

**MINUTES  
CITY OF ST. CHARLES, IL  
HOUSING COMMISSION  
THURSDAY, NOVEMBER 17, 2011**

**Members Present:** Holler, Amundson, Payleitner, Hansen, Goettel, Eakings, Hall, and Pierog

**Members Absent:** Henningson

**Others Present:** Matthew O'Rourke, Russell Colby

**1. Opening of Meeting**

The meeting was convened by Chair Holler at 7:12 p.m.

**2. Roll Call**

**3. Approval of Agenda**

A motion was made by member Goettel and Seconded by Hanson to approve the Agenda. Motion carried. – Voice Vote.

**4. Approval of Minutes from October 20, 2011**

Motioned by Amundson and seconded by Hall to approve the amended October 20, 2011 minutes. Motion carried – Voice Vote.

**5. Discussion Items**

**A. Inclusionary Housing - Policy Discussion**

Chair Holler began the discussion by reiterating that the purpose of the Inclusionary Housing Ordinance was to ensure that when new residential subdivisions are proposed in St. Charles that they create affordable options. The foundation of this requirement is that in exchange for these inclusionary units there is a density bonus to allow for an increase of market rate units above the maximum allowed density of the underlying zoning district.

Chair Holler pointed out that recent projects brought to the City have not been able to take advantage of that density bonus. Chair Holler distributed a draft discussion paper with alternative funding sources that residential developers might be able to utilize in creating inclusionary units when there is no density bonus available. Chair Holler then stated that this is her first draft and should ultimately become a policy recommendation for the City Council to adopt and require developers to at least try to create lower-priced units.

Hall stated that the reason this is being proposed is due to a previous developer utilizing the provisions of the PUD as means to waive the inclusionary requirements. Chair Holler stated that that is correct. O'Rourke clarified that the PUD process is the only means for a developer to request this waiver.

Vice Chair Amundson stated that he understands the idea of requesting variations to the Zoning Ordinance through a PUD. He asked if it was possible to place the Inclusionary Zoning Ordinance into a different Title of the Municipal Ordinance so that a variation could not be requested. Chair Holler stated that if there is a PUD request that this new policy become the default and stated her preference is for the inclusionary housing provisions to remain in the Zoning Ordinance. O'Rourke also stated that part of the rationale for these requirements being placed in the Zoning Ordinance was the density bonus provision since that is also regulated by zoning. Colby stated that there could be language added that stated this section of the Zoning Ordinance cannot be varied by a PUD.

Vice Chair Amundson stated that the issue is the fact that this discussion is occurring is due to a current project, and that they do not want to provide the units. Amundson asked how this new proposal ensures that something is accomplished. Chair Holler stated that there would have to be some sort of accountability measure in the policy such as a redevelopment agreement that says you have to do some of these items. O'Rourke stated that there is an existing requirement in the Inclusionary Housing Ordinance to create an Affordable Housing Agreement, and that this proposal could be incorporated into that agreement.

At this point Chair Holler described the different funding sources that are available to developers and detailed in the materials distributed earlier. Those Funding Sources are as follows:

- Illinois Donation Tax Credit
- Illinois Housing Trust Fund
- Low-Income Housing Tax Credit
- Down Payment Assistance through NHS of the Fox Valley or Kane County
- Federal Home Loan Bank's Affordable Housing Program
- HOME Funding through Kane County's Rental Program
- Metropolitan Planning Commissions Regional Housing Initiative

Chair Holler stated that it is possible to utilize more than one funding source at a time, and that it does take some leg work but is not that difficult. Chair Holler also stated that the funding sources do like to see projects in communities like St. Charles utilize these funds.

Chair Holler stated that when her organization puts together financing for their projects that these programs are a standard part of their financing package.

Chair Holler stated that all of these programs are not typically utilized by for-profit developers and that the Housing Commission may have to assist in getting this information out to developers. Hall agreed and stated that as a developer this is all new information to him, and would not know where to start in the application process. Hall also stated that he's not sure how the small scale custom home developers would be able to utilize this type of financing.

Chair Holler stated that this policy would not remove the density bonus and that custom home builders would prefer that option, but feels this would be better in larger developments that cannot utilize the density bonus. Hall also stated that the ability to utilize these funds instead of only developer funds and investors would be a good start.

Pierog stated that putting together a vehicle to have the not-for-profit sectors and for-profit work together would be a good program.

Chair Holler then stated that the portion the Commission should focus on are the accountability measures; such as, stating that the developer needs to apply to these funding sources and provide documentation that they did so.

Eakins asked if Housing Action Illinois be able to assist with this type of program. Chair Holler stated that it is a possibility, but might not have the staffing level to do this, but there are plenty of housing consultants that know how to do this.

