

## **REPORT TO THE HOUSING COMMISSION**

To: Housing Commission  
Prepared By: Nora Boyer, Housing Planner  
Date Prepared: June 26, 2014  
Meeting Date: July 1, 2014  
Topic: Response to Village Affordable Housing Policy  
Parkview Apartments - 212 N. Dunton

### **BACKGROUND**

Since December 7, 1998, it has been the policy of the Village that the inclusion of housing units to be made available at affordable rates will be included in the review and consideration of new multi-family residential Planned Unit Developments (PUD). Plan Commission applications for multi-family PUDs are to include assessments of the projects' responsiveness to the Village's affordable housing goals. These assessments are presented to the Housing Commission for review and comment prior to consideration of the project by the Plan Commission.

On May 27, 2014, a Plan Commission application for a Planned Unit Development was submitted to the Department of Planning and Community Development for the Parkview Apartments proposed to be located at 212 N. Dunton Avenue, Arlington Heights, IL. The proposed development is for a seven-story building with a total of 45 residential units.

Guidelines concerning the inclusion of affordable housing units are contained in the Village's Multi-Family Affordable Housing Toolkit and Affordable Rental Housing Guidelines. These documents were updated in May 2014 to incorporate modifications recommended by the Housing Commission. The Affordable Rental Housing Guidelines provide maximum income levels for tenants and maximum rental rates. The guidelines also state that the income and rent levels of Federal affordable housing programs as approved by the Village may be substituted for the income and rent levels stipulated in the Village's guidelines.

### **PARKVIEW APARTMENTS – AFFORDABLE HOUSING ASSESSMENT**

In a letter dated May 23, 2014, the attorney for the petitioner with respect to the Parkview Apartments provided an Affordable Housing Assessment for the proposal. Additional information is provided in the project's Market Study.

The petitioner has indicated that the intent is to apply for an allocation of Low Income Housing Tax Credits (LIHTC) to provide financing for this project. The parameters of the affordable housing component of the project are based on the requirements of the LIHTC program.

The regulations of the LIHTC program are comparable to the policies contained in the Village's Affordable Rental Housing Guidelines with respect to the maximum income levels of tenants and maximum rental rates. The two primary differences between the Village's guidelines and the proposed project are that: 1) the Village's guidelines call for 15% of the units to be affordable (7 units) where the LIHTC program requires and the petitioner states that at 40% (19 units) will be

affordable; and 2) the Village's guidelines are to be in effect in perpetuity and affordability requirements under the LIHTC program are in effect for 15 - 30 years.

	VAH Affordable Rental Housing Guidelines	Proposed Parkview Apartments
Percentage of Affordable Units	15% of 45 units: 7 units required	19 of the 45 units (42%)
Maximum Incomes of Tenants for the Affordable Units	Maximum income of 60% of Chicago Area Median Income	Maximum income of 60% of Chicago Area Median Income. The program also provides minimum income levels for units in order to insure affordability.
Maximum Rental Rates	Maximum rents are those set by the Illinois Housing Development Authority for households at 60% of Chicago Area Median Income.	Maximum rents are set by the LIHTC program based on affordability to households with maximum incomes of 60% of Chicago Area Median Income.
Duration Units are to be Maintained as Affordable	In Perpetuity	Unspecified. The affordability compliance period for the Low Income Housing Tax Credit Program is 15 – 30 years.

Arlington Heights Affordable Rental Program Guidelines provide the following maximum income levels by size of household:

Household Size	Maximum Annual Income 60% of Chicago Area Median, Adjusted for Household Size for 2014
1	\$30,400
2	\$34,800
3	\$39,100
4	\$43,400
5	\$46,900
6	\$50,400
7	\$53,900
8	\$57,300

The proposal establishes maximum income limit that are consistent with the limits above and also establishes minimum income limits for units in order to insure affordability. The petitioner assumes an average household size of 1.5 persons per bedroom, resulting in the following maximum and minimum income calculations using 2012 income levels:

	VAH Maximum Income Levels Calculated at 1.5 Persons per Bedroom	Parkview Apartments Minimum and Maximum Income Range - 2012
1 Bedroom Unit	\$32,600	\$26,537 - \$32,600
2 Bedroom Unit	\$39,100	\$31,851 - \$39,100
3 Bedroom Unit	\$45,150	\$36,754 - \$45,150

The maximum gross monthly rents between the Village's affordable housing policy and the Low Income Housing Tax Credit Program are also comparable:

	VAH Affordable Rental Program Policy*	LIHTC Gross Rent**	Difference
1 Bedroom Unit	\$828	\$774	- \$54
2 Bedroom Unit	\$994	\$929	- \$65
3 Bedroom Unit	\$1,148	\$1,072	- \$76

\* Prior to reduction for utility allowance if the tenant pays utilities

\*\* Includes utility allowance

### **QUESTIONS OF THE PETITIONER**

Staff has the following questions and requests for information of the petitioner with respect to this project:

1. What are the other funding sources for this development beyond the Low Income Housing Tax Credits?
2. What are the eligibility criteria for tenants of the affordable units? How does this development further the housing needs that have been identified by the Village for families, senior citizens, and persons with disabilities?

### **CONCLUSION**

The petitioner's proposal is a unique opportunity to include affordable housing units in a mixed income development in the Village's downtown allowing the tenants to be located near entry level jobs in the downtown and near mass transit. Financing through the LIHTC program would result in affordability guidelines that are consistent with those of the Village and the added benefit that the program would be carefully monitored by the Illinois Housing Development Authority and the Internal Revenue Service for the first 15 - 30 years of the building's operation. This is similar to the application and monitoring of affordable housing requirements that have been in place with respect to Dunton Tower for over 30 years due to the financing of Dunton Tower under the Federal Industrial Revenue Bond program.

Staff is reviewing the proposed PUD and is in general support, but staff will continue to work with the petitioner on guest parking, the amount of commercial in the building consistent with the Village's downtown, and other aspects of the proposed project. The project is scheduled for Plan Commission public hearing on July 9, 2014.

## **RECOMMENDATION**

Upon satisfactory responses to the questions above, staff recommends that the Housing Commission recommend approval of 19 affordable units at Parkview Apartments, 212 N. Dunton Avenue, as described in the petitioner's Assessment of Affordable Housing and the Market Study with the following conditions:

1. The units are to be maintained as affordable in perpetuity under the Village's Affordable Rental Housing Guidelines.
2. Should the development receive financing under the Low Income Housing Tax Credit (LIHTC) program, the affordability requirements of that program shall apply during the affordability compliance period of the LIHTC program and at all other times the requirements of the Village's Affordable Rental Housing Guidelines shall apply.

### Attachments:

- Letter dated May 23, 2014 from the Petitioner's Attorney (Acosta Ezgur, LLC) containing the "Affordable Housing Assessment" for the Parkview Apartments
- A Market Study for the Proposed Parkview, 212 Dunton Avenue, Arlington Heights, IL 60004, May 21, 2014
- Village of Arlington Heights Affordable Rental Housing Guidelines