

**MINUTES  
CITY OF ST. CHARLES, IL  
HOUSING COMMISSION  
THURSDAY, NOVEMBER 17, 2016  
COUNCIL COMMITTEE ROOM**

**Members Present:** David Amundson, John Glenn, Rita Payleitner, Corinne Pierog, Tom Hansen, Liz Eakins, John Hall, Jr., Karrsten Goettel,

**Members Absent:** None

**Others Present:** Ellen Johnson, Planner  
Russell Colby, Planning Div. Mgr.

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**1. Call to Order**

Chairman Amundson called the meeting to order at 7:00 p.m.

**2. Roll Call**

Ms. Johnson called roll with 7 members present. There was a quorum. Mr. Glenn arrived at 7:02 p.m.

**3. Approval of Agenda**

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

**4. Approval of Minutes from the September 29, 2016 Meeting**

Chairman Amundson noted a correction to sentence construction on page 3, paragraph 6.

**A motion was made by Mr. Payleitner and seconded by Ms. Eakins with a unanimous voice vote to approve the September 29, 2016 meeting minutes as amended.**

**5. Variance for the Location of Affordable Units for the Prairie Center Project.**

Mr. Colby said Prairie Center is a mixed use redevelopment proposal for the former St. Charles Mall site being proposed by Shodeen. The application is going through the public hearing process for a PUD before the Plan Commission, which opened in October and is continuing in December. As a mixed use project with residential units, the project is required to comply with the Inclusionary Housing Ordinance, which means a requirement for 10% affordable units can be met either through providing units in the project, paying a fee-in-lieu, or a combination of the two. Shodeen is proposing that the units be provided within the development; however there is request for a variance to the section of the ordinance called "Location, Phasing, Design", and the variance is specifically to the location requirement. The code states that the units are to be distributed throughout the

development. The request is to have the units located in one or more buildings, as opposed to being distributed throughout the site.

The Inclusionary Housing Ordinance specifies that a variance can be requested to this section and the Housing Commission is to review this and provide a recommendation to City Council, who will ultimately make the decision whether to accept the proposal for units or fee and the variance request. The recommendation would also be provided as information to the Plan Commission at the upcoming public hearing.

Brief introductions were made between the Commission and Shodeen:

David Patzelt- President-Shodeen Group, applicant/developer  
Aaron Reinke- Attorney for Shodeen Group

Mr. Glenn asked what the theory is behind distributing the units throughout the development. Mr. Colby said that is the ordinance requirement; to have them evenly distributed and not have them in a single location. It was a philosophical decision made when the ordinance was written.

Mr. Patzelt presented the project. He said the proposal is for a mixed use development, including office/retail and residential. Some buildings are identified as purely residential and the ones identified as mixed use will have 1<sup>st</sup> floor retail/office/restaurant space with the upper 3 floors being residential uses. He said if there were 14 buildings with a total of 609 residential units, they want to follow the ordinance by providing 10% affordable units which would be 61 units. Per the ordinance, the units would be spread into each of the buildings. He said they see that being difficult because if they go toward an affordable senior living product, you certainly couldn't have seniors placed in each of the buildings. He said they have a letter of intent with a senior affordable housing provider who is interested in being located at this site and there has been a couple different locations identified as to where they could go. Each of the buildings are approximately 35-40 residential units and part of the PUD approval they are requesting is to have the opportunity to connect two buildings, or take a chunk off of one building to have it slide over to have a smaller and a larger building. The letter of intent from the senior housing provider states they are looking at about 75 units, which exceeds the 61 affordable units; so if you took two of the buildings and put them together to have all the senior units together to equal 72, there would have to be additional units added to a block. Therefore they are asking for a variance to the ordinance to allow for the units to be grouped together. He said he is not an expert with HUD and IHDA requirements but he has heard they require you to group a certain number of the units together, but he is not certain of that, but that was another concern they have. The main concern is that they have a viable user that wants to provide senior affordable living, which is just what the community needs, and we should try to help them and grant the approval of the request. He said 5-7 years ago when Towne Centre was proposed they were going to comply with the ordinance and still want to now, except for that one caveat/variance.

