

**MINUTES  
CITY OF ST. CHARLES**

**JOINT MEETING OF  
THE CITY COUNCIL &  
ST. CHARLES HOUSING COMMISSION  
MONDAY SEPTEMBER 11, 2017 – 5:45 P.M.**

**City Council**

**Members Present:** Mayor Rogina, Aldr: Stellato, Silkaitis, Payleitner, Lemke, Bancroft, Gaugel, Vitek, Bessner, Lewis

**Members Absent:** Turner

**Housing Commission**

**Members Present:** Chair Eakins, Glenn, Hansen, Payleitner, Pierog, Goettel, Waibel

**Members Absent:** Pietryla

**Others Present:** Mark Koenen, City Administrator; Rita Tungare, Director of Community & Economic Development; Ellen Johnson, Planner

**1. Call to Order**

The meeting was convened by Mayor Rogina at 5:55 P.M.

**2. Roll Call**

Roll was called:

**City Council**

**Members Present:** Mayor Rogina, Aldr: Stellato, Silkaitis, Payleitner, Lemke, (5:56pm), Bancroft, Gaugel, Vitek, Bessner, Lewis (5:59pm)

**Members Absent:** Turner

**Housing Commission**

**Members Present:** Chair Eakins, Glenn, Hansen (5:57pm), Payleitner, Pierog, Goettel, Waibel

**Members Absent:** Pietryla

Mayor Rogina introduced intern Corina Kowalski, a junior at St. Charles North High School.

Mayor Rogina commended Chair Eakins on the 20<sup>th</sup> Anniversary party for Lazarus House this past weekend. He emphasized that in 20 years they have only had two executive directors, one of them being Chair Eakins.

**3. Housing Commission Purpose Statements**

Ms. Johnson explained the changes made to the Housing Commission purpose statements which were recommended by the Housing Commissions at their last meeting on August 10<sup>th</sup>. She added that a City Code amendment would be needed in the future to codify these changes and the Commission would like to discuss these tonight with Council before moving forward.

Aldr. Bessner asked if the “affordable housing stock” in Purpose Statement B meant physical houses or buildings and nothing to do with the funding. Chair Eakins said physical units.

Mayor Rogina asked why the word attainable was removed from Purpose Statement C. Ms. Johnson said attainable and affordable essentially mean the same thing. Ms. Tungare added that “attainable” is not a defined term in the code. Mr. Hansen added that affordable is based on income; attainable is ambiguous.

Mayor Rogina also asked about removing the word “maintain” from Purpose Statement C. Ms. Tungare noted they added “maintain” in regards to the affordable housing stock in Purpose Statement B.

Ms. Pierog asked why “working with the private sector and major employers in the community” was taken out of Purpose Statement C. Ms. Johnson said the Commission wanted to make the statement a bit more general and encompassing of all groups. Ms. Tungare noted that under “Power and Duties”, items D & E are more specific in regards to working with builders, developers and any community stakeholders.

Mayor Rogina said if there are any more questions regarding the changes, bring those to staff to keep the lines of communication open.

#### **4. 2018 Fee In-Lieu**

Mayor Rogina pointed out the chart provided by staff which shows the fee dropping from \$72,819 in 2016 to the current fee of \$5,000 for multi-family units. He pointed out that particular discussion and final adoption was centered around competitiveness with other communities. Geneva has no fee and Batavia never really adopted anything to his knowledge.

Chair Eakins said earlier this year when the fee dropped so dramatically the Commission was stunned because we hadn’t hear anything at all and we had ideas of where things could have gone. This item was added to the agenda to be cooperative to having annual discussion and feedback, if the Council feels the Commission’s input is valuable based on our role, prior to the new fee being set. Mayor Rogina said from his perspective he has no problem with that at all.

Mayor Rogina asked if it is valid for St. Charles to be competitive with our fee in-lieu when adjacent communities have nothing to very little in terms of affordable housing requirements. Mr. Hansen said fee in-lieu means fee in-lieu of actual construction of new affordable housing. If you’re not going to have construction of new affordable housing you collect a fee to be used to encourage other projects. Although Batavia doesn’t do that they have construction of affordable housing happening, therefore they don’t need to collect a fee right now because there are affordable units. He personally would rather see the housing built than receive the money because the Commission then has to decide how to

deploy it. He said the trend with our affordable housing stock is downward, which could be a problem next year.

