

# APPROVED

MINUTES OF A MEETING OF  
THE ARLINGTON HEIGHTS HOUSING COMMISSION  
HELD AT ARLINGTON HEIGHTS VILLAGE HALL  
VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS  
JULY 1, 2014

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## IN ATTENDANCE:

### Commissioners

Present: Mark Hellner Karen Conway  
Namrita Nelson Alex Hageli

Commissioners Absent: Siobhan White Anisa Jordan

Staff Present: Nora Boyer, Housing Planner/Staff Liaison

Others Present: Terry Braune Little City Foundation  
Rose Carlson 201 N. Vail, Treasurer  
Duane Carlson Downtown Resident  
Kori Larson Glenkirk  
Michael Ezgur Acosta Ezgur  
Rev. Jeffrey Phillips St. John's United Church, AH  
Linda Berkowitz Glenkirk  
Jessica Berzac UP Development, LLC (via telephone)  
Jim Bertucci  
Ann Musoff

## I. CALL TO ORDER/PLEDGE OF ALLEGIANCE

The meeting was called to order at 7:00 p.m. and the Pledge of Allegiance was recited.

For the benefit of the audience, Chairman Hellner moved the New Business items ahead of the other items on the agenda.

## II. NEW BUSINESS

### A. Presentation of Group Home and Transitional Housing Program Applications

Little City Foundation Request: Ms. Terry Braune spoke on behalf of the Little City Foundation. She explained that Little City is requesting funds for the replacement of the roof and HVAC system at their group home on Euclid Avenue. The residence is the home of 6, low/moderate income women who have lived in the residence from 10 – 15 years. She explained that as the residents get older, they become less mobile and Little City is addressing their needs by offering more programming in the home.

Chairman Hellner complimented Little City Foundation for their work. Commissioner Conway asked the average age of the residents. Ms. Braune reported that the residents are considered seniors by Little City standards which means 55 years and older. The request is for \$15,630. The cost was arrived at through competitive bids.

Glenkirk: Kori Larson made the presentation. Glenkirk serves people with disabilities. The request is to renovate a kitchen in an Arlington Heights group home. It is the home to 6 men who have resided in the home for 15 years. The purpose of the renovation is to make the kitchen more accessible by adding adaptive equipment that would allow these physically challenged residents to become more independent in the kitchen. Ms. Larson said that the residents can do different cooking and cleaning tasks and the improvements would enable them to do more. Chairman Hellner asked if Glenkirk would provide a schematic of the kitchen and photographs. Ms. Larson said that she will do so. Commissioner Nelson asked about the timing of the project, and Ms. Larson responded that Glenkirk would want to proceed as soon as possible. Chairman Hellner complimented Ms. Larson on the work done by the agency.

CEDA: No one from the agency was present.

#### B. Presentation of Parkview Apartments

Attorney Michael Ezgur was present on behalf of the petitioner and Jessica Berzac, who could not be present in-person, telephoned into the meeting. Mr. Ezgur provided an overview of the project beginning with the site plan. The project is proposed for 212 N. Dunton. It is currently a vacant lot. There was formerly a dry cleaner on the site, and there will be some dirt cleanup. The area is 17,000 square feet. They are proposing a higher-end luxury but affordable rental building. It is a 7 story building with some retail on the first floor. The first two levels are self-contained parking levels with a total of 54 spaces, and floors 3 – 7 have a total of 45 units. The height of the building is just under 90' to the roof deck. There is a mix of 1, 2 and 3 bedroom units. The location was previously approved for 47 unit condo building, and this proposal reduces the height by one floor and reduces the number of units to 45. The building has a masonry exterior, and the petitioner worked to maintain the high-end character of the downtown in the building's appearance.

Jessica Berzac stated that the rents are slightly different than rents in the Village ordinance. This can be attributed to periodic updates of rent levels by HUD based on market data, but the goal is to keep the rents under the rents called for by the Village with the knowledge that those will shift.

Commissioner Nelson asked about the mix of the affordable units. Ms. Berzac responded there will be 16 one bedroom units of which 4 will be affordable, 24 two bedroom units of which 12 will be affordable, and 5 three bedroom units of which 3 will be affordable. Ms. Berzac stated that it is important that she point out that this is the mix under the current underwriting and the minimum commitment, that there may be some shifting in mix due to underwriting requirements, but the total number and rough percentages will remain the same.