Mr. Glenn said so by combining them and making an entire building is the way to get the 10%. Mr. Patzelt said no, that would be 36, and if we had an affordable senior housing provider that wanted to provide 36 units that would be a freestanding building of 36 units; but if they wanted to provide 45 units the building would have to be expanded a bit to handle 45 units. In this case we have somebody that wants to provide 75 units, and from a massing size, if two of the buildings are 36 units each and you connect the two of those you get your 72 units by having one larger building versus two small buildings. They would want all of the seniors to live in one building versus having to go

outside to a dining facility that would be in another building. The affordable unit count would actually be exceeding the requirement of 61 units if we had that one larger building of 72 units.

Ms. Pierog asked about rents for the project and if they are apartments or condos. Mr. Patzelt said they are called residential units with the only difference being whether its owner occupied or non-owner occupied. He said in the current market to build a condominium building banks are requiring 50-75% of the units to be pre-sold with hard deposits down, for example- if there were 40 units in a building, 20 people would need to commit. He said they are building them to be either owner occupied or rental; today there is a rental market, nobody outside the city of Chicago is building condos due to the finance issue.

Mr. Hansen said currently Fannie Mae and Freddie Mac, which provide the secondary market for home mortgages, don't approve a project until it's basically sold out, so people would have problems getting financing to buy condos to fill up the building; but once they're all sold and start to resell that's a whole different animal. He said there are a few banks that have portfolio mortgages where they keep them on their own books, but those are not a 30-year fixed. Mr. Glenn said in resale condos, the mortgage is a barrier that has held back sales in a lot of areas. Mr. Patzelt said they will be built as a condominium with individual utilities; at some point the condo market will come back, and at that point they will start selling units. He said the intent is that in walking down the street no one would know whether its rental, owner occupied or affordable product.

Ms. Pierog asked how many bedrooms there would be. Mr. Patzelt said they would be one and two bedroom units throughout the entire complex.

Ms. Eakins said her guess is that philosophically in earlier thinking, the reason that isolating the affordable units was not the thought that there could be senior housing, but rather low income families. Chairman Amundson said it was to avoid the stigmatization of "that's where the poor people live" inside this bigger subdivision. Mr. Hall said it was architectural aesthetics as well to make sure it felt the same. Ms. Eakins said grouping the units is needed for services provided in a senior development. Mr. Hansen said that sentence in the ordinance rules out an affordable senior product. Chairman Amundson said it is a compelling argument. Mr. Hansen said when the ordinance was rewritten last year, he had contemplated a single-family subdivision in speaking of dispersion, and it was included in the ordinance with that in mind. He said he is heavily involved with seniors; he has a monthly meeting where there are 100-280 seniors from the area, and what is important to them is the ability to socialize. One of the things he likes about the proposed idea is there will be better opportunities to socialize to keep them alive longer, as well as the services specific to seniors, which would not be practical if the units were scattered throughout the subdivision. In many of the senior buildings, there is typically some type of an emergency person, and he feels it would be safer for the residents to be in a group than scattered. He said he feels this meets the purpose of the ordinance and he thinks the number of units being added is great for the city and will give more flexibility on the project.

Ms. Pierog said in regard to sidewalks, she knows with HUD, accessibility to a grocery store is very important for shopping. She asked if there would be a safe passage for seniors to the Jewel. Mr. Patzelt said the entire development is intended to be all walkable; there will be sidewalks and recreational paths and there are some sidewalks already along the Jewel on the side and then one to get to the front. It will be challenging to have a path to the grocery store where the drive-up drug store is. He said Shodeen does own the Jewel property but Jewel leases and operates it and are very restrictive as to what you do next to and around their building. Even if it's not senior affordable,

these buildings will have underground parking and elevator and common corridors so this will just naturally cater to the empty nester.

