

DRAFT

MINUTES OF A MEETING OF THE ARLINGTON HEIGHTS HOUSING COMMISSION HELD AT ARLINGTON HEIGHTS VILLAGE HALL VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS JANUARY 22, 2019

IN ATTENDANCE:

Commissioners

Present: Alex Hageli Mark Hellner
 Will Delea Andrew Tripp

Commissioners

Absent: Zach Creer Namrita Nelson

Staff Present: Nora Boyer, Housing Planner/Staff Liaison

Others Present: Keith Moens Judith Royal

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE

The meeting was called to order at 7:10 p.m. and the Pledge of Allegiance was recited.

II. ROLL CALL

Commissioners Hageli, Hellner, Delea, and Tripp were in attendance.

A motion was made by Chairman Hellner, seconded by Commissioner Tripp to approve the minutes of the October 9, 2018 meeting. The motion was approved unanimously.

III. REPORTS

None

IV. OLD BUSINESS

A. Single Family Rehabilitation Loan Program

Ms. Boyer reported that she has received an application. She is meeting with the homeowners. According to the application, the job would include waterproofing and window replacements.

B. Group Home and Transitional Housing Rehab Program

Alexian Brothers for Mental Health received a grant to replace the gutter system on their apartment building on Northwest Highway. This project has been completed.

Clearbrook was approved by the Housing Commission for the replacement of HVAC components at one of their group homes. The Work is under contract.

Little City Foundation was approved by the Housing Commission for \$50,000 toward the purchase of an additional group home in Arlington Heights. Ms. Boyer said that a grant agreement has been signed with Little City, and she will follow up with Little City on the status of that project.

C. Inclusionary Housing Discussion

Ms. Boyer reviewed the parameters and history of the Village's inclusionary affordable housing guidelines for for-sale and rental housing. It was pointed out that specific locations of developments affect developers' profits and margins; and therefore, the guidelines concerning the percentages of affordable units that should be included in developments or the amount of fees paid in lieu of affordable units need to be flexible.

There was a discussion of the Low Income Tax Credit Program. Commissioner Delea asked about whether the program is well known to developers. Commissioner Hellner stated that this program is known and used by developers who specialize in the development of affordable housing. An example cited was the Parkview Apartments developed by Up Development. Commissioner Tripp agreed that the Low Income Housing Tax Credit Program presents a number of challenges and developers need to know how to work with the program and the involved State agencies and local governments. He said that it tends to be used by niche developers who know from the concept stage that this type of financing will be needed in order to make their project financially feasible.

The Commissioners reviewed the summaries presented by staff concerning the inclusionary affordable housing policies of the Cities of Evanston, Highland Park, Lake Forest and St. Charles. Ms. Boyer pointed out that these cities have approved their programs as ordinances and included the requirement in their city codes, which is not the case with Arlington Heights, where the guidelines are policies of the Village.

The Commission found it interesting that Evanston has different requirements for its transit-oriented and non-transit-oriented development areas. The Commissioners pointed out that Arlington Heights transit-oriented downtown is different from other areas of the Village and different criteria for development. It was pointed out that the downtown location is particularly desirable for affordable housing since households can have lower transportation costs. However, land costs are higher in the downtown area.

Commissioner Hellner suggested that the proposed Block 425 project is an opportunity to rethink the 1.5 parking spaces per unit requirement for developments in the downtown. He said that Evanston is different from Arlington Heights in that housing is far more dense, and he wondered how density impacts the application of their ability to have affordable units included in developments.

Ms. Boyer said that the City of Evanston held a workshop on affordable housing financing. She said that she would forward the website address to the Commissioners where the recorded workshop can be found as well as the minutes for Evanston's meetings where they have been discussing amendments to their inclusionary housing ordinance.

Ms Boyer said that she has provided the other cities' requirements, but she does not know if developers have been held to the requirements. She is working on getting information from the Cities of Evanston,

Highland Park, Lake Forest and St. Charles on the actual numbers of units and fees they have approved and/or received. She also commented that the programs in Illinois are all fairly new (since the 1990s), and that most inclusionary housing programs are located in three States (New Jersey, Massachusetts and California) which have State laws requiring or supporting these types of requirements.

The members of the Housing Commission stated that the background on this topic was helpful and will be useful when evaluating future affordable housing proposals under the guidelines.

(See below under Other New Business for further discussion)

D. Timber Court

Ms. Boyer said that she has been contacted again by the owner of an affordable unit at Timber Court asking if the Village would remove the affordable housing restrictions from the unit so that he can sell his unit without the restrictions of the affordable housing program. He has repeatedly made this request which was last discussed by the Housing Commission in June 2018. The units at Timber Court are hindered from sale because the high percentage of rental units and pending litigation make the units ineligible for standard mortgages. A local lender was identified in 2016 that was willing to provide a mortgage despite the high percentage of rentals but not until the pending litigation is resolved. Ms. Boyer said that the trial was held in December 2018 with regard to the litigation and that the court decision is expected in March 2019.

