

**MINUTES
CITY OF ST. CHARLES, IL
HOUSING COMMISSION
THURSDAY, SEPTEMBER 29, 2016
COUNCIL COMMITTEE ROOM**

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

Members Absent: Karrsten Goettel, John Hall, Jr.

Others Present: Ellen Johnson, Planner

1. Call to Order

Chairman Amundson called the meeting to order at 7:02 p.m.

2. Roll Call

Ms. Johnson called roll with 5 members present. There was a quorum. Ms. Pierog arrived at 7:19 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 August 18, 2016 Meeting

Chairman Amundson noted on page 3, the last number in paragraph 7 should be \$170,000, not \$140,000.

A motion was made by Mr. Hansen and seconded by Ms. Eakins with a unanimous voice vote to approve the August 18, 2016 meeting minutes as corrected.

5. Discussion of Housing Programs

Ms. Johnson said at the last meeting we spoke of forming two programs: a home accessibility modification program to help seniors age in place and a downpayment assistance program. She said staff researched how the programs could be structured and what programs are already out there.

Home Accessibility Modification Loan Program for Seniors:

Ms. Johnson said she looked closer at the City's existing Single-Family Home Rehab Program, and an eligible improvement is, "accessibility improvements for disabled persons". The existing program already offers loans for accessibility improvements, although the program is available to all homeowners, not just seniors. She said she spoke to Lowell Tosch from Community Contacts, who

administers the program. He said they have installed things like shower grab bars and have done door widening and other accessibility improvements. Chairman Amundson said he thought there was one done in St. Charles maybe 5-6 years ago to install an outdoor ramp.

Ms. Johnson reminded the group about the specifics of the Single-Family Rehab Program. The program piggybacks on the County's program. First the County's \$20,000 is used. If additional funds are needed then the City's \$10,000 kicks in. The income limit is 80% AMI based on household size, and the unit must be an owner-occupied, single-family detached home within City limits. Home value cannot exceed \$271,000, which comes from HUD.

Ms. Johnson said the Commission has a few options: 1: Create a separate home accessibility modification program targeted to seniors; 2: Keep the current program as-is and do more marketing towards seniors; or 3: Do a mixture of additional marketing toward seniors and amending the program a slightly. The single-family detached home limitation could be removed to open the program to owner-occupied townhomes and condos, which could make the program available to more seniors. The County's program is open to condos and townhomes, but the City's is more restrictive.

She said she received a bit of background from staff regarding why other types of owner-occupied units were left out when the program was created. There had been discussions that a condo association or an HOA should be covering at least exterior improvements for the homeowners already. Mr. Glenn said if there were something like a ramp that was needed for a common lobby, then that would be the HOA's responsibility; however the owners are responsible for inside the unit, so his thought is why not allow townhomes and condos.

Ms. Johnson asked if any of the members remember other reasons why the program was only targeted for single-family. Chairman Amundson said it was intended to include all types of units. One of the reasons why handicapped accessibility modifications were included as an eligible activity was to keep families with a disabled family member in place, in their support network. "Aging in place" wasn't on the Commission's radar at that point in time.

Ms. Eakins said if someone owns a condo or townhouse and adaptions need to be made then they should be able to qualify for the program.

Chairman Amundson said if the HOA allows an improvement but the homeowner has to pay for it, and if the homeowner meets all the income qualifications and everything else, this program could be tapped to pay for it. If the HOA owns a common area, the program couldn't be used for ramps in the lobby because the HOA wouldn't qualify. Mr. Glenn said if someone were handicapped and needed a ramp in a common area, the HOA would have to put one in. Chairman Amundson said the individual owners could use the program for accessibility in their bathroom, kitchen, doorway etc. He agrees that it makes sense to open it up to all types of owner-occupied units.

Ms. Johnson said their marketing materials could provide more specific examples of accessibility improvements.

Mr. Hansen asked if the program would be a loan. Ms. Johnson confirmed it is a 0% interest, deferred payment loan. Chairman Amundson said money would not come back to us until the house is sold, goes to estate or a title transfer. Mr. Glenn asked why it's not a grant program, since it's only \$10,000 and we are doing this so the person can stay living in their home. Mr. Hansen said he

doesn't want to make it a grant program; if the funds allow someone to stay in their home, when they decide not to stay there any longer, we should get the money back to be able to do it for someone else.

Mr. Hansen said he thinks marketing is key because if no one has used the program, it's because they don't know about it. Ms. Johnson said she sent the brochures out to the Area Agency on Aging and all the local churches and other locations. She said the library just asked for 50 more copies, so people are taking the brochures, we just haven't heard from those people. Ms. Eakins suggested sending the brochure to the Senior Center at Pottawatomie.

