

DRAFT

MINUTES OF A MEETING OF
THE ARLINGTON HEIGHTS HOUSING COMMISSION
VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
August 3, 2022

IN ATTENDANCE:

Commissioners

Present: David Miller Ken Kiefer
 William Delea Janice Krinsky

Commissioners

Absent: John Eggum Andre Arrington

Staff Present: Nora Boyer, Housing Planner/Staff Liaison

Presenters Present:

Jon Dennis, UrbanStreet Group
Jim Wells, UrbanStreet Group
Teresa Bateman, Urban Street Group
Jake Victor, Northpointe Development

I. CALL TO ORDER

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

II. Roll Call

Present: D. Miller, W. Delea, K. Kiefer & J. Krinsky

Absent: J. Eggum & A. Arrington

A motion was made by Commissioner Kiefer, seconded by Commissioner Delea that Commissioner Miller serve as the chairman of the meeting in Chairman Eggum's absence.

Ayes: K. Kiefer, W. Delea, J. Krinsky & D. Miller

Nays: None

Abstain: None

III. APPROVAL OF MINUTES

A motion was made by Commissioner Delea, seconded by Commissioner Kiefer to approve the minutes of the May 18, 2022 meeting with two typographical corrections.

Ayes: K. Kiefer, W. Delea & D. Miller

Nays: None **Abstain:** J. Krinsky

IV. AMENDMENT OF AGENDA

A motion was made by Commissioner Miller, and seconded by Commissioner Krinsky to amend the meeting agenda and move New Business Item: Preliminary Review of UrbanStreet Group Affordable Housing Approach for International Plaza/TIF 4 to next on the Agenda.

Ayes: K. Kiefer, W. Delea, J. Krinsky & D. Miller

Nays: None

Abstain: None

V. Preliminary Review of UrbanStreet Group Affordable Housing Approach for International Plaza/TIF 4

Commissioner Miller introduced staff Nora Boyer who provided a summary of the purpose of the preliminary review. She also provided a summary of the Staff Report that was included in the Housing Commission packet. This summary described the overall development as including a total of 302 apartments of which 37 would be affordable. She reviewed the comparison of the preliminary proposal with the Village's Inclusionary Housing Ordinance and pointed out where the preliminary proposal exceeds, complies with, does not comply with, or does not address the provisions of the Ordinance. She concluded by stating that Staff recommends proceeding with the development concept as presented including a separate affordable housing building within the redevelopment area at the proposed 37 affordable units pointing out that the proposal has 10 affordable units than is required. Staff emphasizes that the affordable units are to be affordable in perpetuity.

Commissioner Miller introduced Jon Dennis with UrbanStreet Group and Jake Victor with Northpointe Development. Jim Wells and Teresa Bateman with UrbanStreet Group were also present.

Mr. Dennis provided an overall overview of the proposed redevelopment pointing out that it currently contains a largely-vacant shopping center. He said they have been working on the project for about a year. The proposed redevelopment is a mixed-use project that would include retail/commercial/medical uses along Golf Rd. The rest of the space would be residential. There would be 7 multi-family, apartment buildings with six at market rate and one affordable. He described his company's experience with similar projects in the Chicago area.

Mr. Dennis stated that under the proposed approach, the planned 37 affordable units would all be included in one building. He said that UrbanStreet Group believes in affordable housing and they are taking an approach that not only meet but exceeds the number of affordable units required by the Inclusionary Housing Ordinance. They think they can do this by developing the market rate buildings and an affordable building.

Mr. Dennis stated that they believe in and support inclusionary housing and want to support or exceed the affordable housing goals. To accomplish this, UrbanStreet Group (which has experience and expertise in market-rate rental development) plans to partner with Northpointe Development (which is and experienced affordable housing developer). He stated that this is a challenging site to redevelop, but they found a way to include 37 affordable units. He explained that UrbanStreet Group found a development partner in Northpointe Development has developed 1,200+ affordable housing units and that can access resources that UrbanStreet Group cannot.

