

**MINUTES
CITY OF ST. CHARLES, IL
HOUSING COMMISSION
THURSDAY, MARCH 16, 2017
COUNCIL COMMITTEE ROOM**

Members Present: John Glenn, Rita Payleitner, Corinne Pierog, Tom Hansen, Liz Eakins, Karrsten Goettel

Members Absent: John Hall Jr.

Others Present: Ellen Johnson, Planner
Rita Tungare, Director of Community & Economic Dev.

1. Call to Order

Vice Chair Eakins called the meeting to order at 7:04 p.m.

2. Roll Call

Ms. Johnson called roll with six members present. There was a quorum.

3. Approval of Agenda

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

4. Approval of Minutes from the November 17, 2016 Meeting

A motion was made by Mr. Glenn and seconded by Mr. Goettel with a unanimous voice vote to approve the November 17, 2016 meeting minutes.

5. Election of Officers

- a. Chair**
- b. Vice-Chair**

A motion was made by Ms. Pierog to nominate Ms. Eakins as Chair.

A motion was made by Mr. Goettel to nominate Mr. Hansen as Vice Chair.

A motion was made by Ms. Payleitner and seconded by Mr. Goettel with a unanimous voice vote to elect Ms. Eakins as Chair and Mr. Hansen as Vice Chair.

6. Housing Program Updates

a. Home Rehab & Accessibility Loan Program

Ms. Johnson said City Council approved the amended Home Rehab and Accessibility Loan Program in February. The program is now open to townhomes and condos. An article promoting the program ran in the March Den. She said she also spoke with Lisa Garhan, Communications Manager for the City, regarding other ways to promote the program. Ms. Garhan suggested bundling the two

programs – Home Rehab and Downpayment Assistance – in a single press release and social media posts to have more of an impact and get more attention about how the City is promoting affordable housing. Ms. Garhan is also looking into pricing for a utility bill mailing stuffer promoting the programs.

Ms. Pierog suggested that Mr. Glenn speak about the programs at his next realtor meeting. Mr. Hansen said there are a couple offices he'd be glad to visit to speak about the program.

Ms. Tungare said she has seen other commissions use commission members as ambassadors to spread the message; it can be very effective. Staff can provide assistance with cheat sheets, documents or marketing materials for Commission members to use. Commissioners agreed to this.

Mr. Glenn said there are about five big realtor offices in town that wouldn't have a problem putting the City's program on their staff meeting agendas, as well as the local realtor board and the Women's Council of Realtors; he suggested sending them something by email. Ms. Pierog said she would like some information to send to the Illinois Council on Aging, because they are looking for partnerships and are interested in learning more about the rehab program.

b. Downpayment Assistance Program

Ms. Johnson said staff had been speaking with Neighborhood Housing Services of the Fox Valley on a program agreement with the intention that NHS would administer the program for the City since they also administer Kane County's First-Time Homebuyer Program. However, the County has informed us that they have expanded their staffing capacity and will now administer their program in-house. She said staff met with the County today, and they are willing to work with us on administration of our program as well. This back and forth has caused a bit of a delay with getting the program off the ground, but things are moving forward.

Ms. Pierog asked if it is a match program. Ms. Johnson said there is \$10,000 available from the County and \$10,000 additional would be available from the City for purchase of a home in St. Charles, if needed to make the home affordable.

Mr. Glenn asked how many loans the County makes each year and wondered if there is a danger that the money will run out. Ms. Johnson said one of the reasons the County took the program back in-house is because the program had been underutilized over the past few years. They only had a few loans in the past couple of years, all in Elgin. Part of the reason may be because Elgin's housing stock is more affordable, and only \$10,000 is available now from the County so you can get more for your money in Elgin.

Ms. Johnson said the County recommended that a yearly budget be incorporated into the intergovernmental agreement, as a safe guard in case the program becomes very popular. She said the County said they would see our program as a success if we could do 2-3 loans per year, because of our housing inventory, cost of housing and the parameters that someone has to meet to qualify for the program. Commissioners agreed that 2-3 loans per year would be successful.

Mr. Hansen mentioned a special deal approved by the County where the City of Elgin owned a residential lot and they somehow contributed a lot and a developer came in with a program to build an affordable unit with part of the County's money going toward that; so everyone won in the end. He said the County also does large loans or grants to developers who are coming in and doing big projects. The County would loan or grant that developer, for example, \$200,000 to go towards a

specific project. In December the County approved about \$1.9 million in projects scattered throughout Kane County.

Ms. Johnson said she spoke with the County today regarding the Affordable Housing Fund, to which Mr. Hansen was referring. The fund is a conglomeration of multiple funding sources. There may be opportunities for St. Charles to partner with the County by contributing some of our Housing Trust Fund money into the Affordable Housing Fund. The City's funds would be made available for projects in St. Charles. It's an opportunity to leverage more money to make bigger projects feasible. For example, the City could contribute \$100,000 for projects in St. Charles. If a project gets approved, they would get that money and additional funds from the County.