Chairman Amundson said in marketing to the public we need to watch how we say things; we cannot speak in code; no abbreviations or jargon.

Chairman Amundson clarified that the Commission agrees to keep the Home Rehab Program but open it up to other types of owner-occupied units and market it differently. He asked about the rules for the County's program. Ms. Johnson said the County's rules are the same as the City's, except without the single-family only restriction.

Chairman Amundson asked if we should keep the \$10,000 loan limit, because with the \$20,000 from the County, the amount someone can receive is capped at \$30,000, and someone may need more than \$30,000 in order to stay in place. He asked if the Commission is willing to offer \$30,000 in home rehab assistance, for a \$50,000 maximum. Ms. Payleitner said she doesn't think so; this is a band aid to keep someone in their house.

Mr. Glenn said there are a lot of homes out there with people in this situation that are worth more than \$271,000, but may not have any money in the bank, and those people aren't eligible for the program. Chairman Amundson said we would then need a separate structure for the City's program to make it independent from the County's program, since the home value limitation is also a County requirement. Mr. Glenn said he doesn't see why we can't detach our program from the County's. Chairman Amundson said they have a program that the City is piggy-backing on for those who live in both the County and in St. Charles. He said he would guess that those who live in the portion of St. Charles out near the airport wouldn't qualify because it's not Kane County. Ms. Payleitner said there aren't many homes, just Pheasant Run Trails.

Chairman Amundson said he goes for simplicity; changing the marketing and opening up the program to get people to bite can be done fast. He said he's not sure why there haven't been any applications in the past 2-3 years. He said it's all about getting the word out to the right people: Community Contacts, churches, senior citizens groups, etc. Mr. Glenn said the problem is we get the word out when people don't need it, and then when they need it they don't know about it because advertising is repetition and we don't have that repetition. Ms. Payleitner said as a community we need to keep our seniors engaged.

Ms. Payleitner said in regard to upping the funds, if somebody comes to us and there's an exceptional situation, it can be brought before the Commission. Mr. Hansen said he likes that we are not creating something new because in creating something new there are all sorts of compliance rules that could take months to figure out.

Ms. Payleitner noted that there used to be a City senior services commission and she mentioned to the Mayor having a group like Elgin has. This would be another tangible way to reach out.

Ms. Eakins asked if The Den only goes out electronically. Ms. Johnson said it doesn't get mailed but there are copies in City Hall. Ms. Payleitner said she thinks the apartments by her get it delivered. Mr. Glenn said they used to put it on the doorknobs but they stopped. Ms. Pierog suggested the program brochure go out with the utility bill. Chairman Amundson said for those that get their bill online, it would be awesome to have it as an attachment. Ms. Pierog asked if it could be distributed to the churches to be part of the church bulletin. Mr. Hansen said that would be up to them. Ms. Eakins said she would send staff the email group for the St. Charles church bulletins. Chairman Amundson asked if the Housing Trust Fund money could be used to pay for advertising. Ms. Johnson said it cannot. Mr. Hansen said he would be glad to drive some around and deliver them to VFW's, Legions, etc. Ms. Johnson said she'd revise the brochures when the program is updated and will bring copies to a meeting.

A motion was made by Mr. Hansen and seconded by Mr. Glenn, with a unanimous voice vote to expand the existing Home Rehab Program to include other types of owner-occupied housing units and increase marketing of the program to seniors.

Downpayment Assistance Program:

Ms. Johnson said as discussed at the last meeting, the idea behind this program is to provide downpayment assistance so that a family can purchase a home that would otherwise be unaffordable.

Ms. Johnson said she researched existing downpayment assistance programs available in our area. She said Kane County and the Illinois Housing Development Authority offer downpayment assistance programs to income-eligible homebuyers, which St. Charles buyers can apply for. She referenced the summary information provided in the staff memo:

1. Kane County's First-Time Homebuyer Program:
 - \$10,000 in down payment and closing cost assistance.
 - Zero interest, deferred-payment loan; repaid upon sale or transfer.
 - First-time homebuyers only.
 - Annual household income cannot exceed 80% AMI based on household size.
 - Buyers must complete a homebuyer education course.
 - Buyers must contribute 1% of purchase price.
 - Buyers must have lived or worked in the Kane-Elgin Consortium Area for at least 1 year.
 - Open to single-family homes, townhomes, condominiums
 - Homes must pass inspection.
2. IHDA's 1st Home Illinois Mortgage Program: (First time homebuyers)
 - Combines 30-year fixed rate mortgage with \$7,500 downpayment or closing cost grant.
 - Buyers must contribute 1% of purchase price.
 - For first-time buyers or anyone who has not owned a home in the last 3 years.
 - Annual income cannot exceed \$79,432 for household of 2 or less, or \$91,347 for household of 3 or more. These incomes are above 120% AMI.
 - Buyers must complete a homebuyer education course.
 - Open to single-family or two-unit properties.
3. IHDA's @HomeIllinois Mortgage Program (first-time or repeat buyers):
 - Combines 30-year fixed rate mortgage with \$5,000 downpayment or closing cost loan.

