

**MINUTES  
CITY OF ST. CHARLES, IL  
HOUSING COMMISSION  
THURSDAY, FEBRUARY 8, 2018  
COUNCIL CHAMBER**

**Members Present:** John Glenn, Rita Payleitner, Liz Eakins, Karrsten Goettel, David Pietryla, Louis Dries, Carolyn Waibel, Corinne Pierog

**Members Absent:** Tom Hansen

**Others Present:** Ellen Johnson, Planner  
Russell Colby, Community Development Division Manager

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**1. Call to Order**

Chair Eakins called the meeting to order at 7:00 p.m.

**2. Roll Call**

Ms. Johnson called roll with six members present. There was a quorum. Mr. Pietryla arrived at approximately 7:05 p.m. and Carolyn Waibel arrived at approximately 7:10 p.m.

**3. Approval of Agenda**

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

**4. Approval of Minutes from the August 10, 2017 Meeting**

**A motion was made by Ms. Payleitner and seconded by Mr. Glenn with a unanimous voice vote to approve the August 10, 2017 meeting minutes.**

**5. Approval of minutes from the September 11, 2017 Joint Meeting of the City Council and Housing Commission**

**A motion was made by Mr. Glenn and seconded by Mr. Goettel with a unanimous voice vote to approve the September 11, 2017 joint meeting minutes.**

**6. Recap of Joint City Council – Housing Commission Meeting**

Ms. Johnson said it was discussed at the joint meeting that Council would like the input of the Housing Commission before setting the fee for 2018. That will be the topic for the next joint meeting on March 12. She said one of the alderman expressed that he wanted to know what our affordable housing share is according to the state, because we haven't received that number since

2013. We expect a new number from IHDA in 2018. That could be used to justify the fee, depending on if we go up or down. In general the trajectory of our affordable housing share based on our analysis is that it's gone down slightly.

All members agreed that they felt the joint meeting was very productive and a good exchange of thoughts.

Mr. Dries asked how long it took to build up the roughly \$750,000 currently in the Housing Trust Fund. Ms. Johnson said the ordinance went into effect in 2008, but some of the money came in before that. Mr. Goettel said there was one project, The Reserves, in 2004-2005 which contributed about \$500,000, but we didn't have anything for a long period of time; that was the last big residential subdivision.

Ms. Pierog noted that Council seemed to be in support of affordable senior housing and hopes that the community itself would support that; it seemed to be high priority. Ms. Johnson noted that for the Prairie Centre project, the affordable senior housing developer has been approved to move to the next round for affordable housing tax credits. Ms. Payleitner also noted that Council unanimously approved the Intergovernmental Agreement with the Elgin Housing Authority, which is the next step for phase II. That will allow housing choice vouchers to be designated for a specified number of units in the building.

Chair Eakins asked how we know whether the affordable units built on First St. are continually being rented to people at 60% AMI, as required. Mr. Colby said there is a deed restriction on the property but he is not sure it has been looked into recently. He thinks the City has the ability to request documentation from the building owner based on that deed restriction. The owner is supposed to be tracking the renters' incomes. He said it is something staff can look into.

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

Ms. Johnson said as previously discussed, this may be an opportunity for the City to partner with Kane County to make some of our Housing Trust Fund available through the County's Affordable Housing Fund. Developers could then apply for funds to do projects in St. Charles.

Ms. Payleitner and Chair Eakins attended the Kane-Elgin HOME Commission meeting in November. Ms. Payleitner said she found it fascinating; it is a very thoughtful and thorough group. They had a slide show of all the properties under consideration. She was very impressed with the process. Chair Eakins said County staff explained all the layers of funding to be sure everyone understood how that package would come together, and what the end result was going to be. Ms. Payleitner said they would be a great group to work with and we could trust them to manage it.

Ms. Johnson noted that she and Ms. Tungare would be meeting with Scott Berger and Josh Beck from Kane County next week. The County has come up with some scenarios on how the partnership could work as far as administration and approval process.

## **8. 2018 Inclusionary Housing Fee In-Lieu**

Ms. Johnson said the fee in-lieu will be the topic of conversation at the March 12 joint meeting. City Code allows the Council to set the Inclusionary Housing Fee on an annual basis, with the last fee being set in February 2017. They will discuss the next fee and whether they would like to keep the current fee or change it. They want to hear the Commission's position on that. Tonight it would be good to come to a consensus which can be presented at the joint meeting by Chair Eakins.

