

Summary/Analysis and Options on Housing Commission Key Discussion Topics from the February 4, 2020 Meeting on the Final Draft Inclusionary Housing Ordinance

Topic: Senior Housing

Committee of the Whole Change:

Section 7-1702 Definitions - Removed the definition of Senior Residential Community &

Section 7-1709 Senior Residential Community - Removed entire section pertaining to affordable housing requirements in Senior Residential Communities

Section 7-1702 Definition (n)

- n. ~~Senior Residential Community. A senior living facility containing one or more of the following and housing and services: independent living, assisted living, memory care/Alzheimer care, and nursing home.~~

~~Section 7-1709 Senior Residential Community. Developers of Senior Residential Communities shall provide to the Village a breakdown of the types of units in the facility (memory care, assisted living, or nursing home units). The requirements for affordable units in Senior Residential Communities as follows:~~

- a. ~~No affordable units or fee in lieu of affordable units are required for memory care units, assisted living units, or nursing home units in a Senior Residential Community.~~
- b. ~~If a Senior Residential Community contains independent living units, 5% of the independent living units are to be on-site affordable units. If affordable on-site units are not provided, a fee in lieu of affordable units shall be required for \$75,000 for each of 10% of the independent living units in the Senior Residential Community.~~
- c. ~~The maximum gross rent to include housing and services, including but not limited to meals, transportation, laundry and other services, shall be affordable to households with annual incomes at 60% of area median income devoting no more than 55 percent of their gross income to monthly housing and services expenses.~~

Housing Commission Motion

A motion was made by Commissioner Creer, seconded by Commissioner Eggum to treat senior housing developments the same as for-sale housing under Section 7-1708, exempting them from mandated affordable units and requiring the same fee structure. The motion was approved Ayes: 6 and Nays: 0.

Housing Commission Discussion (from Housing Commission Draft 2/4/2020 Minutes)

The removal of the definition of Senior Residential Community prompted a discussion concerning the Committee of the Whole's removal of senior housing independent living from the requirements of the Ordinance. Ms. Boyer explained that, as she recalled, the discussion had to do with not wanting other

senior residents to have to absorb the cost of the affordable units. With regard to removing the requirement for senior housing, Commissioner Kiefer said that the Trustees commented that they did not want to discourage the development of senior housing since it is a community need.

Commissioner Eggum stated that senior communities are unique in that residents move from one level of care to another. Several Commissioners stated that it does not make sense to them that senior housing developments should be excused entirely without at least paying a fee into the Affordable Housing Trust Fund. It was suggested that if affordable units are not going to be included in senior developments that they should be treated like for-sale developments and be excused from including affordable units but be required to pay a fee into the Affordable Housing Trust Fund. Excusing senior housing developments completely from making an affordable housing contribution was viewed as inequitable.

Options

1. Make no change.
2. Reinstate the definition of Senior Housing Community and the original Section 7-1709 Senior Housing Community requirements exempting memory care, assisted living, and nursing home developments and requiring that for developments of 10 or more units, 5% affordable units in senior independent living buildings be affordable or that the developer pay a \$75,000 fee in lieu for 10% of the total units in the senior independent living.
3. Revise Ordinance to reflect the Housing Commission recommendation that developments of 10 units or more that for all types of senior housing (independent living, assisted living, memory care, and nursing home units) be exempt from providing affordable units but pay a fee in lieu for 10% of the total units at a rate of 12.5% of the value of the units with a cap of \$75,000 fee per affordable unit as recommended by the Housing Commission.
4. Modify Housing Commission recommendation and require fee only for senior independent living.

Analysis

The Housing Commission recommends applying an affordable housing requirement to all senior for-sale units and rental units including independent living, assisted living, memory care, and nursing homes. Senior housing can be complicated in that extensive amounts of services may be included in the monthly costs, with the services being especially heavy for assisted living, memory care, and nursing homes. Senior housing is sometimes also provided as a hybrid where the senior pays a sometimes significant entry fee and then a monthly cost for rent including services. Senior housing can also be complex by the involvement of medical insurance and Medicaid. Due to these complications, especially for assisted living, memory care, and nursing homes; staff's original proposal applied affordability requirements only to independent-living senior housing at this time. An alternative to the Housing Commission recommendations could be a fee for senior independent units.

Topic: Alternative Contributions

Committee of the Whole Change:

Section 7 – 1712 Alternative Contributions – Removed entire Section.

~~**Section 7-1712 Alternative Contributions.** The Village Board may approve one or more of the alternatives set forth below as an alternative contribution for affordable units required by Sections 7-1707 and 7-1709. Alternative contributions shall not be considered unless the applicant demonstrates to the satisfaction of the Village Board that the alternative means of compliance will further affordable housing opportunities in the Village to an equal or greater extent than compliance with the otherwise applicable on-site requirements of this Article. Proposals for alternatives shall be considered on a case-by-case basis by the Village Board and may be approved at the Village Board's sole discretion.~~

The available alternatives are:

- ~~a. The providing of off-site affordable units within ¼ mile of a Covered Development Project in the Downtown District (B-5) or within ½ mile of a Covered Development Project in all other zoning districts.~~
- ~~b. Dedication of land and/or building to the Village or a non profit organization approved by the Village intended to be used for an affordable housing development.~~

Housing Commission Motion

A motion was made by Commissioner Kiefer, seconded by Commissioner Hageli to recommend to the Village Board that Section 7-1712 be reinstated into the Inclusionary Housing Ordinance with the clarification that this provision is not intended to permit the concentration of affordable units but rather to provide an opportunity for the Village to consider creative, alternative contributions that the developer would need to demonstrate to the satisfaction of the Village Board are of equal or greater in addressing the Village's affordable housing goals than complying with the other applicable requirements of the Ordinance. The motion was approved Ayes: 6 and Nays: 0.