Jake Victor thanked the members of the audience from coming and stated that as an affordable housing developer he appreciates their support of affordable housing. He acknowledged the hard work put into the Inclusionary Housing Ordinance.

Mr. Victor described his company's experience in developing affordable housing and the benefits of partnering with UrbanStreet Group. He said the plan here is to do a senior affordable building (age 55+).

Mr. Victor explained that Northpointe Development uses Low-Income Housing Tax Credit (LIHTC) financing, awarded through the Illinois Housing Development Authority (IHDA), to build affordable housing. He provided details on the proposed affordable building stating that it would be composed of 37 units, be a senior building, would be for tenants with annual incomes at a maximum of 60% of area median income (and possibly lower), would include amenities suitable for seniors. It is expected that 25% of the units would be 2-bedroom units which is something that is desirable to seniors who are downsizing. He said that Northpointe Development provides a building management company with experience in running affordable housing. He also stated that affordable housing Northpointe Development develops is designed to be affordable in-perpetuity, and there is agreement with the Village's Inclusionary Housing Ordinance that point. He said they may partner with a non-profit at the building.

Mr. Dennis addressed how the development is planned to be developed. He said that they are at the beginning of the entitlement process and that the market rate and affordable components are both part of the overall master plan. He stated that the affordable building will be subject to a somewhat different timeline than the market rate buildings due to the IHDA calendar for awarding LIHTC which are awarded annually.

Questions from the audience were taken. There was a question about the likelihood of receiving the LIHTC funding. Mr. Victor responded that the proposed affordable housing plan scores well against IHDA's scoring criteria and that funding for senior rather than family housing is more likely to be approved. His opinion is that the greatest challenge with regard to IHDA funding is it is a very competitive process and sometimes proposal must be submitted more than once before receiving financing. Northpointe Development intends to keep applying until the funding is awarded. The anticipated timeline is an award from IHDA in June of next year with construction to begin in November unless they need to reapply.

George Motto from the Senior Commission said that there is a concern about the affordable housing element of the development falling by the wayside. However, he also said that a survey done in connection with the Village's Age-Friendly Community effort revealed that senior housing was the number 1 concern of seniors in the community. He said that the news that the affordable units in this development would be for 55+ is phenomenal.

The developers were asked about affordable units for persons with disabilities. Mr. Victor responded that the design would be ADA complaint. A percentage of the units would be developed according to Universal Design Standards. Mr. Victor was asked about serving persons with mental illness and responded that they are welcome to live in the building and the management company is experienced with assisting tenants with making connections with services.

The developers were asked why it was not being proposed that the affordable units be disbursed among all 7 buildings. Mr. Victor responded that one building is the only way they could get up to 37 affordable units

and may also enable them to provide units at rent levels to even lower-income tenants (lower than 60% of area median income).

Commissioner Miller asked the developer to explain if it is the funding that would prevent the affordable units from being disbursed. Mr. Dennis said that the LIHTC program is not available to Urban Street Group which is a reason from bringing in Northpointe as a partner. He said that he does not think the tax credit financing would allow disbursement, and Mr. Victor stated that it would not. Mr. Dennis said that this is the approach and that has been used in other places. Mr. Victor said this is no different from other buildings they have built which are alongside market rate units, but in this case, it is being done at the same time.

Commissioner Miller asked what would happen if the LIHTC financing does not come through. Mr. Dennis said that they are confident that it will due to the high scoring. He said they have a good partnership with Northpointe Development, but if it came to that, UrbanStreet Group would seek another partner and UrbanStreet Group will keep at it until the financing is approved. Mr. Victor said that there is an advantage to working with UrbanStreet Group on this project because normally if a proposal is not funded by IHDA on the first funding round, Northpointe usually needs to negotiate with the property owner to reserve the property through a second funding round. In this case, the owner is UrbanStreet Group which understands and is prepared for the possible eventuality of needing to go through a second LIHTC application round with IHDA.

