

Staff Report to the Housing Commission

To: The Chairman and Members of the Housing Commission
From: Nora Boyer, Housing Planner
Re: 310 Arlington - Affordable Housing Plan Housing Guidelines
Report Prepared: February 25, 2021
Meeting Date: March 2, 2021

Background

310 Arlington is an affordable housing project proposed to be located at 310 W. Rand Road at the southeast corner of Rand Road and N. Chestnut Avenue. The developer's Affordable Housing Plan (attached) indicates the following about the proposed project:

- Current condition of property: Vacant land; 2.2 acres
- Type of housing proposed: New construction; multi-family
- Total number of units: 40
- Number of affordable units: 40
- Number of market rate units: 0
- Unit mix: 20 one-bedroom/one-bath (690 sf); and 20 two bedroom/two bath (910 sf)
- Affordability levels: 32 units to be affordable at 60% of area median income (AMI); 8 units to be affordable at 30% of area median income (AMI)
- Rents
 - 8 one-bedroom units affordable at 30% AMI: \$384/month
 - 12 one-bedroom units affordable at 60% AMI: \$871/month
 - 20 two-bedroom units affordable at 60% AMI: \$1,047/month
- Affordability period: 30 years

Also attached are the developer's responses to questions posed by staff. This supplement:

- Provides locations of other Housing Trust Group and Turnstone Development Projects
- Indicates that the anticipated public sources of funding are: Illinois Housing Development Authority (IHDA) 9% tax credits; and a \$1 million dollar Cook County HOME loan
- The developer is not applying for IHDA supportive housing financing and there is no plan to provide supportive services at this project
- Provides the staffing plan
- Describes the tenant selection process
- Explains the source of the maximum monthly rent amounts

Inclusionary Housing Requirement

Number of Required Affordable Units:

In August 2020, the Village Board approved the Village's Inclusionary Housing Ordinance. Since this development is proposed to be publicly assisted, the affordable housing requirement is found at Section 7-1707(b)(3) of the Ordinance:

"All Zoning Districts – Publicly Assisted Development. The affordability requirement is that 10% of the total number of units in the development must be affordable on-site units. There is no fee-in-lieu option for publicly assisted development."

- Number of Affordable Units required by the Inclusionary Housing Ordinance: 4

Affordability Period

According to Section 7-1701 of the Inclusionary Housing Ordinance, the affordable units created under this Ordinance shall be affordable in perpetuity.

- Required affordability period as per the Inclusionary Housing Ordinance for the 4 units: in perpetuity

Maximum Rents

Section 7-1707(c) provides that the maximum gross rent for affordable units created under the ordinance, including a utility allowance for utilities not provided with the rent, shall be the gross rent affordable to households with annual incomes at 60% of area median income as devoting no more than 30 percent of their gross income to monthly housing expenses as calculated annually by the Illinois Housing Development Authority based on number of bedrooms in the unit. The current (2020) IHDA rent limits at 60% of AMI are \$1,023 for a one-bedroom unit and \$1,228 for a two-bedroom unit.

The rents proposed by the developer 95% off the IHDA maximum rent limits. IHDA Low Income Housing Tax Credit financing requires a utility allowance.

- Maximum rents for the 4 units required as per the Inclusionary Housing Ordinance: IHDA rents for applicable unit size at 60% of AMI less a utility allowance.

Preference

The Village's Inclusionary Housing Guidelines include preferences for tenancy of the affordable units provided under the ordinance for (not in an order of priority): veterans, persons with disabilities, Arlington Heights residents who have resided in Arlington Heights for at least the past two years, and people who are employees of an Arlington Heights business or organization.

According to the developer, the Illinois Housing Development Authority financing they hope to secure required the following preferences:

1. Existing tenant transfers based on household size or the need for an accessible unit
2. Applicants displaced from an urban renewal area
3. Applicants displaced as a result of a governmental action
4. Applicants displaced as a result of a major disaster
5. Veterans

The developer also plans to have 8 units which are reserved for referrals from Illinois' Statewide Referral Network program. These units must be held for 30 days so the state can send referrals. If no referrals qualify for occupancy, then a waiver is requested and the unit is rented in a manner consistent with all other units.

The developer states that they "must incorporate IHDA's mandated waitlist preferences as stated above but additional pre-approved preferences are allowed. A preference for veterans is already required by IHDA and a preference for persons with disabilities is one which the developer will comply with and customarily does in other projects.

The developer states they have "no issue complying with the residency and local working preferences; however, HUD approval is required before it can be instituted. Once HUD and IHDA confirm that establishing such a preference will not be in direct conflict with the Affirmative Fair Housing Marketing Plan, approval should be received."

The developer has also stated that they “will submit a request for residency and local working preferences to HUD and IHDA to demonstrate the need for the preferences. Once approved, they will be put into effect immediately. Additionally, the developer can work with the Village to find the most effective outlets for advertising and marketing so that local residents are aware of the new development.”

Recommendation

It is recommended that the affordable housing component of 310 Arlington meet the following conditions:

1. Two 2 actual affordable one-bedroom and 2 actual affordable two-bedroom units be provided (10% of all units).
2. Maximum gross rent for the four (4) affordable units created under the ordinance, including a utility allowance for utilities not provided with the rent, shall be the gross rent affordable to households with annual incomes at 60% of median income for the Chicago-Joliet-Naperville-area as calculated annually by the Illinois Housing Development Authority based on number of bedrooms.
3. The income eligibility standard for the affordable units is to be 60% of the Area Median Income (AMI) for the Chicago-Joliet-Naperville area, adjusted for household size, as updated annually by HUD.
4. Preference for tenancy for the four (4) affordable units shall be given in compliance with the Inclusionary Affordable Housing Guidelines.
5. The developer shall submit a request for residency and local working preferences to HUD and IHDA in order to seek approval to incorporate Arlington Heights’ Inclusionary Housing Ordinance tenant preferences in the tenant selection for this development.
6. The developer shall comply with the Village’s Inclusionary Housing Ordinance and Guidelines.
7. The developer shall submit an annual report concerning compliance with the affordable housing program by March 1 of each year in a form as determined by the Village and in compliance with all other elements of the guidelines.