Mayor Rogina asked what percentage of the Batavia housing stock is affordable. Mr. Koenen said 11.4% and ours is 11.2% by the state's formula, as determined in 2013. Mayor Rogina asked if we are that far off with our percentage. Mr. Hansen said our trend is downward and we don't have anything affordable under construction right now; Batavia is making progress and if we were in that case he probably wouldn't recommend charging a fee either. Ms. Pierog noted that the Prairie Winds development does not include affordable units and we are not sure yet if Prairie Center will have the affordable senior component. Mr. Glenn said he understands the competitive issue within the cities, but we either do this, or we don't. He said in comparing ourselves to other cities and what drives pricing is: we have good schools and a desirable housing market; cities around us have the affordable housing because they don't have good schools. He knows what people are looking for and if they can afford to live in St. Charles they'll come here. If they can't they will head to Carol Stream, Hanover Park, Elgin or South Elgin. Mayor Rogina said he recalls the debate at P&D Committee and he remembers the Council's argument being about the market and whether or not it was better to get a development versus not getting the development period. He doesn't think there's a person on the Council that doesn't support the idea of having our children be able to afford coming back to live in St. Charles.

Mayor Rogina suggested having another meeting focusing the entire hour on the fee in-lieu, and go from there. Aldr. Payleitner said timing is critical; looking forward, we will trust staff to make us aware of what's in the hopper.

Aldr. Lewis said she likes the comparable with other cities to justify why we do things and she asked if that's something we could do in this case. Mayor Rogina said we'd have to rely on some statistics to get the conversation started, but we have enough firepower and experience around this table to come to something reasonable. Aldr. Lewis said it might be difficult to justify a fluctuating number every year. Chair Eakins said there is a trigger number. Ms. Johnson said previously there was a sliding scale in the Inclusionary Housing Ordinance; if we rose above 25% affordable the ordinance was turned off, however we removed the sliding scale from the ordinance about a year ago. Ms. Tungare said the Council is not obligated to change the fee every year; the ordinance language states that if there are no changes made by Council the fee remains the same until Council decides to reassess it. Part of the dilemma is we don't have many comparable communities for fee in-lieu. Aldr. Payleitner added that a decision of fee or stock is not the developer's to make; if there is a project that can give us affordable housing, that's where our priority should be; it doesn't matter what our fee in-lieu is. Developers don't check the box, we check the box.

Mayor Rogina noted the Petkus property debate, which is a possible next development here and Council took a stand for them to bring forward a proposal, rather than shooting in the dark. He also mentioned lots in Pine Ridge Park could be housing. The Oliver Hoffmann property was also mentioned. Chair Eakins said with those possibilities that are sizeable, even if we get fee in-lieu instead of units, that would be significant money that could piggyback on a Housing Trust Fund pocket of money that could entice a developer to come in and do it right. Ms. Tungare said the housing trust fund currently has a balance of \$739,563, which has bumped up in the past year from about \$600,000. Mayor Rogina said Council is not opposed to the Commission's creativity to come up with a plan to spend some of that money, for purposes of affordable housing. Aldr. Lemke said we could make a good presentation to Petkus to where if they have their ducks in line we can move quickly. Mayor

Rogina said Council wants to hear what the Housing Commission has to say; this is our second meeting and we can have several more.

Aldr. Lewis mentioned all the new houses being built in her neighborhood. They are not affordable and are not appropriate for the surrounding houses. She wondered if we could do something with teardowns to require some of them to be affordable in the older neighborhoods. Ms. Pierog said it's an open market in a good neighborhood that's walkable to a great school. Aldr. Bancroft said it is one thing to pride ourselves on being an advocate of affordable housing; it is another thing to start pushing back on other people's right to tear down a house to build a new one. Aldr. Lewis said she knows they have the right to do that, but in having this fee in-lieu that a certain amount has to be affordable. Aldr. Bancroft said it's an entirely different situation to have a developer come in to get a change in property use, get approval and cooperation from the City to build 200 units versus an individual who wants to make St. Charles their home and has managed to have enough wherewithal to build something bigger and better than what was there before. Aldr. Lewis said she wonders if there could be some sort of incentive or percentage of what's being done affordable on individual houses; she knows it difficult. Aldr. Stellato said this issue was addressed years ago and it was approached by changing zoning standards such as lot size, the ratio of the home based on the lot, etc.

