomy has a downside for a municipality: they get, in contrast to the Netherlands, very little funding from the federal and state government. Municipalities depend more on local

taxes, especially on property taxes. For example, approximately 74 per cent of tax revenues of the City of New York comes from local tax (IBO, 2007). The rest is funded by the state and federal government. Highland Park, a suburb in the Chicago Metropolitan Area, gets approximately 89 per cent of the tax revenues from local tax, the rest derives from state tax (City of Highland Park, 2007). Other resources have to come from subsidies, like grants from Department of Housing And Urban Development.

From the 1930s to the early 1960s, state governments were the units generally being bypassed. States were either pushed aside or voluntarily retreated to the sidelines, while cities and the federal government tackled the nation's important problems. There was a general belief that the 'state governments would be left to decide on unimportant matters (Charles Press, 1980). With legislative reapportionment, growing professionalism at the state level, changes in federal grants favourable to the states, US Supreme Court rulings protecting states' rights and a greater emphasis in Washington on devolution, the states came back, in recent years have increased their role in matters such as education and land-use planning, which have traditionally been handled at the local level.

When it came to raising revenues, local governments were still outdoing the state up to the late 1960s. But from the end of the end of 1960s the revenues from the state began to exceed the revenues of revenues of the local governments. Viewed in terms of their ability to control various functions such as education and land use and to generally control financially resources, local governments may be said to have lost considerable power. This may not say that local government has lost revenues, because there has been a tremendous growth in the revenue collections both by state and local governments. Therefore it can be said that both became more powerful.

In the 1980s, Reagan argued a decentralist policy, to reduce the power of the federal government relative to state and local governments by scaling down to reduce federal programs. He also supported the desirability of increasing the discretion of states and localities. Reagan challenged the notion that federal grants to state and local governments, in general, were necessary and useful (Berman, 2003). Many of these changes were explicitly designed to enhance the power of state government, not only with respect to the federal government, but also to local governments as well. But the overall reduction in grants meant

that the resources available to local governments actually decreased, making it more difficult for them to support existing spending levels, thus in effect reducing their local autonomy (Goldsmith, 1997).

In recent years local officials have had reason to complain about their treatment at the state level, although local policies has its influence. Local officials complained about the loss of local governmental authority, the lack of sufficient power to generate revenues, the lack of support of federal and state agencies, and the lack of support of unfunded mandates. Many times local officials have heard that the state would not leave them alone and not giving them money. State officials have little to gain by being generous in regard to local revenues and authority. (Berman, 2003). During much of the 1990s, local officials were on the defensive, trying to hold off costly mandates and protect what funds they had from further cuts. In 1995, the complaints from local officials eventually resulted that Congress took a step through the Unfunded Mandates Reform Act to make federal mandating more difficult. To keep off policies from higher levels local officials generally try to attach to the home rule principle. Sometimes local officials play an offensive role, trying to secure more authority of revenues, and sometimes they are more defensive, trying to protect what they have (Berman, 2003).

5.3 Housing comparison US and Netherlands

The housing situation of the Netherlands and US are very different from each other. The Dutch central government has been an prominent actor in housing, especially after World War II, when lots of houses were damaged and were need to rebuild for reconstruction. This led the Dutch central government to encourage the construction of affordable housing and the central government had a significant influence on spatial planning. The ambitious spatial planning of the government was supported by a comprehensive housing policy (Priemus, 1998). Housing associations were for a large part responsible for the construction of social housing. They were financed by the central government. Today, social housing has a share of 33% of the total housing stock (see table 5.1).

The government's involvement in social housing today is less influential than it was. From a central government with broad public commitment it evolved towards a more market oriented government. In this situation, more of the risks have been spread to private actors and local governments (Priemus, 1998). One important change was the liberalization process of the

housing associations starting at the end of the 1980's. It involved that the housing associations became more independent from the government. This made them more accountable for their own actions. The task of housing associations changed from a housing manager to a more active role on the housing market. The housing associations became 'civil enterprises': private, professional organizations, responsible for a public task (Ekkers, 2006). Housing association became a hybrid organization both with commercial and public developments. Conditions to gratify the public task were for example to supply the renting of housing to lower-income households and elderly, disabled en persons in need of care and the provision of a livable neighbourhood. Housing associations also do not have the right to increase rents of social housing, this is a task for the central government. (Ekkers, 2006).