Chairman Hellner asked what the funding sources and total cost of the project are. Ms. Berzac reported that there will be a traditional mortgage, a construction mortgage and permanent mortgage. They are also seeking financing through the Low Income Housing Tax Credits (LIHTC) program which would only apply to the affordable units. The total project cost is estimated at approximately \$20 millions dollars including all cash reserves, acquisition, developer fee, etc. The cost of the construction itself is estimated at \$15 million.

Chairman Hellner invited questions and comments from the audience. Mr. Duane Carlson stated that he was present at a meeting held by the developer within the last month or so where Ms. Berzac and Mr. Ezgur were present. He said that things have changed since then. He said that at that meeting, it was said that there would

be no low income or affordable housing in the building. He also said that he was concerned that less than 24 hours notice was given for this meeting, having been put in the paper this morning. He said that no one is at the meeting because they didn't know about it. It seems like they don't want people to be here. Mr. Carlson also asked how much of money the developer is coming up with for the project themselves, apart from the Low Income Housing Tax Credits.

Chairman Hellner stated that the newspaper article was not the official notice and that the meeting was posted the Village's website earlier in compliance with the law in that regard. Mr. Ezgur stated that they were responsible for noticing for the Plan Commission meeting on July 9<sup>th</sup> including sending notices to all property owners within 250 feet of the project. The meeting tonight was on the Village's website. He said that the noticing was done properly.

Mr. Ezgur said that at the earlier meeting, the developer discussed that the project would provide "workforce housing" for people working in the community like teachers, policemen, and firemen so that they can affordably live in the community. He said that there may be some confusion about terminology. Mr. Carlson disagreed that it was a misunderstanding and said that there were statements made at the last meeting that affordable housing would not be part of the package. Mr. Ezgur said that they have always known that affordable housing would be included and that there was no change. It is something that is required by the Village.

Ms. Berzac said that the LIHTC includes the word low income, but the rents are compliant with the Village ordinance. Those rents are less than the market, but they are for families with incomes around \$40,000 annually. These are working individuals or perhaps households with one stay at home parent. She said that this is a construction subsidy project not the kind of project that has a rent subsidy where the tenant could have little or no income. This is workforce housing because the tenants have to be able to pay their rent, although it is a reduced rent due to the construction subsidy.

Mr. Carlson repeated his question asking what percentage of the cost of the project the developer is coming up with other than from the sale of the low income housing tax credits. Ms. Berzac responded that 40% of the budget qualifies for the tax credits. They have also approached the County about a low interest loan to help with the affordability component.

Mr. Carlson said that he is concerned about some of the variations being sought for the building. Chairman Hellner said that variations are not within the jurisdiction of the Housing Commission. Mr. Hellner said that the Housing Commission's role is to insure that the project meets the Village's requirements for affordable housing, and he said that affordable housing is distinguishable from low income housing. The minimum and maximum incomes for the project are part of the proposal and are for working class people or younger people who are establishing themselves.

Mr. Ezgur addressed the question about the setback variation but said that this matter will be addressed by the full team at the Plan Commission meeting.

Ms. Rose Carlson asked about the issue of parking, whether parking spaces will be assigned, and if people will be charged for parking. She said that Hancock Square has a problem with parking. Mr. Ezgur said that the project is meeting the required number of parking spaces. It is a transit oriented development where people may have fewer cars. Ms. Berzac said they don't charge extra for parking, but they lease with parking in mind. The management company assigns parking spaces. If someone wanted three parking spaces, that would not be allowed.

Ms. Carlson asked if they are anticipating that many senior citizens will move in. Ms. Berzac said they do expect that seniors will be interested based on the market study. There are seniors seeking to down size and locate downtown. Commissioner Nelson asked if that is contrary to the statement that the project is designed to provide workforce housing. The response was that there is expected to be a mix of tenants in the building. Elderly will not be excluded, but it is not an elderly-only building, so some young people and families will be drawn to the building. Ms. Carlson asked whether the public parking buildings could be used for parking. Ms. Boyer said that the idea is for the parking to be provided on site. Ms. Berzac said that they are working on possibly making arrangements with businesses and churches to lease overnight guest parking since overnight parking is not allowed on the streets or in the public parking structures. Parking for the retail is on the street.

