

DRAFT

MINUTES OF A MEETING OF
THE ARLINGTON HEIGHTS HOUSING COMMISSION
HELD AT ARLINGTON HEIGHTS VILLAGE HALL
VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
June 11, 2019

IN ATTENDANCE:

Commissioners

Present: Alex Hageli Mark Hellner
Zach Creer Andrew Tripp

Commissioners

Absent: William Delea

Staff Present: Nora Boyer, Housing Planner/Staff Liaison

On Behalf of Marc McLaughlin, Taylor Morrison
Sigwalt 16: Michael Firsell, Attorney for the Developer

I. CALL TO ORDER

The meeting was called to order at 7:00 p.m.

II. AGENDA

A motion was made by Commissioner Hageli, seconded by Commissioner Tripp to move the Sigwalt 16 item up on the start of the agenda. The motion was approved unanimously.

III. SIGWALT 16 RESPONSE TO AFFORDABLE HOUSING POLICY

Ms. Boyer explained that the proposed Sigwalt 16 project is a for-sale, 16-townhome development, in three buildings, on the south end of Block 425 in downtown Arlington Heights. She explained that the Village's affordable housing guidelines call for 10% of the units or 1.6 units (rounded up to two units) to be affordable or the guidelines provide the option for the developer to contribute a fee in lieu of providing affordable units at \$75,000 per affordable unit not provided. The original developer proposal was to pay \$25,000 for each of the two affordable units. However, after discussion with the developer, the developer has agreed to pay \$75,000 per unit for the 1.6 units.

Ms. Boyer stated that staff looked at how other suburban communities in the Chicago area apply their fee in lieu charges, and she said that the majority apply the whole plus fractional amount to the fee amount, rather

than rounding. The 1.6 times \$75,000 equals a fee in lieu equals a total of \$120,000. Ms. Boyer said that the developer has agreed to pay the fee in lieu amount of \$120,000.

Ms. Boyer stated that for-sale affordable housing units under the Village's guidelines are not recommended at this time. There have been issues with the deed restricted for-sale units at Timber Court condominiums, due to dealing with fluctuations in value, especially during the housing crash, and the percentage of units being rented at the development. She added that since the housing downturn, there are also fewer lenders willing to work with programs like this. She said that the prices of units in this development also make it difficult to apply the guidelines to this for-sale development.

She said that staff is currently doing research on the Village's affordable housing guidelines including the for-sale guidelines. Staff will be coming back to the Housing Commission with its recommendations, but the research is not to that point yet, and this project is not being held up while that work is being done.

Ms. Boyer stated that the recommendation is that the Housing Commission consider recommending to the Village Board that the Village accept from the developer a fee in lieu of providing affordable units at 1.6 times \$75,000 for a total of \$120,000

Mr. Firsel, attorney speaking on behalf of the developer, said that staff approached the developer about fully complying with the affordable housing guidelines by providing the full fee amount at \$120,000, and the developer readily agreed to do so. He said that it is not economically feasible to include two affordable units in this development with the prices of the units at between the mid-\$500,000 and the high \$700,000 - \$800,000 and be able to construct the project. He pointed out that no other for-sale developer has paid the full amount of the fee.

Commissioner Hellner asked some questions about the square footages of the units, number of stories, parking and guest parking, how the exterior grounds will be maintained, the projected construction timetable, and storm water retention. The developer responded to these questions.

The meeting was opened to comments from the public.

Cathy Motto said that she thought that if there were affordable townhomes that there is a market demand for them. She asked how affordable units are kept affordable. The response was that this is done through deed restrictions and keeps the unit affordable in perpetuity.

Keith Moens said that there is a need to get as many affordable units as town as we can get. He asked that one affordable unit be included in the development and said that he did not think that would be an undue burden since it would only be 6% of the units. He commented that staff said that there were difficulties with fluctuations in values but that's how the market works. He said there is an affordable market out there, so there is another market to go to. He asked that there be one affordable unit in the development or that the fee be set at two (for two units) times the fee in lieu amount. He said that staff can look at it, but you can never get around market volatility. Mr. Moens asked about some statements in the developer's letter. Mr. Firsel responded that the sentences to which Mr. Moens referred were in the letter were a mistake.