- Buyers must contribute 1% of purchase price.
- Annual income cannot exceed \$79,432 for household of 2 or less, or \$91,347 for household of 3 or more. These incomes are above 120% AMI.
- Buyers must complete a homebuyer education course.
- Open to single-family or two-unit properties.

Kane County's First-Time Homebuyer Program can be used in conjunction with IHDA's programs. In total, a first-time homebuyer can receive up to \$17,500 in downpayment assistance through the programs. Repeat buyer can receive up to \$5,000.

Ms. Johnson said in looking at the creation of a new downpayment assistance program, most existing municipal downpayment assistance programs are offered only to first-time buyers. She spoke with the City of Wausau, WI which does provide downpayment assistance to both first-time and repeat buyers. However, no repeat buyers have applied to their program.

She said if the City creates a new program, the following elements should be incorporated:

- 0% interest, deferred payment loan paid back at the time of sale or transfer.
- Purchase of home within the St. Charles city limits.
- Buyers must complete a homebuyer education course, offered through various agencies.
- The home to be purchased must pass inspection.

Chairman Amundson suggested piggy-backing on Kane County's downpayment assistance program similar to the Home Rehab Program, in the interest of streamlining, less bureaucracy and less delay. He said he would be fine with using the County's requirement that buyers must have lived or worked in Kane County/Elgin for at least one year to qualify for the program, provided the house is being purchased in the city limits.

Ms. Pierog said businesses have expressed concern to her about not having affordable housing for their employees; the business community would like to support the workers in town. Ms. Johnson said an event was held last October to reach out to businesses about employer-assisted housing programs, but none of them expressed interest in starting a program. Mr. Glenn said about 10 years ago there was a program offered by System Sensor, which has been used as an example.

Mr. Hansen said he supports creating a new program and piggy-backing with the County's program, but to open it up to anybody; the County's program is too restrictive with limiting it to first-time homebuyers. Chairman Amundson said restricting the program to first-time buyers will be faster. Ms. Eakins said if somebody has investments and other sources of income she doesn't feel it is appropriate to use these dollars to pay for someone's downpayment; there needs to be a really strict asset limit. Ms. Pierog agreed.

Ms. Johnson referenced a list in the staff memo of questions that would be raised if the program were open to repeat buyers:

- The buyer's financial situation with their current home could be figuring into their decision to move and/or apply for down payment assistance; how would this be handled?
- Should there be a limit on the amount of equity the buyer will gain on the sale of their current house in order to qualify for the program?

- If the idea is to provide assistance so a family that needs to can afford to move to a larger house, would we require the buyer prove they need a larger house? How would that need be determined?
- Many downpayment assistance programs for first-time buyers are also open to repeat buyers if they have not owned a home in the last 3 years. Is this a stipulation that should be included?

Chairman Amundson said income wise his Dad would qualify but he has a lot of assets, yet he would qualify for this program if it were open to repeat buyers. He said it is in part a good faith test of the social contract of people self-selecting versus the fear of someone taking advantage of the system. Mr. Hanson said he'd be surprised if the County doesn't already have a screening process. Ms. Payleitner said she is sure they do, and that's probably why it's so restricted and is limited to first-time buyers. Chairman Amundson said that eliminates situations where people are flipping multiple houses.

Ms. Pierog asked if the downpayment assistance funds would be given back to the City upon sale of the property. Chairman Amundson said yes, the City's Housing Trust Fund is replenished upon sale or transfer of the property. Being a revolving fund has always been the goal.

Ms. Pierog asked if the City would be protected from fire damage, etc. Mr. Hansen said no, if we wanted to be protected we'd have to pay off the first mortgage. Chairman Amundson said if they have a mortgage they probably have PMI which necessitates having continuous homeowners insurance, so fire damage, acts of God, etc. are covered until the house is paid off. Then the homeowner can drop their insurance and the City would have nothing to say about that; if the house did burn down the City might lose its money. A more likely scenario is a foreclosure. The entity in first position on the mortgage gets any equity that is left and the City would probably lose out. This is not a risk free venture.

Ms. Johnson asked the Commission how much downpayment assistance should be offered through the City's program, in addition to the \$10,000 from the County's program.