The Commission pointed out that the buyer knew of the unit's restrictions and was able to purchase at a below market price when he purchased the unit. It was stated that removing the restrictions from this unit would set a bad precedent that could lead to removing the affordability restriction from all of the affordable units.

Ms. Boyer will send information regarding the lawsuit to Commissioners Hellner and Tripp.

A motion was made by Commissioner Hellner, seconded by Commissioner Hageli to take no action at this time on the request of the affordable condominium unit owner at Timber Court to remove the affordability restrictions on his unit and to review the matter again in March 2019 when it is expected that the outcome of the trial will be available.

V. NEW BUSINESS

A. Topics for 2019

The following were presented for possible topics for the Housing Commission for 2019. The inclusionary housing policies are being discussed in connection with proposed developments, to include Block 425 in the near future. The Housing Commission's CDBG request for the 2019-2020 program year will be due in mid-April. Other topics can follow.

Inclusionary Housing Policies.

- Discuss the Village's requirements under its inclusionary housing policies. Are the percentages of affordable housing and fees in lieu of affordable housing as presented in

the guidelines reasonable and appropriate for meeting the Village's affordable housing goals?

Community Development Block Grant (CDBG) Budget.

- Discuss funding requests for program year 2019-2020. Funding requests will be due in March 2019.

"Housing Needs and Trends in Arlington Heights Report" requested by the Village Board

- Housing Commission review of the "housing strengths and weaknesses" section of this report. Scheduled for Housing Commission review in the 3rd quarter of 2019.

AH Percentage of Affordable Housing

- Evaluation and discussion of IHDA's December 2018 calculation of the percentage of affordable housing in Arlington Heights

Affordable Housing Trust Fund

- Annual review of balance in the Affordable Housing Trust Fund and discussion

Linkage to Senior Commission Age-Friendly Communities Initiative

- Whether and how existing or future CDBG-funded or other programs or project should of could support aging-in-place

B. Illinois Housing Development Authority Affordability Calculation

Ms. Boyer reported that the Illinois Housing Development Authority (IHDA) has provided new calculations of percentages of affordable housing stock for communities throughout the state under the Illinois Affordable Housing Planning and Appeal Act. IHDA recalculates the percentages every 5 years. In 2013, IHDA's calculation of affordable housing stock for Arlington Heights was 13.1%. According to the 2018 IHDA calculation, the percentage of housing stock that is affordable in Arlington Heights is 19.1%.

The Commissioners and staff were surprised by this increase in the percentage. Ms. Boyer said that she heard from several other communities that were also surprised by increases in their percentages. The increase appears to be attributable to increases in the median income used for the area and the decrease in mortgage interest rates since the last calculation, both of which would increase the price of housing units that households are calculated as being able to afford. Ms. Boyer also pointed out that IHDA uses the same formula for its calculations across the State. The calculation does not include condominium association dues even though association dues are a housing cost. Therefore, condominium units are counted under the formula based on their estimated value that would not be considered affordable if the association dues were included as a housing cost. Ms. Boyer said that IHDA's calculation has been looked at by the Village as a measure of affordability, has always been considered flawed for the Village's housing market, and the goal under the Illinois Affordable Housing Planning and Appeals Act is a State goal under that law and is not the Village's affordable housing goal.

VII. OTHER NEW BUSINESS

Keith Moens, resident of Arlington Heights, was in attendance at the meeting. He said that he would like to see developers more fully comply with the inclusionary housing guidelines than they have been. Commissioner Hellner responded that the problem is that developers say that they will walk from their

proposed development if the guidelines call for more units or fees than are economically feasible. He said that it has not happened that there has been more than one developer competing for a site, which could result in including more affordable housing. Commissioner Hellner pointed to the Arbor Lane townhome development as an example of a development that had location and other issues, and the developer was not sure he wanted to proceed with the development. Commissioner Hellner said that the Housing Commission considers profitability of proposals, but information is not complete or sometimes available during the process, and he said that the Village needs to be realistic. It is an imperfect balancing act. Commissioner Tripp said that the Housing Commission needs to dig deeper into developments to further its goals. Commissioner Hellner mentioned that younger people are driving fewer cars and that actions to reduce the number of cars associated with developments (such as in a transit oriented development) would reduce development costs (which could thereby permit more affordable units) and have environmental benefits.

VIII. ADJOURNMENT

A motion was made by Commissioner Hellner, seconded by Commissioner Tripp, to adjourn the meeting. The meeting adjourned at 9:00 pm.

NEXT MEETING: Tentatively Set for: Tuesday, March 12, 2019 7:00 pm

Additional Information:

Website locations of the information on the City of Evanston's inclusionary housing requirements referred to above:

Minutes of the Evanston Subcommittee that is looking into revising their inclusionary affordable housing program:

<https://www.cityofevanston.org/government/agendas-minutes/inclusionary-housing-ordinance-subcommittee>

Video of the Evanston Subcommittee housing finance workshop was held on May 30, 2018:

<https://www.cityofevanston.org/government/departments/community-development/housing-grants-division/inclusionary-housing-ordinance>