O'Rourke asked what the proposed mechanism for stating that this alternative policy can be utilized. Chair Holler stated it would be for anyone asking for a waiver through the PUD. O'Rourke clarified that he was stating should there be set criteria such as a large amount of funding needed for environmental remediation or a lower recommended density in the Comprehensive Plan. Hall stated that it should be left up to the developer. Amundson stated so long as they provide the required number of inclusionary housing units. His concern is that developers always provide the required units no matter the circumstance and it should be non-negotiable.

Pierog also mentioned that another path exists called investing in communities, where the seller / broker turns over a portion of the brokerage fee to the City to build affordable housing. O'Rourke stated that we have the fee-in-lieu in the ordinance and the Housing Trust Fund.

Amundson asked what if the developer is allowed to utilize their required fee-in-lieu to create units offsite. O'Rourke stated that that is a possibility, and in fact that was what a different developer proposed. However, this would require an amendment to the Inclusionary Housing Ordinance. Amundson was worried about such a method created a concentration of inclusionary units in one area of town. Hall stated that it is a good idea, and could help with the smaller custom subdivisions. Amundson clarified that his idea is only for the smaller developments where it would only be fee-in-lieu.

Holler stated that her difficulty at this point is accounting for all the variability that exists between each site, so the point is to get to a list of options for these developers. Her biggest concern is the enforcement issue, so the Commission does not have to negotiate with each developer. O'Rourke stated that this job would be up to Staff, and that is why there needs to be some certain clear criteria for Staff to rely on. This is similar as to how Staff enforces the current Inclusionary Housing Ordinance.

Hazel stated that whatever the policy direction is, there has to be certain set criteria met and that there is no way to get around it.

Amundson also question how the “best faith” effort is to be defined to ensure these requirements are taken seriously. Chair Holler stated that the only way to ensure this is to state that the developer is required to hire a professional consultant. Hall stated that that is a real concern, many builders just want to build a particular product and that minimizing the loop holes is necessary. He also expressed that the more opportunity that can be created to assist builders the better this type of requirement would be received.

Goettel suggested that maybe the Commission also develop a list of approved or known grant writers to refer the developer to, and require them to use one of these consultants instead of them being responsible for finding one on their own. Hall stated said that hiring a consultant will also keep the developer up to date on all their options, and in fact is really in the best interest of the developer.

Eakins suggested that this be an easy to use program and set of tools that are just given to the developer. Hall stated that it will also depend on the target market of the proposed development. In the case of Lexington their price point is close to the affordable price, other developments may not be close in terms of price.

Eakins asked if part of the issue is the image or perception of having the affordable units in the development, and how that might impact their ability to sell the development. Chair Holler stated that that is typically a concern of developers.

Chair Holler clarified that some of these applications do require that there be a nonprofit partner, but stressed the importance of eliminating the fear of this type of proposal. The goal is to encourage, as much as it is to require.

Chair Holler polled the Commission to see if the proposed directions are agreeable. The Commission concurred. Chair Holler asked what the next steps would be. O’Rourke stated that Staff would put together some general policy concepts to begin formalizing this concept. He also stated that before the concept gets too specific, that this concept would need to be presented to the Council to get their direction.

Hall asked if members of the Commission are allowed to meet outside of this meeting to develop the concepts. O’Rourke stated that is possible so long as not more than two members meet.

Payleitner also said she is concerned that any new policy might discourage development, and wanted to ensure that if such a policy is drafted that it would be utilized and that the Commission is not reacting to one project.

O’Rourke mentioned tying one of these flexible options to foreclosed homes. Pierog asked if these foreclosed homes count as part of the affordable housing criteria. Holler clarified if Pierog was asking if buying and selling foreclosed homes could be utilized to satisfy their affordable requirement offsite. O’Rourke stated that he was not being that specific but that could

certainly be the idea. Hall stated this could be easier for homebuilders to do and would be a good way to help the community.

Amundson stated that he would be wary about lower valued homes being bought very cheaply at auction as a way of not providing the entire dollar value of the inclusionary housing requirement.

Chair Holler reiterated that it seems the commission agrees this is a good direction to go in and asked about the next steps. Colby stated that at this point it would be best for Staff to take this information and think about it in the context of the ordinance, and then develop a list of recommendations to present to the Commission.

**6. Additional Business**

There was a follow-up discussion regarding the energy efficiency program pilot project. Hansen mentioned that two of the Bank's clients might be interested in the program due to the timing of proposed improvements. O'Rourke stated that this is a good starting point and that he will try to coordinate with CNT- Energy and Hansen to figure out the next steps in the process.

**7. Next Meeting Dates (January 19, 2012)**

**8. Meeting adjourned at 8:32 p.m.**

Motion made by Amundson and seconded by Hall to adjourn.

Voice Vote – Motion Carried