Comparing the Dutch housing situation with the United States, it can be said that the social housing sector of the US is substantially smaller. One of the main reasons behind this is that the United States is a liberal welfare state, which emphasize individualism, individual responsibility, and a reliance on the private market. In addition, the political climate in the United States has a certain hostility towards an active government (Dreier, Hulchanski, 1993). In contrast, the Netherlands is a social welfare state where the government has been a major player in the development of the country. In the US, most of the housing is constructed by private builders and financed by private lenders. American local governments have a regulatory approach to housing in their area. Their housing activities have traditionally related primarily to enforcement of housing and building codes, through zoning regulations and allocating the use of land. However, since the 1980s, local government have been more actively involved in housing by using federal funds to support this activity. In addition, a small number of local governments have begun to provide subsidized private housing for home ownership and rental. Nevertheless, usually housing is not an important issue in politics(Wolman & Goldsmith, 1992).

As can be seen in table 5.1, home-owner ship is about two-thirds of the total housing stock. These houses are mostly detached, single-family houses. Social/public assisted housing sector in the US in very small. Netherlands, on the other hand, as a social welfare state, has as substantial amount of social housing.

Table 5.1	Percentage of type of housing on total housing stock		
	<i>Ownership</i>	<i>Private Rental</i>	<i>Social / public assisted housing</i>
<i>United States</i>	67	31,5	1,5
<i>The Netherlands</i>	55,9	11	33,1

Source: Vrom, 2007 & HUD, 2000.

Unlike the Netherlands, the United States has no history of housing associations, but instead profit and nonprofit organizations have been the main developers of affordable housing. In the 1960s and 1970s so called Community Development Corporations (CDC) were formed to fight the war against poverty and to gain community control. The biggest players were the Ford Foundation and the federal government, later on the Enterprise Foundation became an important player. A lot of the CDC's that were established were active in business development, human services, housing, where other CDC's were formed by community activists, churches and social service agencies. Those early nonprofit organizations had modest success in completing development projects, but many of these groups had not enough resources to undertake large-scale community development (Dreier and Hulchansky, 1993).

Since the Reagan Administration's dramatic cutbacks of Housing and Urban Development (HUD) programs in the early 1980's, annual funding for HUD dropped from \$ 31 billion in 1981 to \$ 14 billion in 1989. As a result, the nation's supply of affordable subsidized rental housing has stagnated and declined. By the late 1980s, only 29% of the 13,8 million low-income renter households eligible for federal assistance received any housing subsidy, the lowest level of any industrial nation in the world (Dreier, 1997). These developments are also noticeable with further cutbacks under the Bush administration. A government official of the Bush administration stated that "Housing issues are predominantly local issues [. . .]. The solution to meeting the nation's affordable housing needs will not come out of Washington" (Broder 2002, p. B7). This reveals the Bush administration's underlying view that urban problems are not really federal responsibilities (Dreier, 2006). In 2000 about 15 million low-income renter households were eligible for federal housing assistance, only 4 million received HUD housing assistance. In the Netherlands about one million households receive housing

subsidies from the federal government, out of a total of seven million households (Belastingdienst, 2006).

As a result of the cutbacks in federal funding for housing programs since the 1980s, nonprofit organizations and affordable housing advocating agencies have faced a tremendous challenge. In the absence of a major federal low-income housing production program, non-profit groups had to work together and share funds from local and state governments and private foundations and charities to be successful in community development. Local governments began to be more active on public housing developments. As a result a growing number of local governments provided support to the nonprofit sector. They stimulated nonprofit groups and facilitated developments for housing developments (Dreier and Hulchansky, 1993). Private foundations and private business groups played a key role in supporting the nonprofit housing sector.. Especially LISC and the Enterprise Foundation have been major catalysts for corporate and foundation support to CDCs. Due to their efforts finance, construction and organization development improved.

