

MINUTES
City of St. Charles, IL
St. Charles Housing Commission
Thursday February 17, 2011

Members Present: Holler, Penny, Waeghe, Hall and Goettel

Members Absent: Amundson, Henningson and Marcusson

Others Present: Matthew O'Rourke, Meagan Moreira, Liz Eakins-Associate Director of Lazarus House, Kathy Hewell-Dist. 303 Board member and Jack Hazel-STC Resident.

1. Opening of Meeting

The meeting was convened by Chair. Holler at 7:05 p.m.

2. Roll Call

Chair Holler made a slight amendment to the Agenda, adding 5 B. Rental Subsidy Programs

3. Approval of Agenda

Motioned by Penny that we adopt the changes in the Agenda, second by Waeghe. Motion carried.

4. Approval of minutes from November 11, 2010

Member Penny made a correction to the minutes; she asked that the minutes reflect that she was late but did attend the November 11, 2010 meeting.

Motioned by Goettel, second by Waeghe to accept the November 11, 2010 minutes with the modifications. Motion carried.

5. Discussion Items

A. Multi-Family Rehab Programs

Chair Holler recapped the 2 discussions from the previous meeting; (1) looking at developing a multi-family rehab program similar to the single-family program (2) a rental assistance program, presented by Liz and Darlene, to assist current St. Charles residents whose assistance programs are being defunded.

O'Rourke stated since last meeting the affordable housing update was presented to the Planning and Development Committee, and that their feedback had been incorporated into tonight's Staff materials. O'Rourke further explained that he described the two program options and tried summarize some pros and cons the Commission should consider moving forward.

Chair Holler stated in regard to the Rental Rehab Program that the program should add to the affordable housing stock but also recapture the HTF money utilized in this program. Chair Holler asked why the repayment begins within 1 or 2 years. O'Rourke stated that was strictly based on the review of other city's programs. Many of these programs are meant to assist property owners in attaining financing and the payments start within 1 or 2 years of the original loan date as opposed to a deferred payment.

Chair Holler stated as a multi-family developer, that to ensure units remain affordable for rehabs that the repayment period should begin at a later date than 1 to 2 years. At this point Chair Holler was not able to put an exact date on how long that deferment should be.

Chair Holler further stated that the Commission should consider the makeup of St. Charles' rental stock. The biggest benefits would be achieved when we can use Green initiatives to combine with other financing and significantly reduce rents long term. Another idea would be to partner with a third party lender.

Member Penny questioned isn't that what we are sort of doing with the county?

O'Rourke stated yes except we are working with the same third party entity that they are, but if they need the extra funding ours is available.

Member Waeghe stated that to review the terms of a loan on a case-by-case basis may be problematic to administer. He felt there should be a standard loan deferment period and also asked if the loans have to be 0% interest.

Member Hall stated his biggest concern is how to replenish the HTF. The way to rehab these units is to put more energy efficient, update the water heaters, update the air conditioning, the furnaces and really get them boosted to the proper efficiency. Green yet cost effective. How would you bring the three parties to the table? Chair Holler stated that she would like Staff to research those details and 3rd party organization in more detail. She further stated that we would look at the savings and then see how much we would ask for in terms of permanently affordable units, in exchange for a below market interest rate.

Member Waeghe question do we have to use HTF fund or is education a more important use to Staff's time?

Member Hall stated he understand the desire to not just spend all the HTF funding, but realizes there have not been too many applicants for the single-family program he believes there have been about 10. O'Rourke stated that that is how many applied to Community Contacts, Inc. and most of them ended up receiving the Kane County funding only. From a Staff perspective we would really have to look at the Housing Trust Fund ordinance and see if we can spend our funds that way.

Member Hall stated that these programs should be on the City website or a Facebook page to enhance the education and energy efficiency aspects of the program. Member Hall suggested that Commission go to City Council and ask to be able to use the funds for educational purposes.

O'Rourke stated that in the past that legal counsel has advised we do not venture outside of the permitted uses for Housing Trust Funds as stated in the State Statute.

Chair Holler stated that the proposal is not to put the money with the bank per say but with the not for profit that's a lending consortium. O'Rourke asked if the City's \$2-5,000 is enough to accomplish these types of projects.

Chair Holler stated that Staff should speak to someone like the Community Investment Corporation (CIC) which deals with these types of programs as a non-profit lending institution.