Mr. Firsel disputed Mr. Moen's assertions saying that he did not have any factual basis for them. Mr. Firsel further stated that in a 16-unit development where 80 units were proposed before one cannot apply of the

affordable housing guidelines to \$600,000 units and make the development work. He commented that no evidence has been provided that this can be done and still have a viable project.

Carl Becker said that he is in the affordable housing business on the rental side. He said that HUD is stressing home ownership, especially in opportunity areas like Arlington Heights. He said there is a need for affordable unit to help the working poor get ahead.

Commissioner Hellner asked Mr. Becker how he would address including an affordable units when the price point is \$600,000 - \$800,000. He asked how he would price the units. Mr. Becker responded that he is not as familiar for-sale developments than homeowner units. Commissioner Hellner said that to make a unit at this price point affordable seems an enormous challenge.

Carl Becker asked what the price for a for-sale unit is. Ms. Boyer responded that the sale price would be around \$150,000 depending on the association dues, taxes, etc. Mr. Firsel said that their estimate was around \$150,000 - \$170,000 and it is not feasible to include one or two units in the development at this price. He said that the developer is offering to fully comply with the guidelines by paying the full fee in lie in the guidelines as was suggested by staff.

Peg Lane asked where she can get precise affordable home sale price amounts. Ms. Boyer said that she can provide that information, but it would be estimates because the affordable sale prices for developments need to be based, on part, on factors such as the property taxes, association dues, etc. of the particular development. She said that under the Village's guidelines, for-sale homes are to be affordable at households at 80% of the area median income.

Commissioner Hellner said that at some point it is counter intuitive that high price housing can be affordable housing. He said that does not mean that affordable cannot be provided, but trying to make a high value unit into an affordable unit at some point does not work. He said that he does not know how to make a unit at this price point affordable. It is more readily done with rental units than for-sale units. He said at the some point the market price prevents units in the proposal from being affordable. The price write down for the affordable units would need to be spread across the market rate units, and at some point that does not work.

There was a discussion about the price a household at 80% of area median income would be able to afford. Commission Tripp confirmed that there are several variable factors and that the number is something of a moving target.

Mr. McLaughlin said that the developer ran proformas on whether one of the townhomes could be split into two affordable units under various scenarios, but none of them worked.

Peg Lane suggested that some educated professionals such as architects and funders to come up with creative solutions for affordable housing. She asked if that can happen. Ms. Boyer responded that that is the kind of research and discussion that staff is working on. Solutions

Commissioner Creer said that the \$120,000 will not go to waste. He said that the Housing Commission received requests from agencies such as the Little City Foundation for funding for group homes in the

Village. He said that using the funds for a use like this makes more sense that including an affordable unit in this type of development. He said that he was in favor of the earlier proposal for this site with 80 units, and it would have made sense to required affordable units in that type of development.

Mr. Moens suggested that the fee could be applied to the cost of a unit and would contribute to bringing down the price. He asked again that if the Housing Commission is looking at the fee that it be charged for two units and paid right away.

A motion was made by Commissioner Hageli, seconded by Commissioner Creer to recommend to the Village Board that it accept as the affordable housing component of the Sigwalt 16 development a fee-in-lieu of providing 1.6 affordable units at \$75,000 per affordable unit not provided (i.e. 1.6 units x \$75,000) for a total of \$120,000 to be paid upon the issuance of the first building permit. The motion was approved unanimously.