Despite the growing role of Community Development Corporations they cannot produce even close to an adequate supply of housing for the low- and moderate income households, mainly because of the lack of subsidies to fill the gap between what it costs to develop housing and what the poor can afford to pay (Dreier, 2000). Too few public resources are available for CDC's to significantly expand housing and other development activities. With the Bush Administration cutting funds of housing programs, it will be difficult for CDC's to get more funding to develop affordable housing units. In addition, local governments receive less grants from the federal government to facilitate more affordable and public housing, this result in an ever greater shortage of affordable housing. Also the continuing sub-prime and foreclosure crisis has significantly constrained already limited resources for the development of affordable housing.

Conclusions

This chapter explains the housing situation of the housing sector for the low and moderate households of the Netherlands and the United States. Although the housing sectors of the Netherlands and the United States have always had the same intention of helping low-income citizens acquire housing, they have had different histories of governmental support of

nonprofit housing associations. The main difference between the housing sector of the Netherlands and the United States has been the government support. For decennia, the Dutch government has been an important player in social housing and by giving directions to housing associations. The housing associations produced many houses for the social housing sector, resulting in one third of the total housing sector as social housing. The social welfare system is an important contributor making social housing possible. However, the central government has diminished its role in the activity of housing associations and private actors have gained more power in decision-making.

In contrast, in the United States there is more resistance towards an active central government. A climate exists that emphasizes individualism, own responsibility and a reliance on the private market. However, the federal government has several housing programs for low-income households, but this far from needed. Community Development Corporations have grown from the 1970s and have produced more affordable housing over the last years, but still the need for affordable housing is enormous. Housing is not a big issue in local politics, so stimulation and funds from higher levels are needed to make housing a more important issue. Housing must be part of a broader agenda and social and economic reform. However, this requires changing national priorities. Housing problems cannot be isolated from other trends such as widening income disparities, growing job insecurity, and lack of access to health insurance or child care. If the United States federal government should grant the nonprofit housing organizations and local governments with more funds to produce more affordable housing. (Dreier and Hulchanki, 1993).

Chapter 6 Conclusions

This chapter will highlight some concluding remarks from the research presented in this report. The conclusions are based on the main question of the study:

Has the process of complying with the Illinois Housing Planning Mandate changed the way suburban cities in the Chicago Metropolitan Area are approaching affordable housing policy?

In this study the compliance of suburban municipalities in the Chicago Metropolitan Area towards the affordable housing mandate and their attitude towards affordable housing have been reviewed. The aim of this study is to find out if the Illinois Affordable Housing Planning and Appeal Act is changing the attitude of the 49 non-compliant suburbs towards affordable housing. State officials and affordable housing proponents argue the need for affordable housing in the Chicago Metropolitan Area is eminent. Although local officials do agree with the direct need for affordable housing, state officials and affordable housing proponents are more committed to tackle the affordable housing issue. With problems as the job/housing mismatch and zoning barriers in prosperous suburbs state leaders stood up to address the problems and introduced the Illinois Affordable Housing Planning and Appeal Act. This active attitude is in contradiction with the defensiveness of local officials where the willingness of local officials of taking action is lacking. Several theories are giving reasons for this defensive attitude.

The public choice theory, discussed in chapter 2, build upon the concept of the Homo economicus, - “man being an egoistic, rational utility maximizer” is reflected in this defensive attitude. Local officials are driven by selfishness and try to deliver the best services for their residents. The defensive attitude derives from affordable housing not being an important issue to many prosperous suburbs. Their communities are built to suit low dense, large lot housing for mainly prosperous families. However, the concept of homo economicus can also mean an active attitude, by trying to attract as much prosperous residents, as can be seen in the prosperous suburbs in the Chicago Metropolitan Area. One of the main goals of local officials from prosperous suburbs is to attract high-income households which generates more taxes than low income households. As argued in the theory by Tiebout (1956) local officials try to