Ms. Johnson went over the staff memo. There are several options for the 2018 fee:

1. Keep the current dual fee structure (different fees for single-family vs. multi-family developments), with the current fees: \$72,819.50 for single-family / \$5,000 for multi-family.
2. Keep the current dual fee structure, with different fees.
3. Return to the single fee structure (same fee for all types of residential developments), with one of the current fees or a new fee, based on a formula or not.

Mr. Goettel asked if there was any rationale of how Council chose the \$5,000 fee for multi-family. Ms. Payleitner said they worked with what the developer of a particular development being proposed at the time was willing to pay. Mr. Colby said it was considered in the context of all the other development fees that the developer owed. Ms. Payleitner said we were not going to get units with that development. Moving forward with future developments, Council wants the affordable units for multi-family projects.

Mr. Glenn said we could get units by making the fee cost prohibitive. Ms. Payleitner said ultimately it is up to the Council, whose priority is to get the units; the developer does not get to pick whether they provide units or pay the fee. Mr. Dries said it sounds like the process worked for the Prairie Center project; Council got the affordable units, not the money. Ms. Pierog said future builders will take a look at Prairie Centre and want that too; she doesn't feel the fee should be increased dramatically because it will discourage development.

Mr. Dries asked if any other suburban areas have a dual-structure affordable housing fee. Ms. Johnson said the other five Illinois towns that have an IHO have one single fee, not a different fee for different types of development.

Chair Eakins suggested going around the table to collect everyone's input.

Mr. Pietryla said he would be in favor of the multi-family tier; we don't want to raise the line when it's becoming burdensome to the developer. He said he wanted to hear from the others before commenting on a number.

Ms. Waibel said she didn't have an opinion at this point, but asked for clarification on what types of units are considered multi-family. For instance, what would a coach home be considered? Ms. Johnson said it is however the unit type is defined in the Zoning Ordinance. Units stacked on top of each other are considered multi-family. Ms. Waibel said some townhouses are stacked, that's why she's trying to clarify. Ms. Johnson said that's another issue with the dual fee structure; it is kind of arbitrary which types of units we decide fall under one fee versus the other.

Mr. Goettel said that helps support his opinion of going back to the one fee. Part of the problem with setting the fee on the multi-family is he doesn't know that other than arbitrarily pulling a number out where we'd get to the rational for where that number comes from. It seems that no other community has tried to bifurcate this, although there are not a lot of examples. Coming up with a fee that works for a particular development is not a real reason for getting to \$5,000. Let the Council give some reason as to why they feel multi-family should be lower than single-family. Other communities seem to manage with just one fee.

Mr. Glenn said he feels \$5,000 is getting in way too easily. The next time a development comes along it will be the same battle, and they might end up heading to Geneva. Mr. Goettel said the goal is to get units for multi-family projects; keeping the fee on the higher end benefits our incentive. He said he thinks we should stick with the single fee, but he doesn't know about the formula for the base affordable unit. Ms. Johnson said for the current single-family fee calculation, the affordable price used was \$145,000 which was from the 2013 Affordable Housing Planning & Appeals Act update from the state, which will stay in effect until an updated report is released. We could choose to use a different number because we get updated affordability charts every year that are used for the state's housing programs.

Mr. Glenn said maybe there's a way of maxing the fee, or some type of sliding scale where the more units you build the fee goes down, so as not to penalizing developers if they add another 50 units at the top end. Ms. Johnson said smaller developments may find that unfair because they're not able to take advantage of that.

Mr. Goettel said the goal though is to get units, rather than paying the fee.

Mr. Glenn said he agrees with there being a single fee.

Chair Eakins suggested having the information available for the other communities. Ms. Johnson agreed and said she would provide that.

Mr. Dries said if he were a developer the dual fee would be hard to understand especially with the huge dollar gap; how do you really sell that, people need to know the "why" so they can do the "how"; that gets complicated. Simple things work and if there is some reference point it would probably be a lot easier to defend. He agrees with the single fee.

Ms. Payleitner said she could live with the single fee, but \$72,000 is way too high for multi-family. Mr. Dries said Council agreed to the \$5,000 so maybe somewhere in between can be agreed upon.

