

**VILLAGE OF RIVERWOODS  
AFFORDABLE HOUSING PLAN  
2020 Revision**

This 2020 Revision of the Affordable Housing Plan of the Village of Riverwoods (“Housing Plan”) is adopted by the President and Board of Trustees of the Village of Riverwoods, in connection with furthering the goals of the Affordable Housing Planning and Appeal Act, 310 ILCS 67/1 *et seq.* (the “Act”). This Housing Plan is an update of the original plan approved March 15, 2005 (“2005 Plan”).

**A.**

**Introduction to Issues Affecting Housing Affordability in Riverwoods**

Riverwoods was incorporated in 1959 by residents seeking a semi-rural quality of life that took advantage of and maintained the key elements that still define the character of the village: the community is located along the Des Plaines River, adjoining the Lake County Forest Preserve, is poorly drained and prone to intermittent flooding, and contains many areas of very dense, mixed-hardwood forest and woodland landscape. Early planning decisions were taken to preserve as much as possible of the woodland character and to avoid the built-up character of other suburbs. Until recently, most houses used septic fields and even today almost one-half of the houses depend upon well water. Streets were constructed in non-standard widths (many only paved to a width of about 12 feet) to avoid destruction of the woodland habitat. Homes were constructed on large lots to preserve woodland ground cover, facilitate re-charging of the aquifers, and control storm water runoff, and therefore residential zoning in the village consists mainly of one and two acre lots. Horses are still allowed on the two acre lots. Most subdivisions have private streets and private road associations. Riverwoods does not maintain a public works department and only provides limited governmental services. The Riverwoods Comprehensive Plan has consistently held to this vision for the community, including in the most recent revision in 2019 (“Riverwoods Comprehensive Plan”).

Riverwoods contains office campus-style development at its southwest corporate limit (near the intersection of Lake Cook Road and Saunders Road), where the corporate headquarters of Wolters Kluwer and Discover Financial Services are located. Around the periphery of the office campus district, there are smaller office properties, as well as The Center for Enriched Living (a social and educational center for adults with developmental disabilities), a dog kennel and the village’s only hotel.

The retail core of the village is located at the west end of Riverwoods, near the intersection of Deerfield Road and Milwaukee Avenue. In this area, Riverwoods has a skilled nursing care facility, a self-storage facility, the headquarters building

of Federal Life Insurance Company, and two small shopping centers: Colonial Court and Shoppes of Riverwoods.

### **Annexation and Conversion of Areas to Housing**

The “Fire Station Parcel” and the “Village Annex Parcel” (publicly held sites defined in the 2005 Plan) are no longer available for residential development. The vacant portion of the Fire Station Parcel that was identified in the 2005 Plan has since been improved with a police center for the Riverwoods Police Department, to form a campus with the fire substation operated by the Lincolnshire-Riverwoods Fire Protection District. The Village Annex Parcel is an area of 7.5 acres originally acquired with a view toward possible public uses (as this site is opposite the Village Hall). However, in the intervening years since the 2005 Plan, the Village Annex Parcel was studied extensively and determined to contain very high quality wetlands and rare and important native plant communities of the caliber associated with Illinois Nature Preserves. The presence of these features has led to calls for permanent protection of the land. Therefore, contrary to the 2005 Plan, the Fire Station Parcel and the Village Annex Parcel are no longer eligible parcels for which consideration of the provision of affordable housing is appropriate.

The 2005 Plan stated: “There are a few remaining parcels north of Deerfield Road along Milwaukee Avenue lying in unincorporated Lake County that could eventually be annexed, but many of these parcels are extensively impacted by the Des Plaines River floodway or floodplain.”

After the 2005 Plan, the village annexed two small properties (a single family home and a social center known as Estonian House) lying in this area north of Deerfield Road along Milwaukee Avenue. However, the remaining parcels in this area are likely to be absorbed by the villages of Buffalo Grove and Lincolnshire under a boundary agreement between these villages.

To the south of Deerfield Road along Milwaukee Avenue, the village may have an opportunity to annex 29 acres of an undeveloped, former landfill property which is under common ownership with an 8-acre tract that is already annexed to the village (considered together, the “37-acre Property”) and possibly some commercial properties lying on the west side of Milwaukee Avenue.

In the 2005 Plan, it was stated that the 37-acre Property “is slated for commercial development and is unsuitable for residential construction.”