deliver the best benefit/cost ratio to their residents and to attract more residents. In this situation, local government officials show a self-interested behaviour. Local officials pay attention to their mainly wealthy residents to keep them satisfied rather than offer redistributive programs like affordable housing programs. These programs will be avoided as much as possible, especially in prosperous suburbs in the Chicago Metropolitan Area, where affordable housing is not one of the main priorities municipalities. Although local politicians are aware of the lack of affordable housing that is present in their region, they do not consider it is their responsibility to create possibilities for more affordable housing in their community. Especially prosperous suburbs are able to support redistributive policies like affordable housing projects, with tax revenues from high-income residents they receive. However local officials are reluctant to offer these affordable housing projects, several communities even have zoning barriers making the development affordable housing hardly possible. These barriers have contributed only more to the shortage of affordable housing. Certain zoning requirements make it very hard for developers to build affordable housing. Out of fear for the rejection from prosperous residents of additional low-income residents and policies favourable to them (Downs, 1994), resulting that residents may “vote with their feet” (Tiebout, 1956), by moving away, local officials have reason to show a defensive attitude towards affordable housing.

To avoid the movement of prosperous suburban residents, several communities use their home rule authority to come up with arguments that housing is a local issue, and not an issue for a state to intervene in. This home rule provision says that a home rule unit “may exercise any power and perform any function pertaining to its governments and affairs including but not limited to, the power to regulate for the protection of the public health, safety, morals and welfare; to license; to tax; and to incur debt.” (Illinois Constitution, 1970). This includes the power to enact zoning restrictions, and for example exclusionary zoning. In a decentralized country as the United States it is common that policies are regulated on a local level and that state and/or federal policies are not always wanted by local government officials. The home rule concept has given suburbs even more autonomy to decide on issues in their community, without the interference of the state. Knowing that home rule is giving communities more local autonomy, suburbs try to use this provision to escape from the act, by saying that the state has no right to interfere in a local issue like affordable housing. However, in the official

document of the act, the act does not specifically provide an exemption for home rule communities.

These arguments concerning home rule provision can result in tensions between local and state level, as already happened with three suburbs not willing to comply to the mandate, arguing home rule sets them free from the act. In the theory (chapter 2) five areas of state-local conflicts have been mentioned (Wright, 1982). One of them are conflicts in authority in the fields of land use and building. This is surely the case for the affordable housing mandate in Illinois. Local officials are trying to secure their authority, while state officials try to solve statewide problems as the shortage of affordable housing in this case. The question is if the state has, through the State Housing Appeals Board, enough authority to determine that local housing policies has to change in order to get more affordable housing. If the authority of the state is missing, it can be doubtful if the mandate will meet its goals. However, mandates can be successful as the affordable housing mandate in Massachusetts (see chapter 3) has shown in the last 30 years. With incentives and strong rules the mandate have resulted in a substantial development of affordable housing. The state of Illinois should take lessons from the mandate of Massachusetts, by giving the Illinois mandate more incentives, funds and strength.

Despite the defensive attitude towards affordable housing among several prosperous suburbs, the suburb Highland Park is a positive exception among the 49 noncompliant suburbs. This community has been active on affordable housing from the 1970s and shows with an comprehensive affordable housing plan their commitment to the act. This should be a signal to the other municipalities that the facilitation of affordable housing can be done, if there is willingness to do it, without rejection on moving away by prosperous citizens.

From a Dutch point of view, the US housing situation can be put in a different perspective. Although both countries are wealthy western countries, they are different. Governments in the United States are not active on housing issues in comparison with the Netherlands. The housing department of the federal government is substantially smaller than the Dutch equivalent, which has been a very active player in housing. In addition, US is a decentralized country, where much is decided on a local level. As a result local officials have more

autonomy to decide on issues like affordable housing and that is why between communities differences can be seen in the amount of affordable housing. Affordable housing is not a high priority for every community. Local governments mainly focus on their self-interest and their residents. That is why in a wealthy suburb affordable housing is not an important issue. Their main goal is not to facilitate affordable housing, but to create conditions to attract high income households. From a local official's point of view this strategy is justifiable, because local officials have the autonomy to decide their own policies. That is why some local officials among the 49 prosperous suburbs show opposition to the mandate, because their autonomy concerning housing is in question.

