

**MINUTES
CITY OF ST. CHARLES
HOUSING COMMISSION
THURSDAY, JANUARY 5, 2023
DENS A & B**

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

Members Absent: Jillian Barker, Jeff Funke, Paul Lencioni

Others Present: Ellen Johnson, Planner

1. Call to Order

Vice Chair Baker called the meeting to order at 7:00pm.

2. Roll Call

Ms. Johnson called roll with five members present.

3. Approval of Agenda

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

4. Approval of minutes from the November 10, 2022 meeting of the Housing Commission

A motion was made by Mr. Glenn and seconded by Mr. Goettel with a unanimous voice vote to approve the November 10, 2022 meeting minutes.

5. Anthony Place II (GC Housing Development) – Kane County Affordable Housing Fund Proposal

Ms. Johnson said GC Housing Development has applied for financing from the Kane County Affordable Housing Fund for Anthony Place II, a 60-unit affordable senior development. The City approved zoning entitlements for the project in 2021. GC's application for tax credits from IHDA was approved on a preliminary basis in December. Now the project can be approved for Kane County Affordable Housing Fund financing, which includes funding from the St. Charles Housing Trust Fund, after obtaining preliminary County approval in September. That approval was subject to receipt of tax credits. Typically, the Housing Commission approves the City's end of funding for projects that apply through the Kane County Affordable Housing Fund process. However, there is only \$262,088 left from the City's initial \$416,000 Housing Trust Fund allocation to the Affordable Housing Fund. The Housing Trust Fund has a total balance of \$1.9 million. City Council has to decide whether they want to allocate more of the Housing Trust Fund into the Affordable Housing Fund in order to finance Anthony Place II in the amount of \$1.1 million. Kane County will be requesting County Board approval of \$1.1 million in HUD funding. Together this would cover the project's \$2.2 million funding gap. The funding gap for the project has increased since GC's initial application last summer, when \$725,000 was requested. Reasons for the budget increase include financing and material costs. The City would need to allocate an additional \$865,412 from the

Housing Trust Fund to cover the \$1.1 million. Kane County provided a staff report that analyzed GC's application which was provided to the Commission. County staff is recommending approval based on the proposal and the pro forma. The per-unit construction cost is in line with recent multi-family projects recently developed in Kane County.

Mr. Dries questioned the reasons for the budget gap and noted that material prices could come down, and if that could be factored in to the allocation. Mr. Glenn noted they have to have the financing in place now based on current costs. Mr. Goettel said it will be a couple of years before construction prices go down. Ms. Eakins noted the major banking institutions that are granting loans for the project have done their due diligence.

Mr. Glenn noted the City initially put a significant portion of the Housing Trust Fund into the Affordable Housing Fund to make something like this happen. The City has gotten large contributions recently.

Ms. Johnson said if the \$1.1 million is funded for Anthony Place II, the Housing Trust Fund would have a remaining balance of \$771,925. This is higher than the fund balance was before a \$1.2 million contribution from The Springs development in November. The City expects to get another \$500,000 in contributions this year from pending developments.

Mr. Goettel noted we have always been looking for a big project to fund with the Housing Trust Fund. This project will create a lot of units.

Mr. Glenn noted it has taken 10+ years to get this amount in the trust fund. There may not be many other big projects coming. We need to be judicious in using the funds wisely on good projects that need the money.

Mr. Dires wanted to make sure our contribution is fair. Ms. Johnson said GC Housing Development will be attending the P&D Committee meeting on Monday evening when the Housing Trust Fund allocation is discussed. They may have to answer similar questions from the Committee. County Board will be considering the County's \$1.1 million for the project in early February. The IHDA submission deadline is mid-February. GC will find out in June if they are approved by IHDA.

Mr. Glenn said this is the biggest project we have seen and will impact a lot of people. It is a more productive use than the single-family home projects.

A motion was made by Ms. Eakins and seconded by Mr. Goettel with a unanimous voice vote to approve \$1.1 million in funding from the Housing Trust Fund for Anthony Place II, subject to City Council approval of an additional allocation into the Kane County Affordable Housing Fund.

Ms. Johnson said after this process, City Council will need to allocate more of the Housing Trust Fund to the Affordable Housing Fund if they want to continue to offer our funding through that program. The next call for projects is expected in June.

6. 2023 Inclusionary Housing Fee In-Lieu

Ms. Johnson said the City has had a three-tiered fee in-lieu since 2021. The fee for multi-family is \$39,665.75 per required affordable unit; \$27,766.03 for townhomes; and \$15,866.30 for single-family. The fee calculation is based off of the affordable home price for St. Charles as identified by IHDA every 5 years in their statewide local government affordability update. The fee is calculated

based on three different percentage “downpayments” for the affordable home price. IHDA is expected to release its next report and affordable home price in December 2023. We would expect to recalculate the fee at that time for calendar year 2024. Staff has not experienced pushback from developers. The Springs was the only multi-family development from the past two years; they paid the fee without question.

Mr. Glenn said that we may not be requiring enough from single-family developments; perhaps the fee could be tweaked next time.

Mr. Dries said there is little land for single-family developments; an affordable single-family subdivision is not going to happen.

Mr. Goettel said a higher single-family fee would be passed to the homebuyers. We are getting the fee to allow affordable developments to be built, although we are still not getting affordable units within new developments.

Commissioners agreed to keep the fee as is for this year. The fee will be discussed at the P&D Committee meeting on 1/9.

A motion was made by Mr. Dries and seconded by Mr. Goettel with a unanimous voice vote to recommend keeping the fee as-is.

7. Home Rehab Program

Ms. Johnson said at the last meeting, the Commission discussed amending the Home Rehab Program do be a stand-alone program separate from Kane County’s program, so that we can loosen the eligibility requirements and not be subject to HUD parameters. Staff has gotten direction to put this idea on hold for the time being. New Council members are expected to join the City Council after the election this Spring. The City is also in the process of preparing a new Strategic Plan. One of the recommendations is for the City to assess affordable housing programs and policies by the end of 2024. Staff can express the Commission’s desire to amend the program during this assessment process.

Ms. Eakins said to explain to Council the difficulty in spending the Housing Trust Fund money, especially the Home Rehab funds. The current program and process is not working. She suggested a meeting with the City, County and Community Contacts to discuss what is going on.

Mr. Dries suggested Code Enforcement be utilized to find clients for the Home Rehab Program.

8. Additional Business

a. Project Updates

Ms. Johnson said the only outstanding project is the Moore Ave. new construction house. The City is expected to receive \$23,000 back from the sale of the property.

9. Future Meeting Dates

- a. Thursday, February 9, 2023 at 7:00pm Dens A & B
- b. Thursday, March 9, 2023 at 7:00pm Dens A & B
- c. Thursday, April 13, 2023 at 7:00pm Dens A & B

10. Public Comment- None

11. Adjournment at 8:05pm