

**MINUTES
CITY OF ST. CHARLES, IL
HOUSING COMMISSION
THURSDAY, OCTOBER 11, 2018
COUNCIL COMMITTEE ROOM**

Members Present: Liz Eakins, John Glenn, Louis Dries, Corinne Pierog, David Pietryla, Rita Payleitner (7:04pm), Karrsten Goettel (7:04pm)

Members Absent: Carolyn Waibel

Others Present: Ellen Johnson, Planner
Scott Berger, Director of Kane County Office of Community Reinvestment
Sean Baker

1. Call to Order

Chair Eakins called the meeting to order at 7:03 p.m.

2. Roll Call

Ms. Johnson called roll with five members present. There was a quorum.

3. Approval of Agenda

A motion was made by Ms. Payleitner and seconded by Mr. Glenn with a unanimous voice vote to approve the Agenda.

4. Approval of minutes from the May 24, 2018 meeting of the Housing Commission

A motion was made by Ms. Payleitner and seconded by Mr. Pietryla with a unanimous voice vote to approve the May 24, 2018 meeting minutes.

5. Review of Affordable Housing Fund Development Proposal for 2018:

a. Housing Continuum, Inc. – Affordable Purchase Program

Scott Berger gave an update on usage of the programs on which the City has partnered with the County. He noted that two homeowners have applied for and qualify for home rehab assistance and one or both may need additional assistance from the City's allocation. Three homebuyers are currently interested in Kane County. They have been made aware that if they choose St. Charles there may be additional assistance available.

Mr. Berger said he is here to discuss development financing under the Kane County Affordable Housing Fund. He said Ms. Johnson and Chair Eakins attended a Kane-Elgin HOME Commission meeting last week where a host of proposals were reviewed, with one potential project for St. Charles. The HOME Commission has made a recommendation to the Housing Commission regarding this project.

Mr. Berger reviewed the funding sources for 2018 that are part of the Affordable Housing Fund: HOME Program (\$1.6 million); CDBG from Kane County (\$1.2 million); CDBG from Elgin (\$218,493); and City of St. Charles (\$405,854), for a total fund balance of \$3.6 million.

He said that after the IGA between the City and County was executed, the County launched an RFP which referenced the City's financing as well as giving credit to the other partners who have provided funding. Proposals were due on August 22 and the staff review was completed a month later.

Mr. Berger said there is one development proposal coming forward for consideration by the Housing Commission. It is for a project sponsored by Housing Continuum Inc. The project presented included three units of housing for a total request of \$814,480. Sites are purchased and rehabilitated, paid for by the funds committed to the projects. When the properties are sold to an income-eligible buyer, the proceeds are paid back to us in lieu of a full payment; we end up spending more than we get back. This proposal would work by co-funding from multiple sources and the proceeds would be split proportionally. We recommend that funding be provided for this project from three sources: \$202,818 from the Kane-Elgin HOME Program; \$259,000 from CDBG; and \$57,730 from the St. Charles Housing Trust Fund, for a total of \$519,548 which is enough for two units. At least one of the units must be located in St. Charles. This leaves \$348,124 from the St. Charles Housing Trust Fund unallocated to roll forward toward future application cycles. For the homebuyer of these units, a soft second loan will be issued to help reduce the amount of their principal mortgage. The homeowner has to be able to obtain financing from the bank for the bulk of the affordable purchase price. There is no income restriction when the house is resold. We haven't seen anyone buy the house for a lower price and then flip it soon after, but we have seen properties turnover within 2-3 years.

Mr. Berger showed some examples of the work Housing Continuum Inc. has done, including 1732 Pleasant Ave. in St. Charles. He stated the County is very happy with the developer and have worked with them for years. He clarified that the repayment is roughly 50% of the investment, with the money then being available to the City again. One Commissioner noted that the second benefit to rehabbing that house, even though it is sold for less, is that it improves the whole street.

Ms. Pierog said property taxes are significant and we want to be sure families can afford it and that it's factored in with the mortgage. Mr. Berger said that's factored into the affordability equation.

Mr. Glenn asked if there's anything that prevents people from renting out the units. Mr. Berger said the units are available for owner-occupancy status, and if an owner turns their home into a rental unit they're expected to repay their loans because that's not the intended use of the funds. The County is copied on the homeowners' annual insurance renewal notices.

Mr. Glenn noted that he had no issue with the proposed application which includes Jim Cooke as the attorney and Batir Architecture.