Peg Lane asked why the staff went down in its recommendation with regard to the Arlington 425 project from the 54 units called for in the guidelines to the 18 units. Ms. Boyer said that she would give Ms. Lane her telephone number and would be happy to answer her questions. Commissioner Hellner responded that Arlington Heights is just one of a few communities in the area with a policy of this kind. He said that since 2012, when the Village started applying the guidelines that the housing market was poor, but the Village has been more aggressive in applying the guidelines. He said that he would rather see affordable units too, but that is hard to do at the high end of the market. He pointed out that the group homes referred to by Commissioner Creer help an even more disadvantaged group that general low/moderate-income residents.

Peg Lane asked if the Housing Commission has a timeline for the use of the Trust Fund. She asked if 3 months would be enough.

Commissioner Hellner said that the Housing Commission wants to maximize the impact of allocations from the Trust Fund. Commissioner Creer said that there is more money coming into the Trust Fund in the future. He said that there was a discussion that then there is about \$500,000 in the Trust Fund, the Housing Commission determine how to use it. Commissioner Tripp commented that the Housing Commission has discussed how the Trust Fund money could be best used at a couple of Housing Commission meetings.

Keith Moens said that the Village needs to revamp the guidelines. Commissioner Hellner said that as much flexibility as has been the case may not have been as positive a idea as thought previously.

IV. MINUTES

A motion was made by Commissioner Hellner, seconded by Commissioner Tripp to approved the minutes of the April 29, 2019 and May 6, 2019 Housing Commission meetings. The motion was approved unanimously.

V. OLD BUSINESS

A. Single Family Rehab Program

Ms. Boyer reported that there is one pending case, but the homeowners have not been following up. She said that she has recently received telephone calls requesting application forms.

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B. Group Home and Transitional Housing Acquisition and Rehab Program.

Ms. Boyer reported that the Little City project has been converted from an acquisition project to a rehab project. The work is under contract.

C. Timber Court

Ms. Boyer said that the Village is awaiting the judgement of damages from the pending lawsuit. There is a local bank that agreed to provide mortgages under the Village's for-sale affordable housing guidelines a few years ago despite the high percentage of rental units in the development. However, the lender said they could not provide mortgage with the litigation still pending. This same lender is being updated as the situation develops to determine if they continue to be willing to provide the mortgage once the litigation is resolved.

D. Substantial Amendments to 2015-2019 Consolidated Plan and Draft 2019 Annual Action Plan

Ms. Boyer said that she submitted CDBG applications for the Single Family Rehab Program and the Group Home and Transitional Housing Acquisition and Rehab Program. She asked for the same grant amounts as for the previous year. She said that the Village is developing the 2019-2020 Annual Action Plan, of which the 2019-2020 CDBG budget is a part. The Village is also proposing some amendment to the 5-year Consolidated Plan. This is the fifth year of the Consolidated Plan, and some amendments to change total allocations for goal areas and total beneficiary numbers are proposed to be changed to reflect actual allocations and beneficiary counts over the first four years under the Consolidated Plan and anticipated allocations and beneficiary numbers in the fifth year.

Commissioner Hellner asked if this means that the Village is developing a new 5-year Consolidated Plan. Ms. Boyer responded that it does.

VI. OTHER

Peg Lane asked why meeting materials are not posted until the Friday before a Housing Commission meeting. Ms. Boyer explained how the public had been provided with notice about the Consolidated Plan, Annual Action Plan and CDBG matters. It was clarified that Ms. Lane was referring to the Housing Commission packet. Ms. Boyer explained that the Village process calls for meeting packets to be posted on the Friday before meeting held the next week. The process was changed in that meeting dates and times are posted further in advance. Ms. Boyer said that sometimes it is not known what will be on agendas until into the week before a scheduled meeting and that there are factors outside staff's control regarding when information in the packets is ready to be posted. She said that the process is applied across the Village and is established by the Village Manager's office. She said that she does not have the authority to change the process.

VII. ADJOURNMENT

A motion was made by Commissioner Hageli, seconded by Commissioner Hellner, to adjourn the meeting. The motion passed unanimously. The meeting adjourned at 8:15 pm.

NEXT MEETING: July 2, 2019 7:00 pm.