Mr. Carlson asked about the allowable income range that presents a \$4,000 window and how they will find and qualify tenants. Ms. Berzac responded that it will take a skilled property manager who will do background checks and wage and employment verifications to insure that the tenants meet the income eligibility requirements. The incomes will be verified annually. When incomes go up, and the tenants are no longer income-eligible for the affordable units, they would need to move into market rate units. This is highly regulated and monitored. Mr. Carlson asked what happens if there is no market rate unit available. Would the tenant be asked to leave? Ms. Bersac referred to a 140% rule that allows the management company to work with and transition tenants to market rate units, but if no market rate unit is available there would be a point that which the tenant would not be able to remain there. The building always needs to meet the affordability requirements.

Rev. Jeffrey Phillips, Pastor of St. John's United Church of Christ said that his church is ½ block from the proposed development. The church has a strong interest in affordable housing. Housing Commissioner Siobhan White spoke to the church's Faith in Action Committee to give an idea about the affordable housing needs in Arlington Heights, and the needs are great. She impressed upon them that some affordable housing is under threat. She also said that the Village has guidelines for including affordable housing but that it is not a requirement. The church looks forward to the project as a neighbor. He hopes that the tenants will visit his church. Pastor Phillips said that the church cannot accommodate overnight parking arrangements in their lot particularly because the lots need to be available on Sunday mornings and for snow removal.

Mr. Bertucci asked whether the development is consistent with the Downtown Master Plan. Mr. Hellner pointed out that the location was already approved for a condo building and that the zoning is multi-family. Ms. Boyer responded that this question falls under the Plan Commission's purview.

Chairman Hellner said that this is the first time that the Housing Commission has met with the developer. The Housing Commission's role is to address the affordable housing component of the project.

Mr. Hellner explained that the Village's policy calls for 15% of units to be affordable housing, or a fee in lieu of providing affordable units of \$75,000 per unit may be paid. Mr. Bertucci pointed out that his project calls for 40% affordable units and stated that there seems to be concern that there may be some transiency as people work through the program and are unable to stay. He said that he would like to get a feel for the developer's understanding of and commitment to the community. Mr. Ezgur stated that the project will invest \$20 million in the community. Mr. Bertucci said that the dollars are not what he is looking for. He wants to know how the developer is making sure that the development is right for Arlington Heights; that it is not just a money making situation without care for the effects after the developer is gone.

Ms. Berzac said that there will be on-site managers for a minimum of 15 years. This is assured because the 15 years is a requirement of the financing. She said that they are not a turn-key operation. Commissioner Nelson asked if the developer has other developments in the area with similar levels of affordability. Ms. Berzac

responded that they have some other developments, one just starting in Indiana and others are all across Illinois and Chicago. Most of their projects have an even higher levels of affordable units. Parkview has the highest level of market rate units of their projects, which was based on the market study. The developer's oldest projects are about 15 years old and they are beginning to refinance and recapitalize these projects. Information about their projects is available on their website.

Mr. Bertucci said that we need to be sensitive to the affordability issue, but that he thinks that the level may be a little high. He said the developer doesn't understand the community, the needs of the community, and what is happening in downtown Arlington Heights. He said that they need to understand the Master Plan, and understand the south end and the north end of downtown. He wants to hear about their understanding of the big picture of the community especially with the project's proximity to the historical area, library, and faith community. He wants to make sure we don't create something that will be a problem down the road.

Ms. Berzac responded that they became aware of this location which was previously approved for high density residential. So, the Village had already said residential should be in this location. They looked at the market for rental and affordable rental. They went above and beyond the minimum affordable housing requested and still have quality development to meet needs of community. They think that the location near library etc. provides great amenities for the tenants. Mr. Ezgur pointed out that they went to Tinaglia Architect to get local knowledge and a development that would fit in to the community.

Mr. Bertucci questioned why if the recommendation is 15% affordable housing are we looking at 40%. Chairman Hellner responded that there is an intersection between what you would like to do as a community and a society, and what business people without pressure will do. 15% wasn't a cap. They wanted to encourage developers to come so 15% or the fee of \$75,000 was presented. He said that he thinks that it is commendable that this project has come forward. Mr. Bertucci asked again about a transient situation and whether this would create an unstable situation long-term. Mr. Hellner commented that transience can be a pejorative term but it can be positive if it means that people are moving on because they are making more income. It was also pointed out that the units are rented under one year leases. Ms. Bersac said that the nature of a rental community is that people move on whether they are an affordable tenant or not.