Housing Commission Discussion (from Housing Commission Draft 2/4/2020 Minutes)

Chairman Hageli commented that he was disappointed that the Committee of the Whole removed this section, and that he thought it was creative on the part of the Housing Commission. Commissioner Kiefer said that he thinks it was a perception problem that he thinks was unfortunate. He said that Committee of the Whole was concerned that this section would lead to concentrations of affordable units rather than the units being disbursed in certain buildings or areas. He said that he does not think that is the intent of the Housing Commission or the provision in the Ordinance. He said that the provision would have injected a little more flexibility, and he does not see any harm in leaving it in the Ordinance.

Commissioner Hageli said that he would like the message to get to the Trustees that it is not the intention of the Housing Commission to promote the concentration of affordable units. Rather, the intent is to be open to alternatives that may result in more affordable units. The Housing Commission pointed out at an earlier meeting that safeguards would need to be put in place to insure that off-site units were well maintained. Commissioner Creer pointed out that the language says that an alternative contribution would have to further the Village's affordable housing goals "to an equal or greater extent" than the applicable requirements of the Ordinance and that the Village Board has the authority to

accept or reject proposed alternatives. The members of the Housing Commission like the possibilities of creative solution that might be developed under this provision.

Commissioner Hageli offered that a representative(s) of the Housing Commission could come before the Village Board to explain the reasoning behind this recommendation.

Options

1. Make no change.
2. Reinstate original Section 7-1712 Alternative Contributions with additional language stating that this provision is not intended to permit the concentration of affordable units but rather to provide an opportunity for the Village to consider creative, alternative contributions.

Analysis

The decision regarding whether to include a section in the Ordinance regarding alternative contributions appears to be a matter of message since the Village would have the authority to accept (or not accept) alternative contributions at its sole discretion. Including the section could call in into question the level of commitment on the part of the Village to enforce either the inclusion of on-site units or the payments of fees in lieu of units. Alternatively, not communicating that the Village is willing to listen to alternatives proposed by the developer may cause the Village to miss out on creative alternatives or partnerships that could result in benefits equal to or greater than those required in the other provisions of the Ordinance.

Topic: Preferences in Leasing of Rental Units

Section: Not applicable. Preferences were not included in the Draft Inclusionary Housing Ordinance. It was intended that preferences would be addressed in administrative guidelines.

Housing Commission Motion

A motion was made by Commissioner Eggum, seconded by Commissioner Miller to recommend to the Village Board that it add a Section 7-1714 to the Inclusionary Housing Ordinance stating that preference shall be extended for affordable units for rental to persons who meet one of more of the following criteria:

- 1. Veterans**
- 2. Persons with disabilities**
- 3. Long term Arlington Heights residents defined as residents who lived in Arlington Heights for a minimum of 15 of the past 25 years**
- 4. People who are employees of Arlington Heights business or organizations.**

The motion was approved Ayes: 6 and Nays: 0.

Housing Commission Discussion (from Housing Commission Draft 2/4/2020 Minutes)

Commissioner Eggum asked about the discussion of preferences in the leasing of affordable rental units, which was previously discussed by the Housing Commission, and which is not addressed in the draft Ordinance. Commissioner Kiefer commented that the Trustee, as the Committee of the Whole, asked for more information on this subject. Ms. Boyer responded that the intention is to include the preferences in the program guidelines.

Commissioner Eggum advocated for the Village to establish the preference categories by Ordinance. Implementation of those preferences could be handled in the guidelines. He offered a definition of long term residents. There was a discussion of the pros and cons of including the preferences in the Ordinance versus in the guidelines, and a consensus was reached to recommend including the preference categories in the Ordinance.

There was also a discussion concerning the preferences previously discussed by the Housing Commission. A member of the audience was concerned that including a preference for long time Arlington Heights residents worked against more diversity in the community. He asked if underrepresented minorities could be included as a group that receives preference. Commissioner Eggum said that may be equal protection concerns and he is not comfortable with something that is not certainly within Illinois law. Some other communities' inclusionary housing programs include preferences.

It was clarified that the classifications are equal, not ranked.

Options

1. Make no change and address preferences in the administrative guidelines.
2. Modify the Ordinance to include the unranked preference categories as recommended by the Housing Commission.
3. Modify the Ordinance to include the preferences suggested by the Housing Commission with the exception of "long term" Arlington Heights residents.
4. Modify the Ordinance to include the preferences suggested by the Housing Commission but changing the preference for "long term" Arlington Heights residents to a preference for current Arlington Heights residents who have lived in Arlington Heights for at least two years prior to application for a unit. This two-year residency requirement is consistent with the residency requirement under the Village's Single Family Rehab Program.

Analysis

The Ordinance as originally proposed did not include preferences for the leasing of affordable units. Rather, it was proposed that preferences be included in the administrative guidelines in order to permit some administrative flexibility in implementation. There is a concern that documenting long term residency (15 of the past 25 years as recommended by the Housing Commission) would be too cumbersome to implement.

If the Village Board wishes to add preferences to the Ordinance as opposed to just in the administrative guidelines, the following could be considered:

Section Number to be Determined Preferences

Priority for affordable dwelling units will be given first to qualified households who meet one or more of the following unranked qualifications:

1. Veterans
2. Persons with disabilities
3. Arlington Heights residents who have resided in Arlington Heights for at least the past two years
4. People who are employees of Arlington Heights business or organizations