Ms. Tungare said thinking big picture, this could be an opportunity. It is very encouraging to hear that there is an opportunity for St. Charles to leverage the funding that we have. If we put \$50,000 and the County doubles or triples that, we get more value for our money, more return on our investment. The assistance could also be in the form of a loan. Staff needs to explore this possibility further, but it is definitely a third opportunity in addition to the other two housing programs.

Ms. Johnson said they would like to have a more detailed conversation with the County about the Affordable Housing Fund and how we can partner. The types of projects that could be done here would depend on which developers apply and what proposals they make, as well as the constraints the City might put on use of the money; Council may specify how or where they want the money to be spent.

Mr. Hansen said he is glad staff met with the County because they have a lot of this figured out already, and to the extent we don't have to recreate the wheel is a big plus.

Ms. Pierog said she would like a budget of \$50,000 for the downpayment assistance; it provides a sustainable goal and doesn't leave it open ended. She said she is very much in support of the downpayment assistance program. For young people just starting out, not everyone makes a robust salary, and if you also have kids with mom staying home, they need support with their housing. We need younger people moving in here. Buying a home is an opportunity for them to build equity. The City of Chicago seems to be doing that kind of housing to support college graduates, and we need those entrepreneurs here.

Chair Eakins said the program has been approved by City Council. Ms. Johnson said we just need to get the intergovernmental agreement with the County regarding program administration in place. We are hoping to have this in place by June or July, given the County's current schedule.

7. Summary of Past Housing Program Discussions

Ms. Johnson said there has been some talk among City Council about wanting to spend the money in the Housing Trust Fund. A joint meeting with the Housing Commission will likely be held after the new Council is seated. In order to get ready for that discussion, it may be helpful to recap the Commission's activities from this past year or so, including what programs were discussed and how we arrived at the decisions we have in terms of program creation.

Ms. Johnson said last winter, the four *Homes for a Changing Region* partner communities discussed doing a feasibility study to look into creating a Community Land Trust (CLT) in our area, which was a recommendation that came out of the *Homes* study. The Housing Commission was supportive of the idea, as were Planning and Development Committee members. However, the Committee needed to know if the other partner communities would also be participating before deciding to proceed.

The other communities decided not to pursue the CLT due to funding concerns and lack of political support.

Last spring, the Housing Commission discussed trying to form the CLT on our own. Doing so would require creation of a stand-alone nonprofit organization and long-term funding sources, which would be difficult for St. Charles to take on alone. Instead, the Commission decided to focus on creating a purchase/rehab/resale program, where the City would purchase a foreclosed property, rehab it, and resell it to an income-qualified family. The home would then stay affordable through a deed restriction. The Commission felt this was a way to meet the goals of a CLT, in terms of providing perpetual affordable housing for low and moderate income families, but that the purchase/rehab/resale program would be simpler to administer and more feasible to take on.

Based on the Commission's direction, staff looked into creating a purchase/rehab/resale program. Staff spoke to the County, who told us their foreclosure redevelopment program would be coming to an end due to changes in the housing market that meant there are few low-cost foreclosures on the market, and that the ones that are available are selling for more to investors and flippers. Staff looked at the availability of foreclosures in St. Charles at the time and based on their price, purchasing, rehabbing, and selling the house at an affordable price would be a very high cost to the City, which would quickly deplete the Housing Trust Fund; we would be able to do just a few houses before funds ran out.

The Commission decided that pursuing a purchase/rehab/resale program at that time wasn't the best course of action to take, but that we could revisit the idea in the future, if things change with the housing market.

The Housing Commission then looked into creation of a downpayment assistance program as an alternative to the purchase/rehab/resale program; downpayment assistance would essentially create an affordable unit for a family. It was decided that the program should piggy-back on the County's downpayment assistance program in order to have a bigger impact; \$10,000 is offered by the County, and an additional \$10,000 would be offered by the City. As we discussed, this program is currently in the works.

Ms. Johnson said the summary she just shared could be presented at the joint meeting.

Chair Eakins thanked Ms. Johnson for all the research and recapping because in truth the sentiment of "why isn't anybody doing anything with the money" is not for lack of effort.

Mr. Glenn said there are very few foreclosures in town and most are tiny homes in Valley View, but people are buying them up quickly to fix them up and make a profit. He feels it is too volatile and for the City to buy these and fix them will suck up a lot of time; even if it is only two or three. He feels avoiding foreclosures is a very good idea.

Chair Eakins said there are a lot of developers in Kane County that were not here three years ago that are looking to develop affordable housing. Marketing directly to those developers in our efforts to bring more units into the city would be important. We cannot assume that they will get their information from someplace else; the City itself needs to do the marketing. She said she is part of the Fox River Valley Initiative and she will get the names of the developers.

Chair Eakins named some of the recent affordable housing projects in the area. She stated that if the tax credit program doesn't fall apart we would rank high as far as the ability for developers to be awarded tax credits because of the level of affordability in St. Charles.

Ms. Pierog said the Haines Middle School property will be vacated in 2019. She is not sure of the intended use, but it is a large structure and an opportunity. It will be up to the new school board what they will do with it, but it is a big building and could be retrofitted for other purposes.