Where the United States is a decentralized country, the Netherlands consists of a more top-down approach where policies are mainly decided by an active central government. Dutch municipalities do not have such local authority as home rule communities do in the United States. They are more bounded on legislation from higher levels. Zoning barriers being used by prosperous suburbs to keep off low income households, are not present in the Netherlands, where the equality principle plays an important part and legislation is not giving space for such zoning barriers.

The social welfare state system in the Netherlands led by an active central government, has resulted in the development of many affordable housing, mainly through policies and the central government's influence in housing associations. The housing associations were responsible for most of affordable housing being build. The equity principle plays an important part in this, in contradiction to the United States. From a Dutch perspective it might be striking that the central government in the US does so little on housing, where from an American perspective with principles as individual responsibility and reliance on market forces this might not be so strange. Problems as suburban residential inequality and segregation as visible in the Chicago Metropolitan Area are not as substantial as in the Netherlands. Through policies of the central government, these problems have not developed so dramatically as in the United States. This is one the differences in approach of the Dutch and American government: the first is more committed on helping its inhabitants, by making social laws, the second is more based on freedom and individualism.

Affordable Housing in Suburban Chicago

Returning back on the Illinois Affordable Housing Planning and Appeal Act, it can be concluded that up till now the act is perceived as a weak mandate according to most of the actors. For the future an upgrade is needed to do more than only creating awareness among the 49 communities. Though with issues as home rule power this may be hard to establish. One of the questions will be if communities have the willingness to bring down zoning barriers and allow the housing market to meet the market demand of working families for decent affordable housing. If the state of Illinois does not put the communities more under pressure to take action, the effectiveness of the mandate will be doubtful.

References

Literature

- Basolo, V. (1999-1). “Passing the Housing Policy Baton in the US: Will Cities Take the Lead?”, *Housing Studies* 14 (4), pp. 433-453.
- Basolo, V. (1999-2). “The Impacts of Intercity Competition and Intergovernmental Factors on Local Affordable Housing Expenditures.” *Housing Policy Debate* 10 (3), pp. 659-688.
- Belastingdienst (2006). Jaarverslag Belastingdienst. Ministerie van Financiën. <http://www.minfin.nl/binaries/minfin/assets/pdf/dossiers/belastingplannen/jaarverslag2006.pdf> (last visited on 28th of March, 2008).
- Berman, D.R.(2003). *Local Government and the States: Autonomy, Politics, and Policy*. New York: M.E. Sharp, Inc.
- Bohm, J.(2005). “The Shifting Face of Federal Involvement in Housing and Community Development.” *Journal of Housing & Community Development* 62 (2) p.6-9.
- Boyne, G.A. (1998). *Public Choice Theory and Local Government*. St. Martin’s Press, Inc., New York, N.Y.
- Broder, J. (2005). “In storm’s ruins, a rush to rebuild and reopen for business.” *New York Times*, September 10, p. A1.
- Briffault, R. (1990-1). “Our Localism: Part I--The Structure of Local Government.” *Columbia law review* 90 (1) pp.1-115.
- Briffault, R. (1990-2). “Our Localism: Part II – Localism and Legal Theory.” *Columbia Law Review* 90 (2) pp. 346-454.
- Brown, M. P. (1993). “The Possibility of Local Autonomy”, *Urban Geography*, 13 (3), p. 257–79.
- Brunick, N. J., D.J. Patton (2003). *Eliminating Barriers: Letting the Market Help Meet Illinois Housing Needs*. Business and Professional People for the Public Interest (BPI).
- Calavita, N., K.Grimes, and A. Mallach (1997), *Inclusionary Housing in California And New Jersey: A Comparative Analysis*. Housing Policy Debate 8 (1). Fannie Mae Foundation.
- Camões, P.J. (2003). *Evaluating the Policy Consequences of Local Government Autonomy: A Stratified Sampling-Cross Sectional Study*. University of Minho, Portugal.

