

**MINUTES  
CITY OF ST. CHARLES, IL  
HOUSING COMMISSION  
THURSDAY, JANUARY 19, 2012**

**Members Present:** Holler, Amundson, Payleitner, Hansen, Henningson, Eakins, Hall, and Pierog

**Members Absent:** Goettel

**Others Present:** Matthew O'Rourke, Russell Colby, Rita Tungare, Jack Hazel

**1. Opening of Meeting**

The meeting was convened by Vice Chair Amundson at 7:08 p.m.

**2. Roll Call**

**3. Approval of Agenda**

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

**4. Approval of Minutes from November 17, 2011**

Motioned by Hansen and seconded by Hall to approve the amended November 17, 2011 minutes. Motion carried – Voice Vote.

**5. Discussion Items**

**A. Contact Information Update**

O'Rourke explained that he was passing around a roster of the Housing Commission to ensure that new members had a chance to place their information on the list and all members could ensure that their contact information was up to date.

**B. Inclusionary Housing - Policy Discussion**

O'Rourke began the discussion by briefly describing the Staff Memo. He explained that the intent of tonight's meeting was to review the policy options described in the memo and determine which ones the Commission would like to see Staff develop into a formal proposal to send to Legal Counsel. O'Rourke also mentioned that there had been previous discussions regarding other requirements in the Inclusionary Housing Ordinance.

Chair Holler suggested that the Commission determine if there are any of the options that are not worth pursuing. Chair Holler stated that it is not her desire to revisit the requirement in the ordinance that once the total of affordable housing in St. Charles reaches 25% that the inclusionary requirements should be suspended. O'Rourke clarified that his intent was not to discuss that requirement, but that there had been a subsequent discussion regarding the percent of affordable housing units being required, such as 15% in a new development, could ebb and flow

with the market. It was Staff's intent to discuss that possibility.

Chair Holler then stated that her opinion was to not examine option 4. Vice Chair Amundson agreed and stated he feels like this option is more like mission creep. Chair Holler also stated that this option would provide some moderate priced units, but would not fulfill the obligations required by the state.

O'Rourke clarified that this idea was generated from the review of public servant salaries. It would seem that these groups earn more than the state mandated income, but one of the missions of the Commissions was to provide affordability for all persons who want to live in town. O'Rourke further explained that he understands the concern regarding the State requirements. O'Rourke also stated his concern that the income limits mandated by the State are too low.

Vice Chair Amundson reiterated that he does not want to modify the goals of the original ordinance. He feels that this would only lead to further modifications that would eventually undermine the intent of the ordinance.

Tungare stated that it would be good to restate the Commission's mission for the newer members.

Chair Holler also stated that the mission of the Housing Commission was to react to the 10% mandate of the Affordable Housing Planning and Appeal Act. That the City wanted to have a plan in place should the percentage of affordable housing fall below that 10% mandate. The idea at the time was that St. Charles was losing its affordable housing stock. The City did not want to be in a position in which the state could require that the City approve developments that incorporate affordable housing with no input from the City.

Chair Holler also stated that the second mission was to create a balanced community in which people who work in the City could also afford to live in the City and that this idea was not limited to public servants but also janitors, service industry employees, medical staff, etc.

Hazel asked if there have been any changes from IHDA regarding these requirements. O'Rourke stated that there has not, that IHDA is waiting for the 2010 census data to reassess the policy.

Chair Holler asked if the Commission had opinions regarding option #2 – locating affordable units offsite. Hazel stated that as a concept he is against it, unless there was a mechanism to control where these units were located. This could ensure that there is not a concentration in one area. Vice Chair Amundson stated that the economics of the housing market will eventually cause this to happen, the cheaper housing is usually located in one area. He further stated that he is ok with this concept in cases where the fee-in-lieu is allowed for 100% of the project i.e. development of 10 units or less.

O'Rourke stated that after he analyzed the concept his biggest concern is there would be no guarantee that all the required units would be provided. There is no way to determine that

enough units exist that a developer could purchase.

Chair Holler stated to the Commission that she was asked by the Planning and Development Committee if there would be a preference for fee-in-lieu. Holler stated at that meeting that the Commission's preference is for there to be units create instead of fee-in-lieu. Chair Holler asked the Commission if that still represented their opinion. The Commission concurred. She then stated that she has no issued with offsite units so long as units get built/established.

Chair Holler stated as long as that market opportunity is available it should be capitalized on. O'Rourke stated that his preference in that case would be to follow the NSP model and focus on the worst of the worst properties. The homes that won't be bought by the market because they require more improvements than the home is worth.