Aldr. Stellato said one of the reasons we are discussing this today is because there was a change in the formula used by IHDA to calculate our affordable housing share. Our ratio back in 2004 was at 20-something percent and we realized we needed to be at 25% so we dropped down to accommodate and that is when the housing ordinance was first adopted. We were going along thinking we were at a certain percentage and IHDA came along and changed the formula and nobody knew what it was and our number dropped. We don't really know what our percentage is because we might have been calculating that number based on the numbers from years ago; we may not be down but maybe up. IHDA is going to adjust it again and all of us at this table need to defend what we're going to do. We're going to get question regarding any development put in this community and we need to be able to explain exactly why we are doing this. That information is critical in determining the fee in-lieu, based on a number we all agree on along with IHDA. Aldr. Payleitner said based on staff's calculation our number in 2013 was 25.6% affordable; then IHDA comes in and says more like 11.2%.

Mr. Hansen said he fully understands and in looking at the two numbers, the state's number is the only one that counts. Our numbers and the state's numbers were both directionally correct in that they both reflected that our number was dropping and if we are at 11% and the direction is down, next year we will be below 10%. The fee is the only inducement we have to get someone to build affordable units. If we don't have the fee how will we induce builders to build affordable housing in St. Charles? Aldr. Stellato said we don't know if these numbers are correct; we don't know if we're trending down. What we thought originally was that our older housing stock in town was our affordable stock, which a lot of young people were investing in to fix those homes up. We don't even know if there's credit now for that type of housing stock, which is considered affordable and gives opportunity to young couples to put their blood, sweat and tears in it. If you want to defend this to residents, we need to see the numbers from the state and once we get past that and we work out the mechanics, no problem. Ms. Johnson said she spoke with someone at IHDA and we'll have information in 2018. Ms. Tungare said it's possible that they will change the methodology again and that number could be anywhere between 10-25%; it's a moving target.

Mayor Rogina said before there is another development in town there will be a conversation in this room regarding the fee in-lieu. Ms. Tungare urged both groups to not focus on the number but focus on our affordable housing philosophy. Aldr. Stellato said we are always talking about a subjective decision and when a developer wants to do something it becomes a negotiation and at that point the Commission and Council can agree on a number. He thinks we can cover all the bases and accomplish what we all want to accomplish; we all agree with senior affordable housing and young couples starting out.

## **5. 2017 St. Charles Housing Affordability Analysis**

Ms. Johnson said in 2014 we were at 23.1% affordable. The analysis this year is based on data from calendar year 2016. In total, owner occupied and rental units together we are at 22.3% affordable, which is a slight fall from the 23.1% in 2014. Over a three-year period the change is slight, but still downward. The area median income rose over that time which is reflected in the higher affordable home price and the higher affordable rents. Owner occupied affordability fell slightly even though the affordable price rose, meaning housing prices are increasing. However, rental unit affordability increased from 11.9% in 2014 to 13.5%. Most rental complexes raised their rent over the past three years but the higher area median income actually resulted in some of those complexes now being considered affordable where they weren't before. In total, we are at 23.1% affordable based on our methodology. IHDA should come out with the new number next year and hopefully will use the same methodology they did in 2013 so the two numbers can be compared and so it can be determined if there is a downward trajectory. Regarding home sale trends, the median home sale price stayed consistent at about \$250,000 over the past three years. Condos prices saw the greatest increase.

## **6. Kane County Affordable Housing Fund**

Ms. Johnson said Kane County issued a call-for-projects this summer which will be reviewed by the Kane-Elgin Home Commission on September 19<sup>th</sup>. She, Chair Eakins and Aldr. Payleitner will attend to observe and learn about the types of project that developers propose to use those County funds, and also how the projects are assessed by the Commission. The Housing Commission sees the Affordable Housing Fund as a way to partner with the County to make available a chunk of our fund to developers. She said after we gather information and learn more we will start discussions with the County on how to partner. Aldr. Payleitner said hopefully the County will take on most of the administrative tasks.

Mayor Rogina asked if there is any local historical information relative to what a developer might find intriguing as an incentive. Mr. Hansen said the County's budget this year is \$2.9 million and within that they have builders doing 3-4 houses and will maybe get \$200,000, but then there are some projects which may get \$700,000; it's all over the board based on the project.

Mayor Rogina said if we were able to parlay our fund with something from the County we are talking about a significant amount of money to make something quite attractive.

Aldr. Stellato said he is looking forward to the math and what we can turn our \$750,000 into by working with developers.

Mr. Hansen said by partnering with the County we are not deferring decision making; all we are doing is letting the County know we are willing to work with developers who are going to work within St.

Joint Meeting of City Council and Housing Commission

September 11, 2017

Page 6

Charles, with the County doing the due diligence on the developer and the project. Staff would then get that information from the County and Council would then make the decision whether we are in on the project.

7. **Additional Business** – The group wished Ms. Johnson well.
8. **Public Comment** – None.
9. **Adjournment at 6:47pm.**