

**MINUTES
CITY OF ST. CHARLES
HOUSING COMMISSION
THURSDAY, OCTOBER 23, 2019
COUNCIL COMMITTEE ROOM**

Members Present: Liz Eakins, John Glenn, Jennifer Becker, Louis Dries, Ed McNally, Karrsten Goettel

Members Absent: Sean Baker, Rita Payleitner, Corinne Pierog

Others Present: Ellen Johnson, Planner
Scott Berger, Kane County Office of Community Reinvestment
Karen Zilly, Kane County Office of Community Reinvestment

1. Call to Order

Chair Eakins called the meeting to order at 7:04 p.m.

2. Roll Call

Ms. Johnson called roll with five members present. There was a quorum. Mr. Goettel arrived at 7:10pm.

3. Approval of Agenda

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

4. Approval of minutes from the September 12, 2019 meeting of the Housing Commission

Motion was made by Mr. Glenn, seconded by Mr. Dries and unanimously passed by voice vote to approve the September 12, 2019 meeting minutes. Ms. Becker abstained.

**5. Review of Affordable Housing Fund Development Proposal for 2019:
a. Spillane & Sons Scattered Site Home Rehab/Reconstruction**

Mr. Berger provided some background regarding the intergovernmental agreement between the City and Kane County to administer a portion of the City's Housing Trust Fund, with one of the components being to solicit and administer development proposals as part of the County's Affordable Housing Fund. He said the County conducted a Call for Proposals under the Affordable Housing Fund this summer. Spillane & Sons' scattered site proposal involves the acquisition and redevelopment of single-family homes which will be sold to income-qualified buyers. In early October the Home Commission approved funding in the amount of \$860,481 to Spillane & Sons to redevelop three single-family homes. This amount includes \$50,000 from the St. Charles Housing Trust Fund, subject to approval of the St. Charles Housing Commission, which would trigger a

requirement that at least one of the homes they acquire and redevelop is within St. Charles' jurisdiction.

Ms. Zilly walked through slides showing before and after photos of recent projects the County has worked on with Spillane & Sons. She noted they have a successful track record and do quality work. She noted that the program has a successful outcome for both the buyer and the neighborhood.

Mr. Berger said the County also offers a small soft 2nd loan to keep the primary mortgage smaller and affordable, in the form of a deferred payment 0% interest loan paid back once they sell.

Ms. Zilly also reported there is a first-time homebuyer moving forward with purchasing a home in St. Charles, which will make use of the County's and City's first-time homebuyer programs. This will be the first homebuyer to receive City funds for this program.

Mr. Glenn asked why Spillane is involved with rehabbing houses under the County's program, and why other rehabbers wouldn't go after the same houses. Ms. Zilly said sometimes they do, which is an issue they are running into when trying to find houses to rehab in St. Charles. Spillane also does his own private rehabs but he has chosen to apply for funding through the Affordable Housing Fund as well, even though there are a lot of rules and regulations with the program. She said it is a team effort; the County has to qualify the buyer and also provides input on what the sale price will be. Mr. Berger said the service the developer brings is that they are the property owners; they act as the holder of the real estate and as the designer of the project, which is to the County's standards and within the constraints of a budget. He said the County has never made any money on any home; every home has sold for less than what was spent on it, but every home has returned cash to the program. Every year the County recoups a good portion of their investment. The City will also receive a repayment proportional to its share of the project cost.

Mr. Glenn said it's a win-win. Mr. Dries said he likes that the developer is Kane County-based.

Mr. Berger noted that most of the homes end up with all new mechanicals which is a benefit to the communities they are in. The program really does save these houses.

Chair Eakins noted the County's staff recommendations on Affordable Housing Fund proposals are made by weighing all proposals submitted. Spillane was originally asking for funding for four units and to fairly allocate the money it was recommended that they be allotted three units, due to other proposals. Mr. Berger said the County weighs things like the experience of the developer and their capacity to do the work. Spillane & Sons gets a very high rating and the County has been very pleased with their work. Chair Eakins agreed and stated she toured some of the homes they rehabbed in Elgin and they are amazing.