In the last three years, the village has been approached by developers interested in developing the 37-acre Property as a mixed-use development that would include multifamily units. After being revised in 2019, the Riverwoods Comprehensive Plan includes a new land use category for “mixed use overlay”. In the village land use plan, the 37-acre Property and some nearby areas are classified under the mixed-use overlay category. The land use plan adopted in the

Riverwoods Comprehensive Plan is attached as **Exhibit 1**. The Riverwoods Comprehensive Plan describes the purpose of this land use category as follows:

Mixed-use developments often combine uses such as office, business and residential, including multifamily. The old division of zoning districts into uses all of the same character is no longer generally accepted as the best solution in all cases to land use conflicts ... Demographic trends point to continued demand for more housing to be constructed in locations that lessen dependence on the automobile or provide more live/work options. The Mixed Use Overlay category, introduced for the first time in this Plan, indicates areas for which a mixture of such uses might be appropriate in the future...Some residents express a desire for empty nester housing, especially as the resident population ages. Such housing is often at a density that is incompatible with preserving the Protected Woodlands. However, the possibility of attractive multifamily development, especially if combined with or near retail, restaurant and entertainment uses, provides new housing options. *Riverwoods should also take advantage of the scale of larger developments to create affordable housing units.* [emphasis added].

The annexation of the unincorporated portion of the 37-acre Property could provide an opportunity for large-scale development in the village. However, it should be noted that the owners of this parcel may choose to explore the options of annexing into the village of Buffalo Grove or remaining unincorporated. Developers recently have studied the 37-acre Property and decided against pursuing a project, presumably because the case for development is subject to many concerns over costs, engineering feasibility and market acceptance.

Except for the possible annexations of areas classified under the mixed use overlay category, Riverwoods has no expectation of increasing its territory. The opportunity for housing development to occur on any existing commercial parcels already located in the village, as part of a mixed use development, will depend on the feasibility of such large scale redevelopment. Many of these parcels are presently improved with buildings that still have remaining useful life. Mixed use development is uncertain at present, given ongoing challenges in real estate markets for traditional brick and mortar retail stores and an anticipated reduction in demand for office space in the age of a pandemic.

### **New Homes and Lots**

The land area in the village is predominantly dedicated to forest preserves and single family homes. In 15 years since the 2005 Plan, the village has averaged approximately 2 new homes per year, constructed as a result of tear-down activity. This rate of housing production was in line with the 2005 estimate.

In the 2005 Plan, the village attempted to identify residential lots that might be created as a result of subdivision. This data was used to develop a model for forecasting the potential for new housing units in the village (over and above the replacement of units through tear-downs).

Given the constraints on subdivision as described in the 2005 Plan (including the scarcity of suitable parcels, the constraints arising from wetlands, flood plain, and protected native woodlands and the unwillingness of owners to divide parcels that support native plant communities), a limited increase in available lots was forecast by the 2005 Plan. In fact, since 2005, there have been 2 new residential lots created through subdivision of larger parcels and, as expected, these were improved with single family homes.

As of the date of this Housing Plan, there are approximately 19 residential lots in the village that are currently unimproved and potentially available for development, as shown in **Exhibit 2** to this Housing Plan. Some of these lots have never been improved while others were cleared of former homes. Undeveloped lots are sometimes retained as open space by their owners or constitute zoning lots with the lot on which a home is constructed; in other instances, the lots face particular site challenges owing to access, wetlands, flood plains, etc.

### **Affordability**

The 2005 Plan states: “The predominant construction activity in Riverwoods consists of tear-downs of existing homes. Given the cost of vacant lots in Riverwoods (now exceeding \$400,000 per acre) and based on a review conducted by the Building Department, neither the existing homes that have been demolished (the tear-downs), nor their replacements constructed since January 1, 2000 would qualify as affordable units.”

The pattern described in the 2005 Plan has continued. Land prices and new construction costs contribute to making replacements of existing housing stock unaffordable within the meaning of the Act.

Based on 2018 data and determinations furnished by the Illinois Housing Development Agency (IHDA), which is charged with the implementation of the Act, IHDA has determined that Riverwoods is a non-exempt community under the Act, finding that that were 1,248 housing units in Riverwoods, of which only 71 (owned and rental combined) were classified as affordable, for an existing, affordable housing percentage of 5.70%, as against 1.90% reported in the 2005 Plan. See <https://www.ihda.org/wp-content/uploads/2015/07/2018-Statewide-AHPAA-List.pdf> affordable units.