Ms. Tungare summarized the focus for 2017:

- Focus on marketing the City's programs.
- Implement the Home Rehab and Accessibility Program the best we can.
- Enter into an intergovernmental agreement with Kane County for the Downpayment Assistance Program.
- Work with Kane County to leverage our Housing Trust Fund with their Affordable Housing Fund.
- Seek out and make connections with affordable housing developers for future opportunities.

Ms. Tungare said these items are tangible and achievable.

Chair Eakins mentioned a redevelopment project happening in Aurora and that the support of the Mayor and City Council was hugely impactful; so partnership with the City is important to make those things happen.

Ms. Tungare said the Mayor has expressed an interest in a joint meeting between the Housing Commission and the Planning & Development Committee after the new Council is seated after May 1st. In preparation for that meeting, staff will prepare an outline of the efforts in using the Housing Trust Fund money over the past year or so. Ms. Tungare said the Housing Commission was formed in 2004-2005 for the following purposes, per the City Code:

- Preserve the existing affordable housing stock.
- Promote public awareness of the need for affordable housing.
- Encourage and guide market forces to build new homes that meet the St. Charles Housing Endorsement Criteria.
- Maintain/increase the availability of attainable/affordable housing for all members of the community by working with the private sector and major employers of the community.

Ms. Tungare said most of those items were discussed in the last hour, so we are definitely working within the charter that has been established. She asked the Commission if that charter still holds true, or does it need to be modified or re-evaluated. One of the key purposes of the joint meeting will be to have a conversation about the purpose of the Housing Commission and the Council's expectations for the Housing Commission.

Ms. Tungare said joint meetings are not new; we have had a few meetings between the Plan Commission and Council as well. The work that commissions do is very important, and having a conversation where the Council gets to hear firsthand from the commission is valuable.

Ms. Payleitner said the Council will get to see the heart of the group, which they don't get to see when something is presented to them.

Chair Eakins added that Council also is not aware of the work over the past year that Ms. Johnson described because it didn't get to them, so their perception is that we sit here wordsmithing and not considering things, which is not true.

Ms. Tungare said the joint meeting will be published as a public meeting and could be hosted in either the basement of Century Station or Dens A and B. The meeting could take place in early June in-lieu of a Housing Commission meeting or before one of the Council or Committee meetings, around 6 p.m. Ms. Payleitner suggested before the P&D meeting on June 12th. Ms. Tungare said she would check with the City Administrator.

Mr. Glenn stated that he thinks the Commission's charter could be tightened or refreshed. Ms. Johnson said she thought it could be updated because it references the Housing Endorsement Criteria, which was a document that was created before we had the Inclusionary Housing Ordinance. Ms. Tungare agreed and thought it should be something that is more relevant to the work of the Housing Commission going forward. Ms. Pierog suggested a mission statement and then 3-4 goals with bullet points listing the loan program, downpayment assistance program, and assistance with major development. Ms. Tungare thinks more direction will come out of the brainstorming session with Council and suggested waiting until after the joint meeting to put any words on paper.

Chair Eakins said she feels the Commission needs direction, because we thought we were heading down one path and got Council approval every step of the way, but then when it came down to doing something, no one anticipated the decision Council would make regarding the IHO fee.

Ms. Tungare said if there is one lesson she has learned during her tenure here, it is "nothing is forever". There will always be change. The IHO fee in-lieu is set annually every January by the Council, when they revisit the fee and set the level at what they feel is appropriate for that point in time. There are nine more months until next January. We do have a Housing Trust Fund and we can put that money to use, so that come 2018 we have some data to support how the Housing Trust Fund is being spent. She said with Ms. Johnson's efforts and Kane County's backing we have an opportunity to actually deliver on the results as a group. She said this fall we will do another inventory of our affordable housing stock, which will also give the Council some guidance.

Ms. Tungare suggested the group set the agenda for the next meeting at the end of every meeting.

Ms. Pierog said at the next meeting, she will report back from her conversation with the Illinois Council on Aging regarding the Home Rehab Program.

Ms. Johnson said that the County will be preparing a draft of the intergovernmental agreement for the Downpayment Assistance Program, but she does not expect to have that by the April meeting. Mr. Glenn asked if there were any need to meet to identify where we can market the program. Ms. Johnson said discussing marketing might be premature because the program is not yet on the books.

Mr. Hansen said he would like to promote the Home Rehab Program. Ms. Johnson said she will email the group brochures and provide printed copies for members to distribute to their various groups.

Ms. Johnson said there will not be much new to discuss at the April meeting so there may not be a need for a meeting. Commissioners agreed. Ms. Tungare said she felt a May meeting was necessary to prepare for the June joint meeting, as well as to provide some possible updates by then from the County.

8. Additional Business

9. Future Meeting Dates

- a. Thursday, April 13, 2017 (Council Chambers) – to be cancelled**
- b. Thursday, May 11, 2017 (Council Chambers)**

10. Public Comment

11. Adjournment

A motion was made by Mr. Glenn and seconded by Mr. Goettel with a unanimous voice vote to adjourn at 8:17 p.m.