Ms. Pierog asked about accessibility and if someone was wheelchair bound, would that be added on to the project. Mr. Berger said we don't know who the homebuyer is at the onset of the project. Because there's so much demand for the units we don't share information until they go into MLS to be completely fair, and it is indicated in the listing that income restrictions apply. When it comes to our homeowner rehab assistance program, accessibility modifications are eligible expenses. We occasionally will use some universal design features in a home where it's practical to make a modification but we have not gone into any of these projects yet with the aim to make them ADA compliant.

Mr. Berger discussed how the houses are chosen. He said the County works with the developer to identify candidate properties. The County maintains final sign-off on purchase. They want to find homes that privately financed developers aren't going to scarf up and they look for opportunities which will improve the neighborhoods. Generally six months is the earliest that the homes would hit the market. They plan to dedicate the winter and early spring to rehab, restoration work and landscaping with homes ready by early summer.

Mr. Berger said the next call for projects is expected in early 2019.

Ms. Johnson said procedurally, City Council has given the Housing Commission authority to approve financing for projects that are located in St. Charles so a motion on the proposal is needed. Mr. Berger said after that, the County will issue funding commitments.

A motion was made by Ms. Pierog and seconded by Mr. Pietryla, with a unanimous voice vote to approve funding in the amount of \$57,730 from the Housing Trust Fund for the Housing Continuum Inc. Affordable Purchase Program.

Commissioners thanked Mr. Berger for his input and knowledge.

Chair Eakins suggested a quarterly or semi-annually status report on Housing Trust Fund activity.

6. 2018 St. Charles Housing Affordability Analysis

Ms. Johnson went over the purpose of the analysis. She said that under the Affordable Housing Planning and Appeals Act, the state requires communities to have at least 10% affordable housing to be exempt from the Act. IHDA has stated they plan to issue an updated list of each community's affordable housing share at the end of the year. The last IHDA update was in 2013 and the City was at 11.2% affordable. We have talked extensively about the fact that we calculate our affordable housing percentage differently due to different data points and sources.

According to our analysis, last year we were at 22.3% affordable and this year we have increased to 23.7%. The main reason for the increase is the increase in AMI, which for a four-person household went up to \$84,000. This equates to \$67,700 for a four-person household at 80% AMI. The increase in AMI bumped the affordable home price up to \$213,000; last year it was \$198,000. Rental limits are determined by IHDA and those also went up; an affordable two-bedroom is now over \$1,100 a month.

Chair Eakins asked if the \$213,000 price would be an appropriate selling price for a house. Mr. Berger said it would, provided it's a median household. Ms. Johnson added that is the price for a four-person household. Staff has calculated the affordable home price this way since 2009; however that doesn't mean that's the appropriate price on the ground.

Mr. Dries asked if real estate taxes are included in the affordable monthly payment of \$1,693. Ms. Johnson said yes, it includes mortgage and real estate taxes.

Ms. Johnson said our unit count and market price data come from the Township Assessor which is from the 2017 calendar year. 20% of our single-family units are considered affordable and a total

of 28% of all owner-occupied units are affordable. 13.7% of rental units are considered affordable, which is up slightly from 13.5% in 2017, however we did add 250 non-affordable units with the Prairie Winds development. A total of 23.7% of our housing stock is affordable.

Mr. Glenn said he's surprised the rentals are a lower percentage than single-family. Ms. Johnson said the rental affordability is based on the bedroom count and the numbers only include rental apartment complexes, not two-flats or converted homes, so it is an undercount.

Ms. Pierog said some the larger complexes in town need some TLC and asked if the landlords are allowed to apply to the Affordable Housing Fund for upgrades or site improvements. Mr. Berger said yes, provided they are willing to provide housing at affordable rates to eligible households. That has not happened in St. Charles; it is rare for an occupied project to be undertaken. Under our federal programs, the number of units that must be affordable is based on the investment and then depending on the amount per unit it triggers a period affordability which can be anywhere from 5-20 years that the rent restrictions are in place. Mr. Berger noted that overall upgrades to complexes usually happen when there's a change in ownership.

Mr. Dries asked if there is anything we can do to keep seniors in their own home, rather than forcing them to sell because they can't afford the taxes or to make basic repairs. Chair Eakins said they may qualify for the home rehab program depending on the market value and income. Mr. Glenn said there's the senior exemption and tax freeze and that the issue is going to be a huge problem that no one is looking at.

7. Additional Business

Sean Baker, a potential Housing Commission member, introduced himself and shared some information about his background and interest in the Commission.

8. Future Meeting Dates

- a. Thursday, November 8, 2018 (Committee Room) – To be cancelled**
- b. Thursday, December 13, 2018 (Committee Room)**
- c. Thursday, January 10, 2018 (Committee Room)**

9. Public Comment – None

10. Adjournment at 8:12pm