Hall stated that this is similar to a house in Elgin in which they paid over \$200,000 to purchase the home and sold it for \$110,000. O'Rourke stated that there is an example in town that the County paid \$280,000 for the home and rehabilitation and sold it for \$209,900. O'Rourke stated his idea is to compute a fee-in-lieu amount and use that as a guideline. Hall asked if they could just tear the home down. O'Rourke stated that the guidelines of the NSP program do not allow for that.

Eakins asked why the builder would just not pay the fee-in-lieu. O'Rourke stated that the Inclusionary Housing Ordinance does not allow the developer to pay 100% of the fee-in-lieu for larger developments. This would be a way to help them create actual units. Tungare also stated that this would be a means to maintain the community's existing stock of affordable housing.

Chair Holler asked why we care if the amount put into the houses matches the fee-in-lieu. Her preference is to just get the units. O'Rourke stated that the idea is to have some sort of objective measuring stick. Chair Holler stated that she is not as concerned with the amounts of money matching just the creation of some units even if it is less than the fee-in-lieu.

Hansen asked what happens to the fee-in-lieu. Chair Holler explained that it is deposited into the Housing Trust Fund. Hansen stated that his preference would be to have the fee-in-lieu and use it as leverage, that the funding it takes to provide one new unit could be used to provide two units in terms of assistance. Chair Holler stated that she is not sure there would be enough money to leverage.

Tungare stated that it is important to note that there is no foreseeable increase to the Housing Trust Fund without fee-in-lieu and that every developer coming into the City is asking for this waiver. The requirements for better or worse are seen as burdensome by the development community. She also stated that once these developments and redevelopment are done there will be no more opportunities to capture fee-in-lieu.

Amundson stated that he feels in the future as developments get smaller all there will be is fee-in-lieu, so units should be created when there is the opportunity to do so.

Chair Holler stated that the spirit of this conversation is to create enough options for developers to create affordable units and that the Commission should create a narrow focused program where the emphasis should be on flexibility. The Commission should create a list of options that creates the quickest way to provide a unit. Hansen stated that they could pay the fee-in-lieu. O'Rourke stated that in these cases the developers are asking for a complete waiver, no units and no fee-in-lieu. Tungare stated that the trend she has observed is that all developers will be making that same request.

Hall stated that developers would ask that even if times were good and that in a builders mind this is one of the most obtrusive requirements. Hall stated that there needs to be a hard stance that they will have to meet these requirements. O'Rourke reiterated that density is not always being limited by the developers, but by the City and other mitigating circumstances. O'Rourke stated that as Staff, in these cases, there is not the possibility to state that if you provide the affordable unit you can construct one more market rate unit. That is not an option anymore.

Chair Holler stated that her intention was not to get caught up in the details of these presented options, but to frame these options as a tool for Staff to use.

Chair Holler asked if there is a consensus on which options should be pursued. Hall stated that he feels options 1 through 3 should be utilized. Chair Holler asked the Commission if there was a consensus on that statement. The Commission agreed. Hansen asked if there will be a legal review of the options. Tungare stated that there would be once Staff can draft these options into a more formal policy.

Vice Chair Amundson asked if they could review the presented options in a little more detail especially the questions proposed by Staff in the memo. The Commission agreed.

O'Rourke stated that the questions mentioned in the Staff memo don't have to be answered tonight but that his goal was to mention them to help direct the Commission when choosing which options are worth pursuing.

Vice Chair referenced the question in option 1 that should the developer be required to hire a grant writer, and stated that he feels they absolutely should be. The Commission agreed that this should be mandatory. Chair Holler stated she does not have a problem with a developer writing the grants if they have a qualified person on their Staff.

Vice Chair asked should there be a required number of applications that the developer should be required to apply to. Chair Holler stated that it would depend on the project and what's available. O'Rourke stated it that may be a better plan to not set a number, but to state that the developer needs to identify the appropriate funding sources during the zoning entitlement process.

Payleitner asked what happens if the developer does not hold up their end of the bargain or does not take the grant applications seriously. Chair Holler stated that was a great question and suggested maybe it is tied to the distribution of TIF funding. Hall asked if there is a

performance bond available for this concept. Hansen stated that these are hard to get, and thought that the best idea would be to hold up the occupancy permit. Eakins stated that they would then have to pay the fee-in-lieu. Chair Holler reiterated that if the quality of the grants is adequate then there would be no need to hold up the occupancy.

O'Rourke stated that this type of policy would be difficult for Staff to administer, and asked how Staff could hold up occupancy for a built unit that meets code. Tungare stated that a better trigger might be at the time of building permit. Chair Holler stated that there should be a plan submitted before any building permits are issued. This plan should include details such as, which funding sources the applicant will apply to and when these applications will be filed. Tungare said that in the case of developments that have redevelopment agreements that is the appropriate place to put these requirements, but there could be developments that don't require a redevelopment agreement. O'Rourke stated that there is always a requirement to have an affordable housing agreement, and verified that this is required before any building permits are issued.