Commissioner Miller said that the challenge will be that it was intentional in the Ordinance that the affordable units be disbursed, and there is also an issue with the question of the affordable housing being delayed. Mr. Victor was asked about timing and reported that they anticipate that the LIHTC will be awarded for the project in June and group breaking would take place in November of next year.

Jim Wells said that there will be 5 – 6 months needed for demolition, burying utilities, installing underground detention, etc. to make the site ready. After discussion of the required site work and anticipated construction schedules it was thought that the timing for construction of the affordable and market rate buildings are not that far apart and it is possible that the one affordable building could even be ahead of completion of the six market rate buildings. UrbanStreet Group said that they do not open until construction is completely finished including the club house. Even if the LIHTC application goes into a second cycle, all buildings may be ready to open about the same time.

The audience asked about the proposed location of the affordable building to one side of the development and advocated for a more central location of the building in order for the affordable building and tenants to be fully integrated into overall site. Several reasons were discussed for the affordable building location including how the buildings fit on the site and avoiding on-site construction conflicts between the affordable building and the market-rate buildings. Mr. Victor stated that they usually build next to market rate buildings, and that the proposed location is still incredible and will have would have access to overall site amenities such as shared parking. He said that his company has built affordable housing next to market rate housing and this has been beneficial for both. Mr. Dennis said that the utilities will be delivered to the location of the affordable housing building and the affordable building to one side will enable Northpointe to work at its own pace without conflicts with the rest of the area. He pointed out that the distance from the affordable building to a market rate building is only about 60 feet.

Commissioner Kiefer thanked UrbanStreet Group and Northpointe Development for considering our community for this development. He also thanked the audience from coming and stated that public input is

welcome. He said that the Village is serious about the affordable housing topic and cares about its Inclusionary Housing Ordinance. He asked Ms. Boyer about staff's reaction to the overall proposal. Ms. Boyer said that staff's view of the overall, mixed-use proposed development is favorable. Staff is supportive of proceeding with the concept of the separate affordable housing building with more information about that and the issue of timing. She said this preliminary review process is helpful in gathering more information.

Commissioner Kiefer reviewed the standard in the Inclusionary Housing Ordinance for granting relief from the Ordinance requirements and said that the developer would have to demonstrate undue hardships that justify the relief. He said that the developer will need to demonstrate their hardship that would make disbursing the affordable units not feasible.

Mr. Dennis said that exceeding 10% is not possible if the affordable units are disbursed. Mr. Dennis responded that financing is a strong factor in how the plan was put together including the issue that there are only 16 years remaining on the TIF. He said that they are looking for solutions to the challenges of the site and think they found a solution on the affordable housing. He said their goal is to exceed the number of affordable units called for by the Affordable Housing Ordinance, and therefore, sees the project as positively responding to the Ordinance rather than seeing it as one that needs relief.

Commissioner Kiefer expressed that the timing of the development of the seventh (affordable) building is a factor that needs to be considered moving forward. He asked about the exterior and interior construction materials and assurances that the affordable building would be of equal quality as the market rate buildings. Ms. Dennis responded that the master plan will set design and material standards and that the affordable building will not be discernable from the market rate buildings. It was also discussed that the exterior property management of the full site would be handled by the same management company for consistency in the exterior maintenance and appearance of the full site. There was a question about rent rates. The response was that the rents for the 2-bedroom market rate units would be around \$2,500 - \$2,600 and the affordable units for a two-bedroom would be around a \$1,400. Mr. Victor stated that some of the affordable unit building space would likely be proposed as amenity space rather than garages. Some in the audience said that seniors need covered parking.

There was a discussion regarding which amenities would be shared between the affordable building property and the market rate property. Some in the audience advocated for access by the affordable building tenants to amenities such as the club house in the market rate area. Security concerns were touched on, and it was stated that how amenities will be shared will need further exploration.