Mr. Hanson said he liked \$10,000. Chairman Amundson said he wants to provide more, because \$10,000 amortized on a 30 year note is only about \$60 per month; if the homeowner gets \$10,000 from each program, they get about \$120 per month, and although that's something, \$200 per month would be better. Mr. Hansen said it's not monthly payment assistance, it's really filling the gap so someone can afford to buy the unit and get in there. Chairman Amundson said he knows, but it lowers the amount of money they need to borrow, which lowers their monthly payment. He would be fine throwing \$20,000 into the pot on top of the County's \$10,000.

Ms. Payleitner said \$20,000 from the City is a lot. Mr. Hansen said if you make 5 loans at \$20,000 you have more risk than if you make 10 loans at \$10,000. Chairman Amundson said his position is for the program to really help rather than a help a little bit. Ms. Johnson said a buyer could get \$10,000 from the County, \$10,000 from the City and \$7,500 from the state, bringing the total to almost \$30,000. Chairman Amundson said the funds from the state may not be there for long.

Ms. Eakins said she has always been concerned about people being artificially placed into homeownership, and that is part of the trap people fell into prior to the recession. Not everyone is cut out to own a home. Ms. Pierog said we have to be careful; we can bring the cost down for them to afford a mortgage, but when they need to make costly repairs that all adds up.

Chairman Amundson agreed on \$10,000 from the City to piggyback on the County's program. He suggested eliminating the year-long Kane County resident requirement in order to be less restrictive than the County. Ms. Johnson said the homebuyer would have to qualify for the County's program first, and then the City's would kick in.

Mr. Hansen said he would tell the County staff to let the City know if they have people approaching them that are not first time-homebuyers. If so, we can modify the program. In the future it might be worth it to develop our own program and not piggyback, but let's try it this way first. Commissioners stated agreement.

A motion was made by Mr. Hansen, seconded by Ms. Eakins with a unanimous voice vote to create a new first-time homebuyer downpayment assistance loan program to work in conjunction with the County's program for up to a maximum of \$10,000 per loan.

Ms. Johnson said she would come up with a formal proposal and talk to the County to be sure this program is feasible. Then the next step would be presenting the program to P&D Committee.

6. Additional Business

Chairman Amundson asked about the development at the old St. Charles Mall site. Ms. Johnson said the development is called Prairie Center. A public hearing at Plan Commission will be held on Oct. 18th. Part of the development proposal is to provide 10% affordable units.

Mr. Glenn said although we are getting something accomplished, we should be more strategic and tactical in how the money is put to use. He feels the nation is looking for leadership and we could be one of the cities that does that. He shared a report from the Bipartisan Policy Center called, "Healthy Aging Begins at Home", which found the status of housing America is not good; we have a senior wave coming in with nowhere to live; they are not capable of staying in their homes without help and most are house rich but bank poor. Health, money, housing, accessibility, etc.; everyone has a problem with these things once they are over 60. He suggested reading a book called "Disrupt Aging" by the CEO of AARP, specifically the housing chapter which goes over some case studies of cities that have done innovative things. He thinks we can be a city that steps up to help out with a whole host of issues that happen once your income stops and goes down to social security/pension. We are seeing people working till 75 because they can't afford to put gas in their car; it's a huge problem, and although we did good work putting the previously discussed program in place, it's not good enough to make a difference.

Ms. Pierog said another elephant in the room is property taxes. People with \$30,000 in taxes cannot sell their homes because no one can afford that. This issue concerns her for fixed income individuals. Taxes cannot be handled at the Housing Commission level, but it can be handled at the school district level, however there needs to be a new funding level state wide for it to really have a dramatic impact.

Mr. Hansen said the Commission approved two programs tonight which is more than it has approved in the last six years. You need to walk before you run, and it's easier to develop a new program when something already exists to gain interest and knowledge, but a completely new program can take another six years.

Mr. Glenn said he is not saying not to do the program, he thinks it is great, but the little bit of money we have will maybe help ten families. Mr. Hansen said that huge. Chairman Amundson said a frustrating thing about working with government and policy is the scope of the mission and as much as we would like to address transportation, property taxes, etc., our scope is to deal with affordable housing. We want to do that to the best of our ability with the little bit of money that we have. We should go at this with an attitude of abundance in saying that the pot will get refilled and we can do more later, like partnering up with a non-profit to do something big to outlive us all by a couple of generations; that is his goal.

7. Future Meeting Dates

- a. Thursday, October 20, 2016**
- b. Thursday, November 17, 2016**

8. Public Comment

9. Adjournment

A motion was made by Ms. Eakins and seconded by Mr. Hansen with a unanimous voice vote to adjourn at 8:25 p.m.