

Staff Report to the Housing Commission

To: The Chairman and Members of the Housing Commission
From: Nora Boyer, Housing Planner
Re: Arlington Downs– Response to Affordable Housing Policy
Report Prepared: June 12, 2018
Meeting Date: June 12, 2018

Original Affordable Housing Requirement

In 2012, the Housing Commission approved a recommendation to the Village Board with respect to the application on the Village's affordable housing policy to the Arlington Down development (Attachment A). That recommendation was approved by the Village Board and included in the conditions of approval for the Planned Unit Development (PUD).

In 2012, the Arlington Downs development was discussed as having two phases:

- Phase I: The redevelopment of the (former Sheraton Hotel) tower; and
- Phase II: All other components of the Planned Unit Development (PUD).

The 2012 affordable housing conditions exempted the tower (former Sheraton Hotel) from the Village's affordable housing requirements.

The 2012 conditions provide that for Arlington Downs Phase II:

- Phase II is exempt from the affordable housing requirements if 300 or fewer residential units are developed in Phase II.
- The affordable housing requirements apply to all residential units in Phase II (including the first 300 units) if more than 300 residential units are included in Phase II.

If more than 300 residential units are included in Phase II, then:

- 5% of all units in Phase II must be affordable;
- Fees in lieu of providing affordable units may be paid at a rate of \$100,000* per affordable unit not provided; or
- A combination of affordable units and fees at the rate of \$100,000* per affordable unit not provided is permissible.

** \$100,000 per affordable housing unit not provided was the fee in lieu amount stated in the Village's Affordable Rental Housing Guidelines. The fee was changed in 2014 to \$75,000 per affordable unit not provided based upon 15% of the units being affordable.*

Proposed Amendment to the PUD

The developer at Arlington Downs is proposing several amendment to the Arlington Downs PUD including the following changes with regard to residential units:

- The developer proposes detailed plans for approval of a 263 rental component (referred to by the developer as ADR II); and
- The developer proposes a concept for a 180 senior building (referred to by the developer as ADR III) to be detailed and approved at a later date.

Combined, 443 units are planned. Therefore, the 300 unit threshold for applying the affordable housing requirement in what was referred to in 2012 as Phase II is met.

According to the 2012 conditions of approval, the affordable housing requirement applied to ADR II results in the following:

263 total proposed units x 5% = 13 affordable units

13 affordable units x \$100,000 = \$1,300,000

or an equivalent combination of affordable units and fees

Developer's Current (2018) Affordable Housing Proposal

The developer is proposing to change in the affordable housing requirement for Phase II from that which was approved in 2012. The developer proposes that:

- 15% of units be affordable;
- The fee in lieu of providing affordable units be set at a rate of \$25,000 per affordable unit not provided; or
- An equivalent combination of affordable units and fees at a rate of \$25,000 per affordable unit be provided.

For ADR II, the calculation would be:

263 units x 15% = 39 affordable units

39 affordable units x \$25,000 = \$975,000

or an equivalent combination of affordable units and fees

Provision of Units

Some Village Board members recently stated they would like to see actual units provided. Members of the Housing Commission have also expressed that they prefer that affordable housing units be included in developments rather than that developer pay the fees. The Housing Commission should discuss the minimum number of affordable units it recommends be included in Phase II and specifically in ADR II.

Analysis

The developer's current proposal calls for 39 affordable units (rather than 13) which is consistent with the Village Board and Housing Commission's goal to encourage affordable units rather than the payment of fees.

Further, the developer's affordable housing proposal is consistent with the affordable housing requirements recommended by the Housing Commission for the Sigwalt Apartments and the Hickory Kensington Apartments. Those two developments were the same general type of development – rental units in multi-family housing buildings.

