

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

Members Present: David Amundson, Rita Payleitner, John Glenn, Corinne Pierog, Tom Hansen

Members Absent: Liz Eakins, Tim Kessler, John Hall Jr., Karrsten Goettel,

Others Present: Ellen Johnson, Planner

1. Call to Order

Chairman Amundson called the meeting to order at 7:07 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. Hansen with a unanimous voice vote to approve the Agenda.

4. Approval of Minutes from the January 28, 2016 Meeting

A motion was made by Ms. Payleitner and seconded by Mr. Glenn with a unanimous voice vote to approve the January 28, 2016 meeting minutes.

Chairman Amundson commented that in reading these minutes he knows the Commission was in kind of a funk that night, but a lot has transpired since that meeting and he wanted to go on record thanking the Mayor, Council, staff and everyone on the Housing Commission for everything they have done regarding the amendments to the Inclusionary Housing Ordinance.

5. Discussion of Inclusionary Housing Ordinance Amendments.

Ms. Johnson provided an update regarding the March 7th City Council meeting. She said Council approved the Inclusionary Housing Ordinance amendments, along with removing the IHO from the Zoning Ordinance. The IHO is now its own Title of the City Code. They also set the fee in-lieu amount at \$72,819.50, which was the fee recommended by the Housing Commission. Staff has created an IHO worksheet and explanation page that is now included in all development applications that have a subdivision component.

Mr. Glenn commended staff and the Commission and Chairman for making things happen. Chairman Amundson said he is eager to see where this goes and he thinks the next piece of the

puzzle needs to be put in place.

Ms. Pierog asked if there will be restrictions on how the fee in-lieu added to the Housing Trust Fund money may be used. Ms. Johnson read the list of eligible activities under Title 3 of the City Code:

- 1) Production of Affordable Housing including, without limitation, new construction, rehabilitation, and adaptive re-use.
- 2) Acquisition and disposition, including, without limitation, vacant land, single-family homes, multi-unit buildings, and other existing structures that may be used in whole or part to provide Affordable Housing.
- 3) Grants or loans to not-for-profit organizations that are actively engaged in addressing the housing needs of Eligible Households.
- 4) Retention of a third-party organization to administer and track Housing Trust Fund programs and payment of a management fee as agreed upon between the City and the third-party organization.
- 5) Payments to a third-party organization to reimburse costs incurred in connection with a Housing Trust Fund program. Such costs shall include construction/rehabilitation costs, administrative costs such as property title searches and recording fees, and similar costs that are incurred in connection with an eligible project. No costs shall be reimbursed except pursuant to a written agreement between the City and the third-party organization.
- 6) Financial assistance to Eligible Households in renting dwelling units. Financial assistance to Eligible Households in purchasing dwelling units.
- 7) Financial or in-kind assistance to preserve and/or maintain existing Affordable Housing.
- 8) Weatherization of dwelling units occupied by Eligible Households.
- 9) Emergency repairs to dwelling units occupied by Eligible Households.

Ms. Pierog said in knowing how the state manages its finances could the Trust be swept. Ms. Johnson said no, the Trust Fund is its own account controlled by the City.

Chairman Amundson said developers can build affordable units if they want to, but the assumption moving forward is that they won't; they will pay the fee-in-lieu and the Trust Fund will start rolling for the first time since 2004-2005. Ms. Payleitner said if we have rental units or apartment complexes, they would probably provide affordable units, which would build the stock of affordable housing.

6. Discussion of Community Land Trust Exploratory Process

Ms. Johnson said that Betsy Lassar gave a very informative presentation to City Council at the Planning and Development Committee meeting on March 14th. She said she sent Ms. Lassar's

slideshow to the Housing Commission. She felt the reaction from Council was supportive. Ms. Payleitner added that the members asked some really good questions.

Ms. Johnson added that Batavia had representatives present, but Geneva and North Aurora did not. She said it remains to be seen whether the other communities want to participate. That is what our City Council is waiting to see.

Ms. Pierog asked if the money we have is only designated for funding St. Charles' portion of the study. Ms. Payleitner said the Housing Trust Fund cannot be used for planning studies; funds for the exploratory process would come out of the department's budget.

Mr. Glenn commented that the only negative feedback at the P&D Committee meeting was from a resident concerned about allowing someone to get a free ride on their taxes, which is not the case. Ms. Pierog said from the School Board perspective, less taxes means less revenue coming in, and that should be addressed. Ms. Payleitner said the difference in tax revenue would not be that much because the taxes on the property before being improved were probably very low.

Mr. Glenn mentioned the example that was used at the P&D Committee meeting which stated that if the CLT property was bought for \$225,000 and \$75,000 was invested to improve the property and the homeowner paid \$180,000, there would be a \$120,000 subsidy, which is the difference between what the homeowner can afford and the purchase/rehab costs. Ms. Johnson said that subsidy could be paid through grants or potentially through the Housing Trust Fund. Mr. Glenn asked who pays the fix-up fee. Ms. Johnson said she believes it could come out of the Trust Fund. Ms. Pierog asked what happens upon sale of that property. Mr. Hansen said the land belongs to the CLT for 99 years. Mr. Glenn said they can sell the house to another approved person or back to the CLT so the CLT can sell it to an approved person. The idea is try to keep the price affordable even if house prices go up. The example showed the home price increased 5% over 5 years. Ms. Johnson said that example was from the Highland Park CLT and their chosen resale formula. If St. Charles were to establish a CLT, we would come up with our own resale formula.