Mr. Bertucci said that he is looking for something from the developer saying they are going to be a good business neighbor. Commissioner Conway asked if the developer has projects, possibly within a 10 mile radius, that have been around for 5 – 10 years, where we can get sense of their community involvement. Ms. Berzac said that there are no developments within a 10 mile radius, but there are many projects where they are involved in the communities through business councils, housing and community work, working with police departments on lighting issues in neighborhoods, working on joint complaints with fellow neighbors, etc. They are not leaving the community and will be involved in the community. That is what they have done at other communities and what they will continue to do. Mr. Ezgur reiterated that they will stay in the community and that they have worked to develop a first class project that fits into the community.

Chairman Hellner said that sometimes rental developments are more stable than condo developments. Even in this town the condo developments built in the last decade have some of the highest vacancy and foreclosure rates. This kind of building, at this location, may be more stable than the building that was proposed. Mr. Bertucci said that he just wanted to make sure that the developer plans to be a good business and community neighbor. Ms. Berzac said that she respects the question and knows how much he loves and appreciates the community, and that their hope is to create a housing option that brings people who want to love the downtown area the same way, appreciate the historic area, use the library, and build on the strengths that are already here. They will continue to be there and will be available and responsive as things come up. The hope is to build a community that will draw good residents to Arlington Heights, and some tenants may already be Arlington

Heights residents. Ms. Berzac said that she would like to talk with Jim Bertucci about ideas he may have concerning how they can best be good business neighbors in the community.

Pastor Phillips encouraged the developer to work as hard as possible to make sure that the retail space is occupied. The developer is working with the Planning Department on the retail component. Ms. Carlson pointed out that there are business vacancies across the street. Ms. Berzac said that they have been looking at vacancy rates, and they are sensitive to having a high quality tenant if that space exists. Mr. Bertucci commented that he just wanted to make sure that everything is done properly given the location and the differences between the area north of the tracks and south of the tracks so that the area north of the tracks has its own traction and momentum.

Chairman Hellner invited the presenters and audience to stay for the Housing Commission discussion. Ms. Berzac was thanked hung up and some members of the audience left the meeting.

Before he left, Mr. Ezgur was asked if the developer has agreed to maintain the units as affordability in perpetuity. Mr. Ezgur said that the developer stated in its written response to that question that pursuant to regulatory and financing agreement the initial period for affordability will be 30 years. Commissioner Conway asked about whether there are other developments in Arlington Heights that have moved away from affordability requirement. Chairman Hellner said that the affordable units at Timber Court are affordable in perpetuity. There were some rental buildings development like Arbor Lakes, Dunton Town, Brook Run apartments, and other that had an affordability requirement. The requirement has expired on the developments except for Dunton Tower. The developers gradually transitioned the complexes to full market rate. Mr. Ezgur left the meeting.

The discussion turned from presentations to deliberations about the presentations starting with the group home and transitional housing applications.

With respect to the Little City request:

A MOTION WAS MADE BY COMMISSIONER NELSON, SECONDED BY COMMISSIONER CONWAY TO APPROVE LITTLE CITY FOUNDATION'S REQUEST FOR \$15,603 IN CDBG FUNDS FOR A NEW ROOF AND HVAC SYSTEM AT THE EUCLID AVENUE GROUP HOME. THE MOTION WAS APPROVED UNANIMOUSLY.

On Glenkirk's request, Ms. Larson said that she would provide photographs of the current kitchen and information on the materials and finishes. It was clarified that the Glenkirk is being asked for the information that they used to come up with the estimated cost that they submitted. Chairman Hellner clarified that the Housing Commission tries to make funds go as far as possible, and the Housing Commission will want to evaluate the material list and finishes to assure that the work suits the agency's needs and is also a wise use of funds. The vote on Glenkirk's request is postponed tonight. Ms. Boyer pointed out that Glenkirk requested \$25,000 toward an estimated \$30,000 project. There was a discussion that the request would be adjusted to be under \$25,000 so that only the Village's grant/loan payback provisions will be applicable. Ms. Boyer also pointed out that CDBG funds cannot be used to purchase appliances, and therefore, the appliances would need to be paid from Glenkirk's share of the cost.

