

**MINUTES
CITY OF ST. CHARLES
HOUSING COMMISSION
THURSDAY, NOVEMBER 10, 2022
DENS A & B**

Members Present: Sean Baker, Louis Dries, Liz Eakins, Jeff Funke, John Glenn, Karrsten Goettel

Members Absent: Jillian Barker, Paul Lencioni

Others Present: Ellen Johnson, Planner

1. Call to Order

Chair Funke called the meeting to order at 7:01pm.

2. Roll Call

Ms. Johnson called roll with six members present.

3. Approval of Agenda

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

4. Approval of minutes from the July 14, 2022 meeting of the Housing Commission

A motion was made by Mr. Baker and seconded by Ms. Eakins with a unanimous voice vote to approve the July 14, 2022 meeting minutes.

5. 2022 St. Charles Housing Affordability Analysis

Ms. Johnson presented the methodology and findings of the report which was provided to the Commission. She noted that, like last year's report, this report provides two methodologies for calculating the affordable home price and resulting owner-occupied affordability findings. Method 1 findings are higher partially due to the property tax rate used in the calculation, which has been used since 2009, resulting in a higher "affordable" home price. Method 2 uses the affordable home price for 2022 as provided by the Illinois Housing Development Authority. This is closer to the formula IHDA uses in its calculation of each community's affordable housing share which is released every five years.

Commissioners discussed modifying the tax rate for Method 1 or removing it from the report and utilizing only Method 2 this year and moving forward. They agreed to remove Method 1 and include only Method 2, in order to provide a more accurate finding and to align with IHDA's advice for tracking the affordable housing share.

Results for Method 2 were discussed. Area Median Income has risen 12% from last year which has caused the affordable home price and rents to increase. Owner-occupied affordability is at 17.3%, up

from 10.8% last year. Rental affordability is up from 12% last year to 16% this year. Next year the number of rental units will increase with anticipated construction at Prairie Center and The Springs.

Commissioners discussed that the number of single-family rental units is likely an undercount and rents of those units are unknown; none are counted as affordable. A rental licensing program would provide this type of data.

Ms. Eakins asked if there is Census data that tells us the number of households that fall into each income category in St. Charles. It would be good to know how many people in St. Charles need affordable units. Ms. Johnson said some of that data was included in the 2014 *Homes for a Changing Region* study. Staff has filed an application with Metropolitan Mayors Caucus requesting an update to some of the data provided in that study; we would not be eligible for an entire new *Homes* study.

Ms. Johnson discussed the housing market trends covered in the report. The data reflects a significant rise in home prices. The Township Assessor assigns market values based on the last three years of sales data. The market values are expected to increase in the next few years if the high sales prices continue. This will likely result in a decrease in calculated owner-occupied affordability.

Ms. Johnson concluded that the City is still above the 10% affordable requirement, at 17% affordable. Next year, IHDA is expected to release a new finding of each community's affordable housing share. More market-rate rentals slated to be constructed will lower our affordable rental share and rents are rising. Buying power on the owner-occupied side is going down because of rising interest rates.

Mr. Glenn predicted housing prices will decrease in the winter, with an increase again in the spring. Houses are not selling as quickly; there is low supply and demand.

Mr. Funke said the affordability issue is a supply issue. The issue for developers to construct affordable housing is the costs of land and materials. He asked whether there is land available to give to developers to building affordable homes. Ms. Johnson said there are limited opportunities for City-owned land. Given infrastructure costs, a nonprofit housing developer would likely need to be involved, such as the Burton Foundation which presented at the last meeting. Tax credits are necessary to finance affordable projects.

Commissioners discussed the economy; inflation and interest rates. It was discussed that rising interest rates make it impossible for many people to buy a home. Mr. Dries said families with kids prefer to be in a house with a yard; there is high demand for single-family rentals.

Commissioners requested a map that identifies vacant parcels within City limits. That could be used for identifying areas for potential affordable housing opportunities.