Motion was made by Ms. Becker, seconded by Mr. Goettel and unanimously passed by voice vote to approve a Housing Trust Fund allocation of \$50,000 for the Spillane & Sons scattered-site home rehab project with one home to be located in St. Charles.

6. Project Update – 1432 Dean St.

Mr. Berger stated 1432 Dean St. is the fourth home the County has rehabbed in St. Charles, but the first one that St. Charles is contributing money towards [Housing Trust Fund allocation of \$57,730 in

2018 to Housing Continuum, Inc.]. Ms. Zilly said the property was purchased as a short-sale. She showed photos of the existing conditions and said it is in poor shape and is very small. It needs a complete gut and the demolition is going to be significant. Permits have been issued and she complimented the City on their process in terms of turnaround. She said it will remain a 2 bed, 1 bath house and reviewed the plans for the update/reconfiguration. Completion should be in late spring and the house will be sold to an income-qualified purchaser. The developer is Housing Continuum but they are working with Spillane as the contractor.

Mr. Berger suggested the Commission tour the house before it goes on the market. Commissioners expressed interest in doing so.

Ms. Becker suggested posting some “in progress” signs noting where the funding is coming from. Dean St. is heavily traveled and this is going to make a big impact on the neighborhood.

Chair Eakins said there was another home in that area where some rehab money was spent; it is a neighborhood that can use some help. Ms. Johnson noted that there is a home constructed by Habitat for Humanity across the street.

Ms. Becker asked if the County has explored financing accessible housing. Mr. Berger said a multi-unit senior complex that has accessible units was just finished with another possible one in Elgin, but they have not gotten into single-family homes to make them fully ADA compliant; with the return rate it would be very difficult to achieve.

7. 2019 St. Charles Housing Affordability Analysis

Ms. Johnson reviewed the results of the annual Affordability Analysis. Copies were distributed to the Commission members. She explained the purpose, methodology, and findings of the report. In total, 23.4% of the housing stock is considered affordable, consistent with the 2018 finding of 23.7% affordable.

Mr. Dries said he doesn't see St. Charles home prices or market values going up. Looking at 2019 data, the affordability ratio is going to be even better because AMI is going up and prices are flat. Interest rates are super low so you'd think there'd be a rise in prices, but that is not happening.

Ms. Becker said 15% of the single-family homes sold in 2018 were under the affordable price, 18% of townhomes and 68% of condominiums and that this underscores a previous conversation in regard to the County having trouble finding houses to rehab in St. Charles and potentially having to look into other products. Mr. Berger said it's getting harder all the time to find lower cost units to take on. He said they have talked about diving into attached housing however they have not because you don't get the curb appeal change and neighborhood impact since all the improvements would be inside. St. Charles does have a good amount of aging condo complexes; it's something to think about if that's where the City wants to invest its funds. Chair Eakins noted that the focus of this Commission is affordable housing stock, not necessarily neighborhood improvement, although that is an added bonus. She suggested considering two-flats in St. Charles. Mr. Berger said that would most likely be a rental project and we would need a willing developer to tackle that as well as manage it as a rental property. He said townhome units move quickly; buyers purchase and rehab them on their own because they are already affordable. The market is handling it so there is no need for the public dollar to be involved.

Mr. Glenn noted that we do not have an affordability problem anymore according to the statistics.

Mr. Dries asked what happens if the City goes under the 10% affordable threshold. Mr. Johnson said we would have to submit an affordable housing plan to the State identifying goals of how we can increase our affordable housing stock. Communities are not penalized for being under 10% but they are subject to developer appeals from developers who feel they have treated unfair, if an appeal is successful, the State could then bypass the city's zoning authority. There has never been an appeal.

Mr. Dries added that when Anthony Place is done it will raise our affordability ratio even more.

8. Additional Business

9. Future Meeting Dates

- a. Thursday, November 14, 2019 at 7:00pm Committee Room
- b. Thursday, December 12, 2019 at 7:00pm Committee Room
- c. Thursday, January 9, 2020 at 7:00pm Committee Room

10. Public Comment- None

11. Adjournment at 8:20pm.