On the CEDA request, the 3 – 5 year extension of the life of the roof by the repair was discussed, and the repair was deemed as necessary.

A MOTION WAS MADE BY COMMISSIONER NELSON AND SECONDED BY COMMISSION CONWAY TO APPROVE CEDA NORTHWEST'S REQUEST FOR \$5,000 FOR THE REPAIR OF THE ROOF AT WRIGHT HOUSE. THE MOTION WAS APPROVED UNANIMOUSLY.

The representative from Little City Foundation and Glenkirk left the meeting.

Discussion turned back to the Parkview Apartments proposal. Ms. Boyer distributed the developer's responses to the questions in the Staff report, but the answers were also part of the verbal discussion.

Chairman Hellner stated that the task of the Housing Commission is to say whether the proposal is in compliance with the Village's policies on affordable housing. Commissioner Hageli asked if there are any other LIHTC buildings in Arlington Heights. Ms. Boyer responded that there are not. Chairman Hellner provided some additional information to the members about how the Low Income Housing Tax Credit Program works. Commissioner Hageli said that the proposal meets the Village's policies.

As a starting point for the Housing Commission to develop a recommendation, Ms. Boyer read the staff's recommendation concerning the Parkview project. The Commissioners discussed the compatibility of the proposal with the Village's goals and policies. The Housing Commission concurred with the staff recommendation resulting in the following motion:

A MOTION WAS MADE BY COMMISSIONER HAGELI, SECONDED BY COMMISSIONER CONWAY TO 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.

THE MOTION WAS APPROVED UNANIMOUSLY.

### **III. OLD BUSINESS**

#### **A. Plan Commission Calendar.**

The Parkview Apartments project is scheduled for the Plan Commission meeting on July 9, 2014 at 7:30 p.m. Chairman Hellner said that he will attend.

Ms. Ann Musoff came into the meeting at this point looking for discussion on the Parkview Apartments. Chairman Hellner said that the proposal had already been presented, provided some basic information on the project, and reported on the Housing Commission's recommendation. She said that she is concerned about the impact on schools. Chairman Hellner provided the bedroom breakdown and information on the earlier discussion that the development will be attractive to seniors. Ms. Boyer said that there will be a Plan Commission meeting on the project on July 9<sup>th</sup>. Commissioner Conway also recommended looking for information on the Village's website.

B. Other

Ms. Boyer made another calendar announcement explaining that the Village Board will be considering a request on July 7, 2014 from the Housing Authority of Cook County to provide a Conditional Commitment Letter to provide \$50,000 - \$75,000 in CDBG funds from a future year's CDBG budget for the renovation of Goedke House apartments. She explained that the Village funds would be a percentage of funds contributed by the County, if the County is allowed to contribute CDBG funds to the project. The conditions include complying in the future with the CDBG budget development process including the public participation component.

C. Single Family Rehab Program

Ms. Boyer reported that there are no active projects, but there been 3 requests for applications in the past couple of days. Two loans were repaid this week.

D. NW Suburban Housing Collaborative

Ms. Boyer said that the Handyman Program is underway and has been advertised through an E-blast and an ad in the Senior Center Newsletter. Commissioner Conway sent the information to St. Peter's Lutheran Church. Ms. Boyer will provide a report on activity in the month of June at the next meeting.

**IV. APPROVAL OF MINUTES – June 3, 2014**

A MOTION WAS MADE BY COMMISSIONER HAGELI AND SECONDED BY COMMISSIONER CONWAY TO APPROVE THE MINUTES OF THE JUNE 3, 2014 MEETING. THE MOTION WAS APPROVED UNANIMOUSLY.

**V. REPORTS**

None.

**VI. OTHER BUSINESS**

**VII. ADJOURNMENT**

The meeting was adjourned at 9:20 p.m.

**NEXT MEETING:**

**AUGUST 5, 2014 7:00 P.M.  
IN THE COMMISSIONS CONFERENCE ROOM  
SECOND FLOOR OF VILLAGE HALL**