O'Rourke stated that Staff is familiar with the administration of grants as well, if the Commission wanted to consider a Staff administrated option.

Member Hall stated things like the boilers and hot water heaters that are inspected; there might be some way to tie in the administration. The energy code has actually been made a law, so everyone has to change the way they build their homes and maintain a good energy rating, strictly in new home construction.

O'Rourke stated that if we were to do something performance based like that we would need to have an expert administering the whole process for us.

Kathy Hewell questioned who is benefiting from the affordable housing the owner? Because at this point I am not seeing how the family is benefiting?

Chair Holler stated in exchange that in exchange for this loan low interest low the owner must agree to lower the rent of a percentage of units in perpetuity.

O'Rourke stated right now in town we have 16 units we consider affordable in perpetuity. They have to be affordable based on the development agreement.

5. Discussion Items

B. Rental Subsidy Program

Chair Holler stated that at the last meeting the idea of a one-time solution to a very specific problem was discussed. The issue was that a list of approximately 20 St. Charles residents are in danger of losing their rental subsidies. The Commission considered the possibility of a soft landing program to help while they searched for alternative housing options. This would be different then creating a rental subsidy program.

Member Penny stated that the Commission should consider the following items; that it is election season, there is no budget approved, and the council has made it clear in the past that subsidies are not desirable. Member Penny further stated that she is concerned because there is no guarantee we will get any of this money back, and it does not permanently increase the City's affordable rental stock. Member Penny does not see the political will at this time especially considering the expenditure of Staff time and attorney fees.

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Member Hall questioned whether the City could give Lazarus House \$100,000.00 that this should be an eligible expense for the HTF. Member Penny stated we cannot, it's a policy change and only the Council can change that.

Member Waeghe stated that we are certainly trying to accomplish the goals of the Housing Trust Fund to increase the affordable housing stock, but he is not sure we can help everyone. He further stated he feels that this program is considered a subsidy program by the housing Trust Fund Ordinance.

O'Rourke stated that the purpose of the Housing Commission and Trust Fund was to come up with solutions and ideas of preserving a minimum number of affordable houses in St. Charles.

Jack Hazel questioned if the perception can be flipped to point where it's a positive thing and saying we are not giving away the money, we are maintaining the stock

Member Penny stated we are not maintaining stock we are maintaining somebody to live there.

Chair Holler stated that Council is really uncomfortable with subsidizing people, there's no problem subsidizing the cost of affordability.

Liz Eakins stated that the original 38 people that we had at our highest point in this grant, we are now down to 22, so we really have worked hard to get these people in other housing. We are ending up with some of these folks who are disabled and we are moving them out to Dekalb and Elgin and other towns that have these programs in place to support them and these are St. Charles residence. Lets go with the rehab program, what if it could be a graduated process for instance a certain number of units will be held at a level of area market rents, so that those people are living on \$674.00 per month social security could stay in St. Charles and only pay \$250.00 per month in rent. It would have to income qualify but in those graduated steps.

Member Penny suggested that the Lazarus House try to place these residents into alternative programs/housing options over the next year and reconsider their options once that year has passed.

O'Rourke stated that is certainly possible to set up in the framework in the program. The loan would be recorded against the property, like what we did for the single-family program.

Chair Holler stated that the general consensus of the Commission is to pursue a multi-family rental rehab program.

Kathy Hewell questioned if there were things that came up on the market if the City would purchase it? Then the rents and the mortgage come out of this program but you do have something you own long term.

O'Rourke stated the city does not want to be property managers.

Member Penny stated we, as a Commission should put together a presentation to bring to Council, to solve a specific problem within St. Charles.

6. Additional Items

Chair Holler stated she would like to briefly, not at this meeting, but set up a process to look at the vacant Commissioner seats. I would like to meet, and it can only be with 2 commissioners, with the Mayor and Rita. And also we need to think about whether or not we want to institutionalize this commission a little bit.

Kathy Hewell made mention of District 303 Davis and Richmond blended classes for Kindergarten through 2nd grade at Davis, and 3rd grade through 5th grade at Richmond.

7. Next Meeting (March 17, 2011)

Motion made by Hall and seconded by Waeghe to adjourn.

8. Meeting adjourned at 8:30p.m.