Ms. Pierog asked about the two buildings closer to Jewel. Mr. Patzelt said one is identified as a purely residential building and the other is mixed-use as well as the two next to that one. Some are showing as optional mixed use, optional meaning that if there is enough demand for mixed use in the commercial space, you would simply raise the three residential floors and insert a floor of commercial space.

Mr. Hall said he thinks the plan is flexible enough to carry for either way, whether it is senior housing or not. With it being larger buildings, like architecture will be used and he has no concerns.

**A motion was made by Mr. Hall and seconded by Mr. Hansen to recommend approval of the variance for the location of affordable units for the Prairie Center Project.**

Mr. Glenn asked what the cost difference is between the proposal and Greenfield Senior Living in Mill Creek. Mr. Patzelt said they worked with Friendship Village in Schaumburg to develop the land but are not really in that business, so in essence we sold the land to them to develop that product. He said as people at meetings have stated we are in the affordable housing business, we are not. For the proposed site there is actually someone in the Chicagoland market that has provided this affordable senior living product in surrounding counties; they are experts in it and we would simply be working with them to develop the product. He said Greenfield is ownership units, these would be affordable apartments. Mr. Colby added that the rents will need to meet the ordinance requirements for affordability to qualify. Ms. Eakins added that the renters will need to meet the income requirements to acquire affordable housing. Ms. Johnson said the income requirement is 60% AMI, and the affordable rent for a 1 bedroom is currently \$855.

Mr. Hansen noted that this is directly following one of the recommendations that was in the CMAP study. He said our parents are eventually going to need to live near us and this would at least give some the option to be in St. Charles.

Ms. Pierog asked about transportation opportunities. Mr. Patzelt said some of the Commission's questions may be going a little bit beyond the affordable questions, but yes there will be public bus stop service at 2 corners (Prairie/Randall, Route 38/site entrance). The plan has been sent to PACE Bus and their comments included that they would like the bus stops on Rt. 38 "flipped" to the other side of the intersection. Currently that stop has a shelter but they are suggesting that it be enhanced because it is at the front gateway to the development.

Mr. Glenn said affordable housing is a very tough sell around here but since this is for seniors he thinks it will pass muster with the population.

Chairman Amundson said he's assuming this is all being predicated on them getting low income housing tax credits and he asked if it would be a deal breaker if you get the 72 units but the developer wants 75. Mr. Patzelt said at this point, since he doesn't have a contract and haven't closed, his request to the Commission is to provide at least 10% affordable units to meet the ordinance but have the ability to connect the units; there are 61 affordable units he has to provide but if he can get 72 or 75 it's even better. The PUD that they are requesting will allow him a total of 609 units. Pictorially the site plan shows 36 and 36 in each building, but if one is 37 and one is 35 it doesn't mean anything; it's still 609. Allow me the flexibility to move units in and around the various buildings

whether they are affordable or not. Staff is generally supportive of that concept and idea as long as the overall density is not exceeding the 609 plus the 61 affordable units.

Mr. Hansen mentioned touring the St. Charles hospital building in Aurora that's being renovated for senior affordable housing using tax credit financing.

Chairman Amundson said we are all fine if this is senior housing, but what if that changes. Mr. Hall said his motion for approval is for both senior or non-senior; he wants to see affordable housing regardless, as long as the architectural standards in the ordinance are met. Mr. Patzelt said as he identified in the letter, you will not be able to tell the difference between the buildings.

Ms. Pierog said for clarification regarding the tax credits, they get certain credits for seniors, families and individual adult couples for affordable housing, and seniors are graded at a higher level. Chairman Amundson said he used to be an architect and there is a real pragmatic planning reason to have seniors together and he has no issue having those two buildings for affordable senior housing, but if you strip away the word "senior", he gets really nervous about putting affordable housing units together because it is absolutely counter to what this Commission established 10 years ago, which was to have parity, equity and dignity. He said at that point in time the idea was you can put two or three units in each building.