Ms. Pierog asked if the homeowner of a CLT home would be able to keep appreciation in value if they make improvements. Ms. Payleitner said in the example, the homeowner would get a percentage of the appreciation. Chairman Amundson said the resale formula will be the heart and soul of the CLT.

Ms. Pierog said the appraised value of the CLT property may go up. She asked if that house will always remain at the original price point. Chairman Amundson said the formula will drive the price and the taxable value should be whatever the formula price is, because that's what its street value is. He said it can't be sold on the open market; it's sold to a limited fixed audience at a fixed price. Mr. Glenn said there needs to be a conversation with the county regarding taxation of the CLT properties.

Chairman Amundson said we have to think long term because the ground lease is 99 years and you could have a family move in and stay there for 50 years. Ms. Pierog said the property is owned by the CLT in perpetuity, so they not only own the ground but also the property on the

ground. Chairman Amundson clarified that the real estate is owned by the CLT and the structure itself is owned by the family.

Mr. Hansen asked where we stand with all of this. Ms. Johnson said Phase I of Betsy Lassar's proposal is the exploratory study. If the four communities decide to go forward with Phase 1, Betsy Lassar would then then guide a steering committee through determining what the CLT should look like in terms of structure, how it should be funded, what population it should serve, and what the resale formula should be. She said the North Aurora, Batavia, Geneva and St. Charles councils are currently considering whether they would like to take part in Phase 1, which includes sharing the \$12,000 cost. She expects that in a few weeks, hopefully by next meeting, we will know which communities will participate.

7. Single-Family Rehab Program Marketing

Ms. Johnson shared a brochure she made promoting the Single-Family Home Loan Rehab Program. She thought the group could brainstorm places to distribute the brochure. Commissioners' suggestions included: Christ Community Church, Fox River Valley Initiative, Lazarus House, H.A.V., the Library, Blue Goose, Lazarus House, and social workers with the school district.

Ms. Pierog said the Fox River Valley Initiative has been looking at sites for large multi-family developments funded by HUD. Mr. Hansen added that they are focused on creating affordable housing, not rehab. Ms. Pierog explained how the Fox River Valley initiative works: the housing is like the umbrella and then there is a large non-for-profit builder that is working in tandem with them to develop goals, and volunteer efforts to build neighborhood capacity. She said the community is engaged and offers support through church groups and civic organizations; they have a shoestring budget but bring together all the interested parties. Mr. Hansen said all those entities they bring together are the ones we want to get the word out to. Chairman Amundson suggested going to one of their meetings.

Mr. Glenn asked about the interest rate for the Single-Family Rehab Program. Ms. Johnson said it is a 0% interest loan. Mr. Glenn suggested putting that in the title so it jumps out. He asked if HVAC repairs are eligible. Chairman Amundson said "repairs to mechanical systems" would include HVAC. Mr. Glenn suggested maybe specifying and including some of the most obvious repairs that would be covered. He also suggested adding a date on it to know that it's current and to also state that it's only within the city limits. Ms. Johnson said that is listed under the Who Can Apply section.

Ms. Pierog stated that the Fox River Valley Initiative does not have relationships with the Catholic churches, but St. Patrick's has a lot of Hispanic members, so that would be a good place to distribute to. Chairman Amundson suggested have a Spanish language version of the flyer.

Ms. Johnson said if someone is interested in the program, they would call Community Contacts directly. Community Contacts screens the applicants for eligibility. Mr. Glenn asked what happens if 100 people apply for the program; who decides who gets a loan? Ms. Johnson said it is on a first come, first served basis. Also, the improvements must cost more than \$20,000; the

first \$20,000 is covered by Kane County. If more funds are needed, the City's program kicks in up to another \$10,000.

Commissioners agreed the brochure is a good step in promoting the program, and they liked the simplicity.

Ms. Pierog asked if mechanical systems repairs include energy efficiency upgrades. Ms. Johnson said she wasn't sure the program description gets that specific but she would check. Ms. Pierog said damage from critters other than termites should be included. Mr. Glenn asked if a number of misc. repairs could be bundled. Ms. Johnson said she didn't see why not. She said she did not want to get into too much detail on the brochure. If a homeowner has something they need help with, they should call the number on the brochure to see if they would be eligible for the program.

Ms. Hansen recommended that staff make the changes and distribute the flyers; no need to bring it back to Commission. Commissioners agreed.

8. Additional Business

9. Future Meeting Dates

- a. Thursday, April 21, 2016
- b. Thursday, May 19, 2016

Chairman Amundson said he hopes to hear good news regarding the CLT at the next meeting to get things moving to meet with Betsy Lassar.

Ms. Johnson said it would be good to hear from the Fox River Valley Initiative to find out exactly who they are and what they do. Chairman Amundson said he has heard from them twice and he still doesn't know. Ms. Pierog said it is a non-profit with a membership fee to join; the goal is to get as many paying members as possible to have financial clout to market their advocacy purposes. Chairman Amundson added that the group is not just interested in housing, but also social justice, immigration, wage and labor laws, mental health, senior issues, etc. Ms. Pierog added that the Illinois Education Association is one of their big supporters.

10. Public Comment

11. Adjournment

A motion was made by Ms. Payleitner and seconded by Mr. Hansen with a unanimous voice vote to adjourn at 8:08 p.m.