Commissioner Kiefer concluded his feedback by stating that he agrees with the focus on a senior community and providing the affordable units to tenants at 60% of area median income. Below 60% of area median income would be even better. Those are his recommendation with regard to the affordable component.

Commissioner Delea returned to the question of what would happen if the affordable housing funding does not come through. Mr. Dennis said that they are subject to the Village's affordable housing requirements and will find a way to comply. Commission Delea said that he has no complaint about the affordable units being in a separate building based on the developers' explanations for the reasons.

Commissioner Krinsky stated that she likes the plan and the location of the proposed affordable building. She said that the market rate buildings are more likely to have children and the location of the affordable

building may possibly be quieter. She said that as laid out, children in the market rate units would be closer to the park and elementary school. She said that most of her questions were answered, but she had a question about whether use of the pool would be available to the affordable building tenants and encouraged the further discussion about the shared amenities. She said that redevelopment of this area has been needed for a long time and pointed out that the TIF has already been extended once.

Fred Vogt identified himself as a member of the Senior Citizens Commission and said that the Village needs to consider making sure that the affordable component of the project gets built. He said that he has seen too many developments where the affordable housing component has not happened. He urged the Village use whatever means necessary to ensure that the affordable housing is built. Otherwise, he said the project is very good.

Sue Viecelli, who is a member of the Senior Citizens Commission, stated that they are happy to hear that the affordable building would be for persons 55+. She mentioned the age-friendly survey and pointed out that this housing would be in close proximity to the Senior Center.

John Dyer stated that his concern is the protection of the Inclusionary Housing Ordinance. He is concerned that granting relief may weaken the Ordinance for when the next developer comes along seeking relief.

Mr. Victor was asked if there would be 24-hour, on-site management of the building and about the affordable building's amenities. He said that there would be on-site management, but it may not be overnight. He said that the amenities inside the building would include things such as a library, pool room, and community space for board games. He said that Northpointe Development is a for-profit company but may partner with a non-profit organization. It was pointed out that the affordable building would likely fill right away.

There was a question about whether the Village is putting any money into the project. Ms. Boyer said that question was not the purview of the Housing Commission, she did not have information on that topic, and that topic would be covered at other meetings. Mr. Dennis generally talked about the TIF and the need for the public/private partnership at this location.

Linda Waycie said that she is a representative of Southminster Presbyterian Church's Faith in Action Team. She said that she is thankful for the Inclusionary Housing Ordinance. She said that she knew the Ordinance would be challenged and that this developer is challenging it. She pointed out that the Ordinance calls for the integration of the units. She asked that the Village look into everything that was said by the developers tonight including what they were told by IHDA. She said that she did not know if it is true that LIHTC are not available at this time in Arlington Heights for more general housing. She said that it is been stated that senior housing is difficult to develop, but an affordable senior development was just built in Mt. Prospect. She said that the Village should look into Evanston's experience in developing lots of affordable housing and that Evanston has been successfully integrated affordable units into market rate buildings. She said that she questions whether the amenities of the buildings 1-6 area will be fully shared with the affordable building. She said that she thought that affordable units developed under the Ordinance were supposed to be available to all residents that meet the income guidelines in the Village of Arlington Heights. She said that rents are going up for everyone and hopes that the Village will not be blindsided by offer of 10 more units than are required.

Doug Harrison said that he came to represent Our Saviors Lutheran Church. He stated that the Village should do thorough research on this project.

Keith Moens stated that the developer would need relief from two requirements. One is the segregation of the affordable units from the other units, and the second is that it is not being proposed that the affordable building be built concurrent with the market rate buildings. He said that there is a good chance the affordable building will not get built. He said that it is stigmatizing to the tenant segregate the affordable units and that the affordable units need to be integrated into the market rate buildings. He said that the proposal goes against intent of Ordinance. He said that UrbanStreet Group is benefitting from TIF goodies so they can comply now, not in future. He also questioned one developer being allowed to use another developer to fulfill its obligations.