**B.**

**Formal Elements of the Affordable Housing Plan**

The Act sets forth the formal elements that this Housing Plan must contain, each of which, together with the section reference, are set forth in italics below. The Statements that follow constitute the formal elements of this Housing Plan.

FIRST PLAN ELEMENT

*Section 25(b)(i) of the Act:*

*Statement of the total number of affordable housing units that are necessary to exempt Riverwoods from the operation of the Act, as defined in Section 15 and Section 20 of the Act*

**First Statement:**

**Based on the 2018 Report on Statewide Local Government Affordability – Ordinal Listing (determination based on 2016 American Community Survey, 5-year Estimate), it is required that 10% of the 1,248 housing units located in Riverwoods (124.8) constitute affordable housing units in order for Riverwoods to be exempt from the operation of the Act.**

SECOND PLAN ELEMENT

*Section 25(b)(ii) of the Act:*

*An identification of lands within Riverwoods that are most appropriate for the construction of affordable housing and of existing structures most appropriate for conversion to, or consideration of lands and structures of developers who have expressed a commitment to provide affordable housing and lands and structures that are publicly or semi-publicly owned.*

**Second Statement:**

**The lands identified as follows are most appropriate for the construction of affordable housing: the 37-acre Property identified above. There are no existing structures in Riverwoods that are presently most appropriate for conversion to affordable housing.**

### THIRD PLAN ELEMENT

*Section 25(b)(iii) of the Act:*

*Incentives that Riverwoods may provide for the purpose of attracting affordable housing to their jurisdiction.*

#### **Third Statement:**

**Subject to limitations under any applicable law or constitutional limitation, Riverwoods may provide incentives to promote the attainment of the goals set forth in this Housing Plan that include one or more of the following:**

- **Expedited or reduced costs of permitting fees for affordable units**
- **Municipal property tax abatements**
- **Reduced rates for water and sewer connection charges**
- **Use of available grant funds**
- **Use of TIF financing and exercise of control over development through annexation agreements to incentivize the supply of affordable housing within mixed use developments**

### FOURTH PLAN ELEMENT

*Section 25(b)(iv) of the Act:*

*A goal of a minimum of 15% of all new development or redevelopment within Riverwoods that would be defined as affordable housing in the Act; or a minimum of 3 percentage points increase in the overall percentage of affordable housing within its jurisdiction, as described in subsection (b) of Section 20 of the Act; or a minimum of a total of 10% affordable housing within the jurisdiction of Riverwoods as described in subsection (b) of Section 20 of the Act.*

#### **Fourth Statement:**

**Riverwoods adopts as its housing goal that 15% of all new development or redevelopment (as defined in the Act) within Riverwoods should be housing that would be defined as affordable housing in the Act.**

## C.

### **Steps to Implementation of the Affordable Housing Plan**

The goal selected by Riverwoods is that 15% of all new development or redevelopment should be affordable housing. IHDA has published its annual Owner-Occupied Affordability Chart for 2019 which shows the current affordable purchase price of a home for a 4-person household in Lake County is \$198,056. The market price of vacant lots in Riverwoods exceeds this amount.