Commissioners discussed the Inclusionary Housing Ordinance and how developers have been permitted to pay the fee in lieu rather than building affordable units.

Ms. Eakins suggested a statement from the Housing Commission be added at the end of the report that notes the affordability findings may or may not reflect the actual number of households that fall within incomes that require affordable units; to what extent is the affordable housing supply meeting our demand.

Commissioners discussed new developments around town. They discussed how a lack of affordable housing is a global problem.

Ms. Johnson said she would add a section to the report on Housing Commission comments and amend the report to remove Method 1. The report will be on the Planning & Development Committee agenda for December 12th.

6. Home Rehab Program Promotion

Ms. Johnson said we had talked last time about the difficulty of qualifying for a Home Rehab Loan under the current program. Since the program works in conjunction with Kane County's program, which is federally funded, our program also has to follow all HUD qualification standards. The Commission had discussed if we separated our program to be a standalone program, we wouldn't be subject to HUD requirements; we could potentially reach more St. Charles homeowners. The benefit of sticking with the County is that first, \$20,000 in County funds are used, and then St. Charles contributes \$10,000 if necessary. If the City's program were separated, it would be more onerous for a homeowner to apply for both programs separately. On the other hand, a homeowner may qualify for the City program if they cannot qualify for the County program. Administration of the program isn't something Staff is prepared to take on. The City would need to partner with a nonprofit organization to administer the program.

Ms. Eakins said the current program is not working. She spoke to Housing Continuum again. They clarified that if the IHDA and HUD money, which funds the County's program, is used up for the year, they do not offer any more loans. They will not approve an application based on St. Charles funds only. If they can't give the County's end of the funding, they don't consider the application. She said the program is feeling very inefficient; our intention is to maintain affordable housing in St. Charles, but the program is not being used. It was discussed whether St. Charles money *should* kick in if Kane County's money has run out. It is unclear based on the current program parameters.

Ms. Eakins suggested simplifying the program qualification requirements. We can amend the program to fit what we want to do. Perhaps a nonprofit like Salvation Army or Lazarus House could do the administration. There would typically be a 10% administration fee paid to the nonprofit. Commissioners expressed support for this idea. They also discussed ideas such as a grant program instead of a 0% interest loan, or something such as a forgivable loan after a period of time. We could determine annually how much would be devoted to the program.

The process for changing the program would be discussion among the Commission and development of a new program description, which would then move on to the City Council for review and approval. The City's agreement with Kane County for program administration would need to be amended. Then we would need a new agreement with the chosen nonprofit organization to administer the program.

7. Additional Business

a. Project Updates

Ms. Johnson said the Moore Ave. house was sold last month for \$335,000. The County granted a second mortgage to the buyer to bring down the monthly payment to an affordable amount.

Ms. Johnson said the 2022 Call for Projects under the Kane County Affordable Housing Fund was issued this summer. There were no projects proposed for St. Charles.

8. Future Meeting Dates

- a. Thursday, December 8, 2022 at 7:00pm Dens A & B
- b. Thursday, January 12, 2023 at 7:00pm Dens A & B
- c. Thursday, February 9, 2023 at 7:00pm Dens A & B

9. Public Comment

Rick Berendson, president of Cumberland Green Cooperative, spoke to the Commission about Cumberland Green, which has provided affordable housing in St. Charles for 50 years. Cumberland Green is a nonprofit organization that provides 204 townhouses. It is a limited equity coop. People buy-in to the coop with a \$4,000 payment. Residents get one share in the coop. Residents pay an affordable rent, or “carrying cost”. The coop maintains the units. There are 0 vacancies and a waiting list. They plan to add another 25 units in the next couple of years on an adjacent property. There is no longer a maximum allowable income; the Board is looking to change that so units are kept for those who are lower income. Mr. Berendson spoke of his experience with a variety of housing organizations. He answered questions from the Commission on the management, operations and financing of Cumberland Green.

10. Adjournment at 8:59pm.