Mr. Patzelt said if he is going to build, rent and sell condos in the development and has one of the buildings as just affordable and that building has no architectural appearance of likeness to the market rate buildings, he couldn't sell or rent any of the market rate units. Ms. Payleitner said she believes the priority is to get somebody else to manage the affordable housing and she understands the intent. Mr. Patzelt said what he can control as the developer is the architectural appearance on the exterior and exterior maintenance. Mr. Hall said the covenants and restrictions will say how you keep your space, and he doesn't think there will be the stigma of "oh that's that building". Even if there is, we have been trying to get affordable housing in here for seven years. Ms. Payleitner said she thinks there is a higher percentage that Shodeen wants it to be senior. Mr. Patzelt said the more restrictions you put on me the more difficult you make it. Mr. Hansen mentioned a proposed development in South Elgin called Water's Edge and there is a waiting list of seniors wanting to get in there, so there will not be any issues if it's senior housing.

Chairman Amundson said philosophically he has zero issues with senior housing, but if the developer of the senior housing backs out and we have given permission to make two buildings affordable, top to bottom, without the senior qualifier on it, then that is not what we envisioned. He said he gets Mr. Hall's point and is sympathetic to it. Mr. Hall said he and Chairman Amundson are on the same page with a lot of things, but where this goes doesn't matter because the mixed-use element may have people starting a business underneath and renting above to live. There are so many different dynamics to that, and as long as they keep the architectural aesthetics like they have stated, and it's in our ordinance that they must. He said he would like to call a vote on his earlier motion. Mr. Glenn said if the senior people back out, they would probably put the affordable units somewhere less desirable, which he doesn't think is a problem because it's affordable.

Ms. Eakins said she is going to vote for the variance but she agrees with the Chairman and appreciates what he has to say, but she is extraordinarily impressed with Shodeen that they are not asking for less affordable units and are willing to do what they need to do to make this community better. Chairman Amundson agreed that this is what we wanted; to develop a framework that might

encourage creative ways to go about solving the housing need and Shodeen has done that. He supports the senior aspect 100% but stripping away the word “senior” makes him nervous.

Ms. Pierog asked what the square footage would be for the affordable units. Mr. Patzelt said he does not know. Chairman Amundson said it can vary by square footage but needs to match bedroom counts. Mr. Patzelt said they may need to follow IHDA guidelines. Mr. Hall said he knows people who live in the affordable units downtown by Blue Goose and they turned out great and they love them.

**Mr. Hall repeated his motion to recommend approval of the variance for the location of affordable units for the Prairie Center Project. Seconded by Mr. Hansen.**

**Roll Call:**

**Ayes: Glenn, Eakins, Hansen, Goettel, Hall, Pierog**

**Nays: Amundson**

**Abstain: Payleitner**

**Absent: None**

**Motion passes 6-1**

Ms. Pierog suggested putting benches by the water.

Chairman Amundson said to also plan for a regular parade of ambulances and firetrucks because every time you call an ambulance a firetruck comes along with it. It’s good that they are near Prairie St. and Osco, but he would want a little more flex room outside for when the grandkids come around. Maybe the pond gets a little smaller or shifts a bit; careful site planning is in order.

## **6. Housing Program Descriptions**

### **a. Home Rehab Loan Program**

### **b. Downpayment Assistance Program**

Ms. Johnson said at the last meeting the Commission gave direction to move forward with amending the Single-Family Rehab Program by removing the single-family component to open the program up to owned condos and townhomes. The Commission also gave direction to create a new Downpayment Assistance Program which will piggy-back on the County’s First-Time Homebuyer Program.