Commission Krinsky stated that she is confident that the Village will take this seriously, look into everything, and make sure we get a fair deal. Commissioner Krinsky said that she had hoped for affordable housing for families since there is such a great need, but she understands that there is a great need for affordable senior housing too. She asked for clarification on whether this as a LIHTC project needs to be senior housing rather than family housing. Mr. Victor responded that he spoke with IHDA on the phone last week and asked about options. The IHDA representative said that since Arlington Heights was approved for tax credits for a family development just last year that just broke ground that family housing (not age-restricted) would likely not get funded at this point, and that senior housing would be more likely to be funded.

Ms. Cayer suggested that if the building were less extravagant that it would not need TIF money.

Miel Johnson introduced herself as representing the League of Women Voters. She said they were delighted by the redevelopment of International Plaza and proposed housing for seniors. She said they are concerned about the segregation of the affordable housing, sharing of amenities, and concerned that the affordable building will not be built. She said the League of Women Voters is asking the Village to uphold the spirit and intent of the Inclusionary Housing Ordinance.

There was a question about whether tenants in the senior building would be allowed to have grandchildren they are raising in the building. Mr. Victor said that he would look into this.

Commissioner Miller concluded the input at this meeting was a good representation of what the developers will hear throughout the process. He recommended taking the comments seriously and elaborating on those items. Mr. Miller said that this is a pro-affordable housing community. Mr. Victor said that it is rare for a community to have a Housing Commission and so many residents supporting affordable housing.

V. REPORTS

None

VI. OLD BUSINESS

A. Single-Family Rehab Program

Ms. Boyer reported that there are three open projects. She said that the applicants for Case 2022-02 are requesting a waiver from the requirement that a homeowner have owned their home for at

least 2 years prior to being eligible for the program. The applicants purchased the home in May 2022. The Housing Commission's direction was that the 2-year residency requirement be upheld but staff can suggest to the applicant that they can come back in 1 year for reconsideration of a waiver.

B. 2022-2023 Annual Action Plan CDBG Allocations

Ms. Boyer reported that the Village Board allocated \$100,000 for the Single-Family Rehab Program and \$68,240 for the Group Home Rehab Program. The pending grant applications for the Group Home Rehab Program total \$104,175 and the Housing Commission will need to make some funding decisions in the next couple of months.

C. Affordable Housing Trust Fund – Request for Expressions of Interest (REOI) Update

Ms. Boyer said that mailing lists are being finished and she hopes that the REOI will be released soon.

D. Rental Registry Recommendation Update

Ms. Boyer said the Administration responded that this is not a project that can be moved forward at this time.

VII. NEW BUSINESS

A. Housing Commission 2023 Budget Request

A motion was made by Commissioner Delea and seconded by Commissioner Kiefer to submit a 2023 Housing Commission budget request in the amount of \$1,300.

Ayes: K. Kiefer, W. Delea, J. Krinsky & D. Miller

Nays: None

Abstain: None

VIII. OTHER BUSINESS

Ms. Cayer asked if anyone knew when Cook County would be sending out the property tax bills that are normally sent out in July but have not gone out. Commissioner Krinsky responded that it is not a Housing Commission matter but she happened to see online that there is a data sharing problem and the bills may not go out until 2023. Ms. Cayer also said that she heard that there are more homeless people and asked if the Housing Commission addresses this. Ms. Boyer said that CDBG funds are provided to address homelessness to Journeys|The Road Home, Northwest Compass, and WINGS shelter. Ms. Boyer said she does not know the plan for restarting the PADS program.

Keith Moens urged the Housing Commission to stick form on the requirements of the Inclusionary Housing Ordinance.

VIII. ADJOURNMENT

A motion was made by Commissioner Delea, seconded by Commissioner Kiefer to adjourn the meeting. The meeting ended at 8:40 pm.

Ayes: K. Kiefer, W. Delea, J. Krinsky & D. Miller

Nays: None

Abstain: None

Cancelled: August 17, 2022 Meeting

Next Meeting: Wednesday, September 21, 2022 at 7 pm