- CBS (2007). Hypotheekrenteaf trek: 670 duizend personen met hoogste belastingvoordeel. <http://www.cbs.nl/nl-NL/menu/publicaties/webpublicaties/webmagazine/cijfers-in-het-kort/2007-05-1sl.htm> (last visited on 28th of March, 2008).
- Chapa (2001). Recommendations to Improve Chapter 40B, the Massachusetts Comprehensive Permit Law.
- City-Data.com (2007). <http://www.city-data.com/states/Illinois-Local-government.html> (last visited on 14th May, 2008).
- City of Highland Park (2007), Calendar Fiscal Year 2008 Budget Major Revenue Sources <http://www.cityhpil.com/pdf/finance/budget08revenue.pdf> (last visited on 27th of March, 2008).
- Clark, G.L. (1984). “A Theory of Local Autonomy.” *Annals Of The Association of American Geographers*, 72 (2) p. 195-208. Association of American Geographers.
- Collins, M.M. (2004). “Help other towns achieve high status.” *Wilmette Life* p. 21. 24th May 2004.
- Connecticut General Statute. § 8-30g (1991). Affordable housing land use appeals procedure. http://search.cga.state.ct.us/dtsearch_pub_statutes.html (last visited on 6th February, 2008).
- Courchesne, C. (2004). “What Regional Agenda: Reconciling Massachusetts’s Affordable Housing Law And Environmental Protection.” *Harvard Environmental Law Review*, 28 (1), p.215-247.
- Dalton, L.C., R. J. Burby (1994). “Mandates, Plans, and Planners: Building Local Commitment to Development Management.” *Journal Of The American Planning Association*, 60 (4), p. 444-456.
- De Roo, G., H.Voogd (2004), Methodologie van planning. Bussum: Uitgeverij Coutinho b.v.
- Devitt, J. (2005). “Illinois’ Affordable Housing Planning and Appeal Act: An Indirect Step in the Right Direction—A Survey of Housing Appeals Statutes.” *Journal of Law & Policy* 18 (10) p.267-290.
- Dillon, J.F. (1991). *Commentaries on the Law of Municipal Corporations*. Boston: Little, Brown, 1911, p.145.
- Downs, A. (1994). *New Visions for Metropolitan America*. Washington, DC: The Brookings Institution and Cambridge, MA: Lincoln Institute of Land Policy.
- Dreier, P. (1997). Philanthropy and the Housing Crisis: The Dilemmas of Private Charity and Public Policy. *Housing Policy Debate*. 8 (1), pp. 235-292.

- Dreier, P., J.D.Hulchanski (1993), The Role of Nonprofit Housing in Canada and the United States: Some Comparisons. *Housing Policy Debate*. 4 (1), pp. 43-79.
- Ekkers, P. (2006), Van volkshuisvesting naar woonbeleid. Den Haag: Sdu Uitgevers.
- Feldman, R. (2002). *The Affordable Housing Shortage: Considering the Problem, Causes and Solutions*. Federal Reserve Bank of Minneapolis.
- Flint, A. (2004). “Massachusetts Law Still Evolving.” *American Planning Association* <http://www.planning.org/affordablereader/planning/massachusetts1104.htm> (last visited on 27th January, 2008).
- Friedman, P.M. (2004). Memorandum. Affordable Housing Planning and Appeal Act Home Rule Application Holland & Knight LLP.
- Goldsmith, M. (1997). “Autonomy and City Limits.” In: *Theories of Urban Politics*, pp. 228-52. ed. D. Judge, G. Stoker, and H. Wolman. London: Sage..
- Hennion, C.B. (2006), Home Sweet Home?: What Massachusetts Can Tell Us About The Prospects For The Illinois Affordable Housing Planning And Appeal Act. *Chicago-Kent Law Review* Vol. 81 (2) p.679-712.
- Hoch, C. (2007). “How Plan Mandates Work: Affordable Housing In Illinois.” *Journal Of The American Planning Association* 73 (1), pp. 86-99
- Hoch, C. (2005). *Suburban Response Illinois Affordable Housing and Planning Act*. College of Urban Planning and Public Affair, University of Illinois at Chicago.
- Hodgkinson V.A., R.W.Lyman and Associates, eds. (1989). *The Future of the Nonprofit Sector*. San Francisco: Jossey-Bass.
- Housing Appeals Committee (1969). Code Massachusetts Regulation 760 30.01. State of Massachusetts.
- IHDA (2005), Affordable Housing Planning and Appeal Act (310 ILCS 67/). Illinois Housing Development Authority. <http://www.ihda.org/admin//Upload/Files//82555b73-3f68-4a60-9323-8c76f54d83fe.pdf> (last visited on 7th February, 2008).
- Illinois Constitution (1970) article VII, Section 6. <http://www.ilga.gov/commission/lrb/con7.htm> (last visited on 26th February, 2008).
- Illinois General Assembly, (2004). Public Act 093-0595 <http://www.ilga.gov/legislation/publicacts/fulltext.asp?name=093-0595> (last visited on 23rd of February, 2008).
- Independent Budget Office of the City of New York (2007). *City Revenue and Spending since 1980*.