Ms. Johnson went over the changes that were made to the Home Rehab Loan Program:

- The new name for the amended program is Home Rehabilitation Loan Program.
- Eligible improvements have been made clearer in regard to accessibility improvements:
- The requirement that the unit must be a single-family detached property has been removed
- The income limits have been updated with the most recent numbers available.

**A motion was made by Mr. Hall and seconded by Mr. Hansen to approve both program descriptions.**

Mr. Hansen said these changes are what we should have done 5-6 years ago.

Mr. Glenn said the title “Home Rehab Loan Program” is not particularly illustrative as to what the program is because it doesn’t address the physically disable improvements. He suggested calling the program, the home Rehabilitation and Accessibility Improvement Loan Program. Commissioners agreed.

Chairman Amundson suggested that under eligible improvements, improvements and modification for physically disabled persons should be moved up to the first bullet point, because we are trying to target seniors. Commissioners agreed.

Chairman Amundson asked why we would be taking a 10% administrative fee. Ms. Johnson explained that fee goes to Community Contacts, which is the 3<sup>rd</sup> party vendor that administers the program.

Mr. Glenn asked where the \$271,050 household value limitation comes from. Ms. Johnson said it comes from HUD. Mr. Glenn said if he comes in with a house that’s worth \$250,000 and they say it’s worth something else, who is going to determine what it’s really worth. Ms. Johnson said she is sure HUD defines how the value is to be determined. Chairman Amundson said he guesses it’s the assessor, but we should have some agreement on that.

Mr. Hall said if a retired senior is living in a home that is worth \$500,000 and needs improvements, but the owners don’t have the funds, they should still be eligible for the program if they meet the income restrictions. Ms. Johnson said the household value limitation is a County requirement and our program piggy-backs on the County’s program.

Ms. Eakins suggesting stating the household value is based on the current year assessor’s value. Ms. Johnson said she would check with the County and Community Contacts about how they determine the household value. Chairman Amundson said in his experience the assessor’s values are below market value anyway, so it works in favor of the homeowner and he is okay with that because everyone will be treated evenly. Mr. Hall said if someone wanted to argue it they could get an appraisal.

**Mr. Hall rescinded his previous motion.**

**A motion was made by Mr. Hall, seconded by Mr. Hansen and unanimously passed by voice vote to approve the program description for the Home Rehabilitation Loan Program, with “Accessibility” added to the title and listing accessibility improvements at the top of the eligible improvements list.**

**A motion was made by Mr. Hall, seconded by Mr. Hansen and unanimously passed by voice vote to approve the program description for the First-Time Homebuyer Down Payment Assistance Program.**

Ms. Pierog asked if DuPage County has a program we could partner on for the St. Charles residents that live in DuPage County. Commissioners agreed that could be worth looking into down the road.

## **7. Additional Business**

Mr. Hansen suggested that Chairman Amundson reconsider his vote for Prairie Center because he doesn’t want to lose another subdivision where we have an opportunity to add a significant number of affordable units; this will only help this Commission on the next project down the road due to

having a bigger cushion in our percentage number. Mr. Colby said that the reason for the “no” vote will be included in the staff materials for the P&D Committee.

Ms. Eakins said Shodeen is establishing the precedent that the affordable units can be provided and they are willing to put their neck on the line, and for other developers that follow she feels this is really critical. Chairman Amundson said it’s a creative and aggressive way to do it and he wants them to succeed.

Ms. Johnson noted Prairie Center will be before Plan Commission on December 6<sup>th</sup>.

## **8. Future Meeting Dates**

### **a. Thursday, December 15, 2016**

Ms. Johnson said they are thinking of cancelling this meeting. The intent is for the program descriptions to go before P&D Committee in January. She said staff was still in talks with Neighborhood Housing Services about the service agreement for administration of the Downpayment Assistance Program.

### **b. Thursday, January 12, 2016**

## **9. Public Comment**

## **10. Adjournment**

A motion was made by Ms. Pierog and seconded by Mr. Glenn with a unanimous voice vote to adjourn at 8:03 p.m.