

Staff Report to the Housing Commission

To: The Chairman and Members of the Housing Commission

From: Nora Boyer, Housing Planner

Re: Sigwalt Apartments – 45 S. Chestnut Project

Date: August 9, 2017

CA Ventures has proposed an 88-unit, five floor, rental development to be located along Sigwalt Street between Highland Avenue and Chestnut Avenue on land that is currently vacant. Preliminary details regarding the development are attached.

Under the *Arlington Heights Affordable Housing Rental Program Guidelines*, when a multi-family development is composed of 15 or more units, the developer is to set 15% of the units aside as affordable housing. Under the Village guidelines, the developer has the option to pay a fee-in-lieu or providing the affordable units at a rate of \$75,000 per affordable unit not provided.

The number of affordable units called for at the proposed Sigwalt Apartments is 13 (88 units x .15 = 13 (rounded) units). At the fee-in-lieu amount of \$75,000 per unit, the total fee-in-lieu due if the 13 affordable units are not provided in the development is \$975,000 (13 units x \$75,000/unit = \$975,000).

Background

The Village began formulating its policies regarding the inclusion of affordable units in multi-family developments in 2006. Since then, the Housing Commission has discussed the appropriate amount to assess when a developer chooses not to include the affordable units called for by the Village's policy. Originally, the fee-in-lieu of providing affordable units was \$100,000 per affordable unit not provided, but in 2014, the amount was reduced to \$75,000 per affordable unit not provided.

Since the adoption of the Village’s affordable multi-family policies, the policies have resulted in the following approved outcomes:

- 1) a for-sale multi-family developments included 21 deed-restricted affordable units (20% of the total);
- 2) a rental project where 5% of the units will be affordable if more than 300 units are constructed;
- 3) two rental projects in which a minimum of 15% of the units will be affordable (a total of 8 affordable units); and
- 4) two for-sale, townhome developments resulting in fees-in-lieu payments to be deposited into the Affordable Housing Trust Fund.

Fee-in-Lieu of Affordable Units – Sigwalt Apartments

With respect to the Sigwalt Apartments, rather than including the 13 affordable units in the development, the developer has offered a fee-in-lieu amount of \$25,000 for each of the 13 affordable units not provided for a total of \$325,000 (13 units x \$25,000 = \$325,000).

Fee-in-Lieu of Providing Affordable Housing Units

	Number of affordable units called for as per the Village policy	Amount of fee-in-lieu as per the Village policy	Total fee-in-lieu agreed to by the developer	Total fee-in-lieu per affordable unit not provided	Amount of the fee-in-lieu when spread across all of the units in the development
Sigwalt Apartments Total 88 apartments	13	13 x \$75,000 = \$975,000	\$325,000 (proposed)	\$25,000 (proposed)	\$3,780 (proposed)

Previous Request for Comments

On February 2, 2017, staff sent an email to the members of the Housing Commission requesting the Commissioners’ feedback on the proposed staff negotiated fee of \$25,000 per unit fee-in-lieu of providing the affordable units in this development, although the name of the developer and location of the development were not public at that time. No objections were received from the members of the Housing Commission with respect to the staff proceeding with discussions with the developer at this fee amount.

In that email, it was suggested that if the fee-in-lieu amount of \$25,000 per affordable units not provided is approved for this development, that the Housing Commission may wish to consider lowering the fee-in-lieu amount in the guidelines to \$25,000 per affordable unit not provided or a commensurate amount applied proportionally to the total number of units in the development.

Village Board Early Review

The Sigwalt Apartments proposal went before the Village Board on April 17, 2017 for “Early Review”. Early Review is a process that allows developers, under certain circumstances, to present projects to the Village Board in order to gauge the acceptability of development proposals. The results of the Village Board Early Review do not commit the Village to approving or denying a development proposal if and when the proposal moves through the formal review process. Rather, Early Review is intended to offer an opportunity for the developer to obtain a degree of preliminary feedback from the Village Board.

CA Ventures’ proposal to pay \$25,000 fee-in-lieu of affordable units not included in the Sigwalt Apartments development was included in the description of the project taken to the Village Board for Early Review. As stated, although the Village Board’s reactions at an Early Review are not binding, it is noted that no objections to the developer’s offer of \$25,000 per affordable unit not provided were voices at the Early Review.

Recommendation

Staff recommends that the Housing Commission recommend to the Village Board approval of the following:

1. Approval of the proposed fee-in-lieu of providing affordable units at the Sigwalt Apartments of \$25,000 per affordable unit not provided at the time of issuance of a building permit. As currently proposed, 13 required affordable units x \$25,000 = \$325,000.
2. If the Village Board approves the \$25,000 fee-in-lieu amount for the Sigwalt Apartments, it is also recommended that the Housing Commission recommend that the fee-in-lieu of providing affordable housing units as stated in the *Arlington Heights Affordable Housing Rental Guidelines* be changed from \$75,000 to \$25,000.