Recommendation

It is recommended that the Housing Commission recommend to the Village Board that for ADR II and future proposals at the Arlington Downs Development (all redevelopment except the redevelopment of the existing One Arlington tower building):

1. Require that 15% of the residential units (39 affordable units in ADR II) be allocated as affordable units in perpetuity. The developer may elect to pay a fee in lieu of providing the affordable housing units at a rate of \$25,000 affordable unit not provided; or may provide an equivalent combination of affordable units and fees in lieu of affordable units. However, a minimum number of affordable units shall be provided and maintained in perpetuity.
2. Prior to Plan Commission staff will work with the developer on an acceptable housing fee payment schedule. Fee in lieu payments shall be made no later than the issuance of the first Certificate of Occupancy and incorporated as a condition of approval.
3. If fees are paid and the developer later decides to provide affordable units instead, they may receive refunds of the fees paid in accordance with the following:
 - a) Refunds may only occur within a specified time period say 6 months or certainly no more than 12 months from issuance of the first certificate of occupancy;
 - b) If funds are available in the amount of the requested refund in the Trust Fund; and
 - c) Excluding the minimum number of affordable units provided.
4. ~~Within 18 months of the approval of the PUD or issuance of any building permits with respect to residential units in Phase II of the project, the developer, in consultation with the Village, shall develop a specific affordable housing plan consistent with the affordable housing requirements approved by the Village Board and included in the PUD approval. During this period, the developer may discuss any reasonable modifications to the proposal with the Village once the financing and economics of the Phase II project are more defined.~~
5. The base rental rate shall be set at the HUD Fair Market Rent for Cook County as established annually by the U. S. Department of Housing and Urban Development. If the developer is participating in an affordable housing program that is approved by the Village (such as a

government-sponsored program, program for veterans, etc.), the eligibility guidelines and rent structure of the approved affordable housing program would apply.

6. The developer shall submit an annual report concerning the affordable housing program by January 31 of each year, in a form as determined by the Village.
7. ~~The developer shall retain the option to include all or a portion of the approved number of affordable units in Phase I under the conditions described above provided that an affordable housing plan acceptable to the Village shall be adopted prior to the issuance of permits for residential units in Phase I.~~

Attachment A

Arlington Downs
Housing Commission Recommendation
January 2, 2012

A MOTION WAS MADE BY COMMISSIONER WHITE AND SECONDED BY COMMISSIONER MILLER TO RECOMMEND THE FOLLOWING AFFORDABLE HOUSING REQUIREMENTS TO THE VILLAGE BOARD WITH RESPECT TO THE PROPOSED ARLINGTON DOWN DEVELOPMENT:

1. Require that 5% of the residential units in the Phase II of the development (i.e. excluding the former Sheraton Hotel building) be allocated to affordable units:

Total Units Range	Affordable Housing	Percentage
0 – 300	0 units	0%
301 – 375	15 to 19 units	5%
376 – 400	19 to 20 units	5%
401 – 425	20 to 21 units	5%
426 – 450	21 to 23 units	5%
451 – 470	23 to 24 units	5%

The developer may elect pay a fee in lieu of providing the affordable housing units at \$100,000 per unit, or do a combination of providing affordable units and paying the fee in lieu of units.

2. The base rental rate shall be set at the HUD Fair Market Rent for Cook County as established annually by the U. S. Department of Housing and Urban Development. If the developer is participating in an affordable housing program that is approved by the Village (such as a government-sponsored program, program for veterans, etc.), the eligibility guidelines and rent structure of the approved affordable housing program would apply.
3. Within 18 months of the approval of the PUD or issuance of any building permits with respect to residential units in Phase II of the project, the developer, in consultation with the Village, shall develop a specific affordable housing plan consistent with the affordable housing requirements approved by the Village Board and included in the PUD approval. During this period, the developer may discuss any reasonable modifications to the proposal with the Village once the financing and economics of the Phase II project are more defined.
4. The developer shall submit an annual report concerning the affordable housing program by January 31 of each year, in a form as determined by the Village.
5. The developer shall retain the option to include all or a portion of the approved number of affordable units in Phase I under the conditions described above provided that an affordable housing plan acceptable to the Village shall be adopted prior to the issuance of permits for residential units in Phase I.

The motion was approved unanimously.