<http://www.ibo.nyc.ny.us/iboreports/CityRevenueandSpending.pdf> (last visited on 27th of March, 2008).

- Janssen-Jansen, L. (2001). “De Amerikaanse Growth Management – strategie” In: *Omgevingsplanning, een innovatief proces*, pp. 181-203. Red. De Roo. G. and M. Schwarz. Sdu Uitgevers bv, Den Haag.
- Kusler, J.A. (1980), *Regulating Sensitive Lands: A Guidebook*. Washington, DC. Ballinger.
- Massachusetts (1973). Board of Appeals of Hanover versus Housing Appeals Committee, 294 N.E.2d 393, 409.
- Massachusetts General Laws Chapter (1969) 40B, §§ 20–23. Commonwealth of Massachusetts. <http://www.mass.gov/legis/laws/mgl/gl-40b-toc.htm> (last visited on 5th February, 2008).
- Massachusetts Housing Partnership (2003) http://www.mhp.net/uploads/resources/chapter_40b_task_force.pdf (last visited on 27th January, 2008).
- May, P.J. (1995). “Can cooperation be mandated? Implementing intergovernmental environmental management in New South Wales and New Zealand.” *Publius: The Journal of Federalism* 25 (1) p.89-113.
- May P.J., R.J. Burby (1996). “Coercive versus cooperative politicise: Comparing intergovernmental mandate performance.” *Journal of Policy Analysis and Management*, 15 (2), p171-201.
- Mueller, D. (1979). *Public Choice*, Cambridge: Cambridge University Press. p.1.
- NCCED (2005). Reaching New Heights. Trends and Achievements of Community-Based Development Organizations. National Congress for Community Economic Development 5th National Community Development Census.
- Nelson, K.P. (1994). “Whose Shortage of Affordable Housing?” *Housing Policy Debate* 5 (4), pp. 401-442.
- Niskanen, W. A. (1971). *Bureaucracy and Representative Government*. Chicago: Aldine, Atherton.
- Nobles, J., R. Brooks (2000). State Mandates on Local Governments. Office of the legislative Auditor, State of Minnesota.
- Paywizard.org (2008), <http://www.paywizard.org/main/Minimumwageandovertime> (last visited on 7th May, 2008).
- Pendall, R. (2001). “Municipal Plans, State Mandates, and Property Rights: Lessons From Maine, *Journal Of Planning Education And Research* 21 (2), p.154-165.
- Peterson, P.E. (1981). *City Limits*. Chicago: University of Chicago Press.