Option 2. The only question is should this be limited to the bottom category of development meaning 10 units or less? Chair Holler stated that in the spirit of creating flexibility it should be available to all residential development.

Option 3. The only outstanding question was regarding the income limits and if they should be limited to people who earn income of 80% of AMI or less. Should this be raised to a higher income level? Hansen stated that he was not sure if this type of requirement is legal. O'Rourke stated that since this is to meet the requirements of the Inclusionary Housing Ordinance that this is legal. Chair Holler also stated that what makes this legal is that a government entity has a stake financially in the construction of these projects and that is why the income of eligible households can be limited. Tungare stated that we have the Inclusionary Housing Ordinance in place and that ordinance also gives the City the ability to limit income since there is a program in place.

O'Rourke asked if the funding spent on the foreclosed homes is less than the fee-in-lieu requirement, should they pay the difference to the City. O'Rourke also stated that this could be counterintuitive since they are asking developers to do something where they are proposing to do nothing. Vice Chair Amundson stated that this makes sense. Chair Holler stated she is not concerned with the numbers matching up so long as there are units created.

Vice Chair Amundson stated that he is concerned that all developers will be drawn to these options as opposed to meeting the ordinance. Tungare stated that the development community is already asking for this waiver and that Staff does not have any alternative options to preset them with. O'Rourke reiterated that these options are in response to someone asking to provide no affordability.

Chair Holler stated that, in her opinion, these options are meant to be a fall back; however, that the ordinance as originally crafted should come first. Chair Holler asked for Staff to examine this issue in a little more detail. In particular, how and when Staff would apply these options. Vice Chair Amundson stated that there needs to be some mechanism that the developer

provides a clear direction for when these options are used. O'Rourke agreed that Staff will have to spend some time looking at this issue. Pierog explained that there should be procedures that the Staff and developer will have to adhere to. Hansen stated that this is not about giving the developers three options, but really giving Staff three options to utilize while dealing with these developers. Staff and the Commission agreed that that is the idea behind tonight's discussion.

Hazel stated that there should still be some sort of defined trigger. O'Rourke stated that the idea is for instances in which there are no density bonuses available. O'Rourke stated that any developer can use any combination of the options discussed as well, that it's not an either or scenario. Chair Holler agreed that the Commission should be focused on providing Staff with enough options to use in negotiations with the developer.

Tungare stated that Staff will have to spend some time reviewing the structure of how these items are discussed with developers in terms of when and how these negotiations are addressed. Tungare also stated that this might entail removing the Inclusionary Housing Ordinance from the Zoning Ordinance and placing it in a separate title of the Municipal Code.

Chair Holler's concern has always been that anything that is proposed into a public body can be reviewed by that body and completely be taken out of existence. Chair Holler's other concern is that when people are seeking zoning entitlements this portion of that proposal can complicate that process. It would seem that the affordable housing issue can get away from what is important to the Plan Commission for instance, since this issue is already a requirement.

O'Rourke asked the Commission if they would like Staff to examine the feasibility of removing the Inclusionary Housing from the Zoning Ordinance. The Commission agreed that they should research this issue. Chair Holler also expressed her desire to be able to change the suggested options should new programs warrant attention. Chair Holler would like to see this as a policy that is more flexible in nature.

Tungare stated that even though policies are not in the Zoning Ordinance if they are adopted by the City Council they still have to be formally amended. Tungare stated that Staff will also devote some time in considering these options. O'Rourke stated that if this is adopted by the Council it does have more teeth.

## **6. Additional Business**

Pierog asked if affordable housing has ever been approached for a class of workers. She further explained that the idea would be to replicate what has been done in Elgin with their current artist development. The idea is to not only provide affordable housing but to create an economic focus and network of similar professionals such as artists. Hall stated that this is an interesting idea.

O'Rourke stated that is an interesting idea but typically this concept would have to be brought forward by a private developer, and could possibly receive funding assistance from public entities.

Pierog stated that there are towns that have been able to reinvent themselves as communities with certain niches such as artists.

O'Rourke stated that this type of idea would have to be part of a much larger conversation that would involve recommendations from the City Council and that there would be some other entity that would want to start this type of idea.

**7. Next Meeting Dates (February 16, 2012)**

**8. Meeting adjourned at 9:02 p.m.**

Motion made by Henningson and seconded by Payleitner to adjourn.

Voice Vote – Motion Carried