Ms. Waibel asked for the percentage of construction opportunities left in town that is multi-family versus single-family. Mr. Colby said it is hard to say; most large parcels left are more likely to be multi-family. Ms. Waibel said wouldn't it be better to have a higher single fee than to have two different fees and have the multi-family be too dense?

Ms. Johnson suggested adjusting the methodology for calculating the fee down to two 20% down payments instead of two 25% down payments. That would lower the fee to \$58,255 which may be a little more palatable. Mr. Glenn suggested putting it at 1% of the construction cost which will get us somewhere between the two numbers we have now; 1% is still substantial for a builder; the fee would still be \$40,000 regardless. Mr. Pierog said we could set a fee but will it be realistic for a builder? If a builder wants to build 250 townhomes there will be substantial impact fees because of the school and park districts. We want to be sure the fee that's set is realistic of what a builder would pay.

Chair Eakins asked how much the construction cost will be for the Prairie Centre senior building. Mr. Colby said there's between 63-75 units and he could find out what the construction cost will be. Chair Eakins said that could give us some kind of basis for what we need to make something happen.

Mr. Glenn asked how we get developers to build the units rather than pay the fee; if we're going to make them build the units, do we even need this? Mr. Colby said the fee is needed for smaller projects. Mr. Dries said there may be a single-family development of 12 houses and to donate one toward inclusionary housing is a lot.

Ms. Pierog said her recommendation is to be realistic and she's not sure what that would look like because she doesn't know what the cost of building is, or what all the add-on fees are for a builder. She would like staff to come back with the average median cost for a multi-family development and based on those numbers we could come up with an appropriate fee.

Ms. Johnson said it sounds like most of the group wants a single fee, lower than the current fee, but not too low and potentially based on the cost of construction.

Ms. Payleitner asked if the reason for supporting a single fee is just simplicity. Chair Eakins said it is to incentivize getting the units to raise it up off of that \$5,000, and the simplicity. Ms. Waibel said most of the units left in town will be multi-family and if we decrease it down that low then there's negotiating which we don't want to do.

Ms. Pierog noted that at the last meeting Council asked us what we are doing with the money if units are not being built and they pay the fee in-lieu. Ms. Johnson said that the goal right now is to work on the Affordable Housing Fund with Kane County. Ms. Pierog asked if there would be an area in St. Charles that we would be assisting a builder, or would there be land set aside. Chair Eakins said we would encourage a developer to use our trust fund and find other layers of funding to develop a property. Ms. Johnson the Council would set the criteria of what sorts of projects would be acceptable. Mr. Pietryla noted that the CMAP study had a recommendation to partner with Habitat. Ms. Johnson said Habitat could apply for City funds through the Affordable Housing Fund.

Mr. Goettel said we have to keep in mind that we don't want to fall below the 10% affordable threshold; we need the units. That is a justification to keeping the fee somewhat higher, even though it may not be competitive to a degree; if we're really trying to get units that's what we need to do.

Mr. Dries said in regard to a sliding scale, is there a place to simplify the fee and also say it only applies to developments up to a certain scale; if it's bigger, it's not negotiable. Ms. Johnson said Highland Park and Lake Forest fees only apply to developments of 5 units or larger; we could do something similar. Mr. Dries said that would be on the minimum, but on the maximum side we could say if your building has more than 200 units you must contribute affordable units.

Chair Eakins said many of the developments that come into our town will be high-end and there will be convincing arguments of why providing units won't work. Ms. Payleitner said other developments coming down the pike are more traditional, high-density apartments as opposed to Prairie Winds, which had amenities like garages.

Chair Eakins suggested tabling this and coming up with a unified decision at the March 8<sup>th</sup> meeting. Ms. Johnson agreed and stated that staff would come back with data on construction costs.

Mr. Glenn suggested adding in some stipulations for minimal and maximum units and the different costs and rules as far as building or giving money. Ms. Johnson said that would involve amending the ordinance. Chair Eakins said for the purpose of getting ready for the next joint meeting we need to work within the ordinance as it is for now.

## **9. Additional Business**

### **10. Future Meeting Dates**

- a. Thursday, March 8, 2018 (Council Chambers)**
- b. Monday, March 12, 2018 – Joint City Council-Housing Commission (Dens A & B)**
- c. Thursday, April 12, 2018 (Council Chambers)**
- d. Thursday, May 10, 2018 (Council Chambers)**

### **11. Public Comment**

### **12. Adjournment at 8:15p.m.**