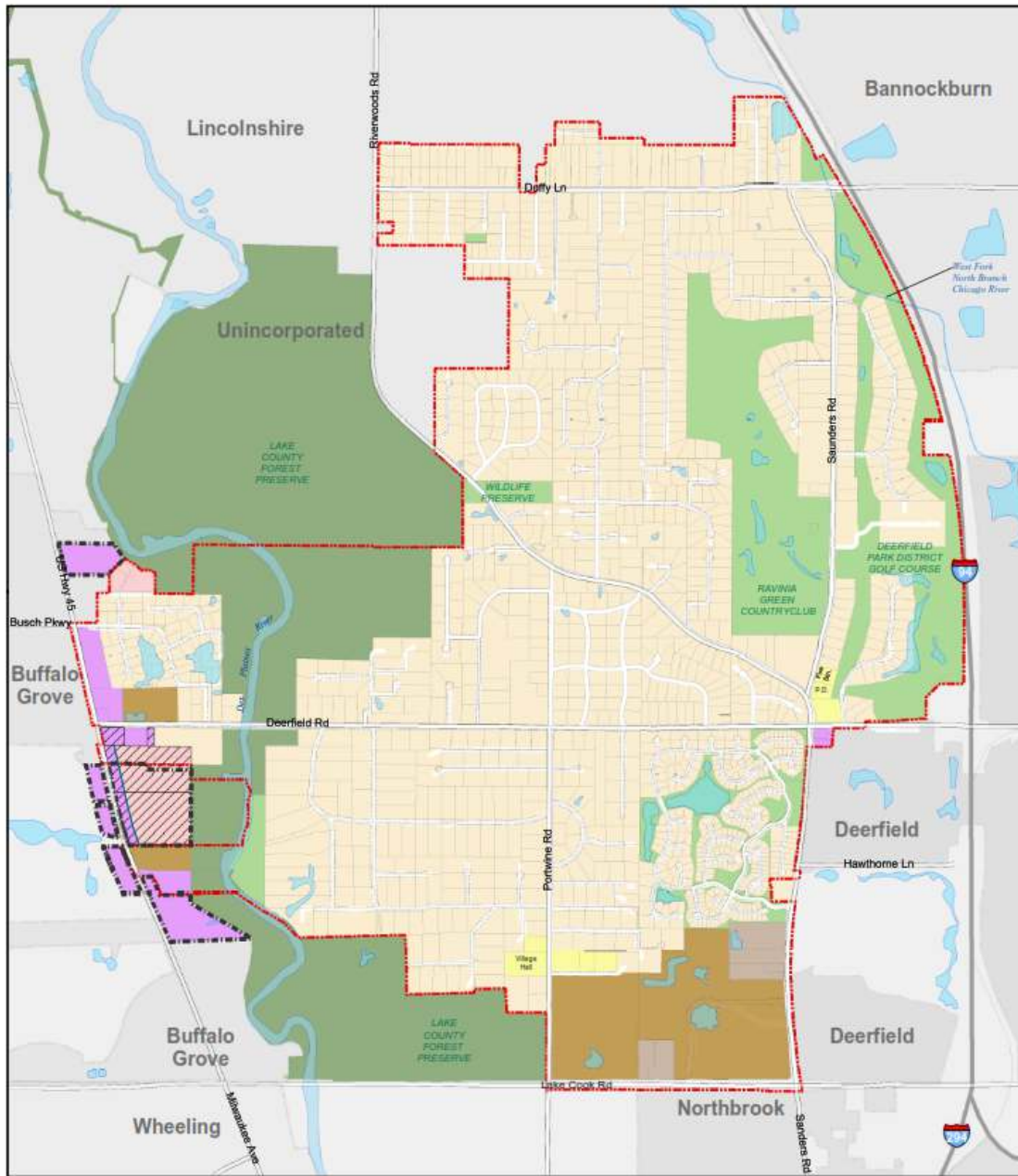
Given the price of vacant lots and cost of new home construction in the village, the limited inventory of such lots, and the woodland/wetlands factors that increase costs of development in the village, new affordable housing will likely not be constructed within existing residential areas.

However, the discussions over the future use and development of the 37-acre Property have indicated a market range of approximately 250-350 residential units as the requested size of development. A large scale development of this nature could yield approximately 37 to 52 affordable units.

The village has already formed a TIF district encompassing that part of the 37-acre Property already in the village (about 8 acres). If proposals for a large scale development proceed further than they have to date, the village may consider expanding the TIF district or forming an additional TIF district to include the balance of the 37-acre Property. Annexation and TIF Redevelopment Agreements provide a unique opportunity to negotiate over the nature of the proposed development. The village will have to reconcile a number of competing interests from other taxing bodies and the financial feasibility of any proposal when evaluating any such proposal, which is likely to be a complex undertaking. But future development in this area has the potential to provide for more diverse housing options in the village. As was mentioned above, market acceptance of housing on the 37-acre Property remains unknown. The village can incentivize and set out parameters for future development but success will depend on whether there is a willing developer to shoulder the financial risk.

Affordable Housing Plan,  
revised June 16, 2020.

# Exhibit 1 – Riverwoods Land Use Plan



Areas Suitable for Annexation

**Legend**

- Single Family Residential
- Business
- Business Compatible
- Office Campus
- Office Compatible
- Governmental
- Open Space
- Forest Preserve
- Mixed Use Overlay

## Village of Riverwoods Comprehensive Plan

### Exhibit D Land Use Plan

1 inch = 1,500 feet



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## Exhibit 2 – Undeveloped Lots in Riverwoods