- Popper, F.J. (1988). “Understanding American Land Use Regulation since 1970: A Revisionist Interpretation.” *Journal of the American Planning Association* 54 (3), p. 291-301.
- Press, C. (1980). ‘State governments In Urban Areas: Petty Tyants, Meddlers, or Something else?’ *Urban Interest* Vol . 2 p.12-21
- Priemus, H. (1998). “Contradictions between housing policy and spatial planning.” *Tijdschrift voor de Economische en Sociale Geografie*. Vol. 98 (1) p. 31-43.
- Realtytrac (2007). Illinois foreclosures. <http://www.realtytrac.com/states/Illinois.html> (last visited on 21st February, 2008).
- Rhode Island General. Laws § 45-53-2 (2004). Low and Moderate Income Housing. State of Rhode Island General Assembly. <http://www.rilin.state.ri.us/Statutes/TITLE45/45-53/45-53-2.HTM> (last visited on 3rd February, 2008).
- Schechter, G. (2004). “ North Shore needs affordable housing”. *Wilmette Life* October 7, 2004.
- Schneider, M. (1989). *The Competitive City*. Pittsburgh: University of Pittsburgh Press.
- Siegel, J. (1999), *The House Next Door*. Innovative Housing Institute. <http://www.inhousing.org/housenex.htm> (last visited on 8th May, 2008).
- Sokolov A.D (1998) “The Changing Property Tax and State-Local Relations” *Publis: The Journal of Federalism* 28 Winter 165-187.
- Tiebout C. (1956). “A pure theory of local expenditure.” *Journal of Political Economics*, 64, 416-442.
- United State Advisory Committee on Intergovernmental Relations (1994). *Federally Induced Costs Affecting State and Local Governments*. Washington, D.C., September 1994, p.2.
- University of Illinois (2004). *Report on Affordable Housing Planning and Appeal Act Public Act 93-595, as amended by Public Act 93-678*. Building Research Council, University of Illinois at Urbana-Champaign.
- Van der Burg, A.J., F.M. Dieleman (2003). “Dutch Urbanisation Policies: From ‘Compact City’ to ‘Urban Network’”. *Tijdschrift voor Economische en Sociale Geografie* Vol. 95 (1) pp. 108-116.
- Van der Valk (2002). “The Dutch Planning Experience”, *Landscape and Urban Planning*. 58 (2), p. 201–210.
- Village of Northbrook (2005). Affordable Housing Plan.

- Village of Wilmette (2004). Affordable Housing Plan.
- Voogd, H. (1999). Facetten van de planologie. 4^{de} druk. Alphen aan den Rijn: Samson Uitgeverij.
- Wolman, H., M. Goldsmith (1990). “Local Autonomy as a Meaningful Analytic Concept: Comparing Local Government in the United States and the United Kingdom.” *Urban Affairs Quarterly* 26 September pp. 3-27.
- Wolman, H., M. Goldsmith (1992). *Urban politics and policy : a comparative approach*. Blackwell Publishers, Cambridge, Massachusetts USA.
- Zarlengo, M. (2004) “County Home Rule: Burden or Blessing for Municipalities?” *Journal of the DuPage County Bar Association*. June.
<http://www.dcba.org/brief/junissue/2004/art30604.htm>

Interviewees

These are the people who have been interviewed during this study. Among them are government officials and people of advocating agencies.

Nick Brunick, Chicago, Illinois, 21st November, 2007.

Nick Brunick works for Applegate & Thorne-Thompson, P.C. as an attorney and worked for Business and Professional People for the Public Interest, a public interest law and policy center. As employee for BPI, Brunick was on of the promoters of the Illinois Affordable Housing Planning and Appeal Act

Margaret Feit Clarke, Winnetka, Illinois, 30th October, 2007.

Margaret Feit Clarke works for Interfaith Housing Center of the Northern Suburbs as Director of Communications & Agency. This organisation advocates for fair and affordable housing in north suburban Chicago

Charles Hoch, Chicago, Illinois, 10th October, 2007.

Charles Hoch works at the College of Urban Planning and Public Affairs. He studies urban planning practice and did research on how local municipal officials responded to the Illinois Affordable Housing Planning and Appeal Act.

Mary Smith, Highland Park, Illinois, 30th October, 2007.

Mary Smith works for Highland Park Housing Commission as housing planner. The Highland Park Housing Commission was created in 1973 to encourage and engage in the development of low-and-moderate income housing.

Alan Quick, Chicago, Illinois, 28th November, 2007.

Alan Quick works at the Illinois Housing Development Authority (IHDA), primary as policy person for Illinois Affordable Housing Planning and Appeal Act.

Susannah Levine, Chicago, Illinois, 21st November, 2007

Susannah Levine is an employee of Business and Professional People for the Public Interest (BPI). She is a senior policy analyst and engaged in affordable housing.