

**MINUTES
CITY OF ST. CHARLES, IL
HOUSING COMMISSION MEETING
THURSDAY, OCTOBER 18, 2012**

Members Present: Payleitner, Hansen, Hall, Henningson, Eakins, and Goettel

Members Absent: Holler, Amundson, and Pierog

Others Present: Matthew O'Rourke, Rita Tungare, Russell Colby, Hank Stillwell, and Paul Robertson

1. Opening of Meeting

The meeting was convened by Member Payleitner at 7:05 p.m.

2. Roll Call

3. Approval of Agenda

A motion was made by Henningson and seconded by Goettel to approve the Agenda. Motion carried. – Voice Vote.

4. Approval of Housing Commission Minutes

A. August 16, 2012 Housing Commission Minutes

Motioned by Eakins and seconded by Goettel to approve the August 16, 2012 Housing Commission minutes with minor corrections. Motion carried – Voice Vote.

B. September 17, 2012 Joint Meeting of the Planning & Development Committee and the Housing Commission Minutes

Motioned by Hall and seconded by Eakins to approve the minutes of the September, 2012 Joint Planning & Development Committee and Housing Commission Meeting. Motion carried – Voice Vote.

5. Discussion Items

A. Corporate Reserve - Multi-Family Development

Member Hansen recused himself from this portion of the meeting.

O'Rourke asked the members of the Commission and persons representing the project to introduce themselves.

O'Rourke briefly explained the memo that was distributed prior to the meeting. He described the general location and high level details of the proposed Corporate Reserve Multi-

Family project. He also explained a deviation has been requested through the Special Use for a PUD application to contribute \$1,300,000 to the Housing Trust Fund as opposed to meeting the requirements of the ordinance. This proposal is currently under review by the Planning & Development Committee.

Stillwell explained the history of the entitlement process for the project and that there have been discussions regarding the affordable housing component of the proposal. Stillwell also stated that he understands that provisions of the Inclusionary Housing Ordinance are under review, but stated that since the application for the PUD is already under review he did not expect the proposed amendments to take effect before the entitlement review of this project is completed. Stillwell went on to state that the original proposed contribution to the Housing Trust Fund was \$50,000. It became clear to the applicant once they received comments from the Planning & Development Committee that this contribution was not sufficient. The applicant has since revised the proposed Housing Trust Fund contribution to \$1,300,000. Stillwell stated that they are here to receive comments on this current proposal and would like to see clear-cut recommendations from the Housing Commission to the Planning & Development Committee. He explained that through the current PUD process there have been projects that have been reviewed on an ad-hoc basis, but there is not a lot of experience administering the ordinance. There have also been only a small number of residential projects reviewed since the ordinance was adopted.

Stillwell also stated that the applicant is available to answer any questions that the Commission would like to ask. Stillwell went on to state that the applicant has received a range of comments. Certain individuals have stated a preference for a cash contribution, while others have stated a preference for the construction of physical onsite affordable units.

Hall asked how many units would be in the individual buildings and what the proposed rent structure is. Robertson stated that the typical building is 21 units. There are buildings with a walk-out story along to northern property line that have 25 or 23 units. There are two buildings on the western property line that have been reduced to two-stories in height. These buildings contain 14 units.

Robertson stated that the proposed rents are approximately \$1,008 for studio and up to a maximum of around \$1,750 for a 2 bedroom units. Hall asked what rents are considered affordable. Robertson stated for the studio the affordable rent is \$796 so the difference is \$212 between the proposed market rate rent of \$1,008. The market rate for the 1 bedroom units is projected at \$1,202 the affordable rent is \$853. The market rate for the 2 bedroom units is projected at \$1,591 and the affordable rent is \$1,024. O'Rourke clarified that the established affordable rental rate must include the cost of major utilities such as gas, electric, and water. O'Rourke asked Robertson if the proposed market rate rents included utilities. Robertson said that they do not.

Payleitner asked for Stillwell to clarify the comment regarding review of these projects on an ad-hoc basis. She stated that the projects are not reviewed on an ad-hoc basis, but there have been specific deviations requested by the residential project developers. Stillwell agreed with that statement but clarified that since these projects have been in PUDs the deviations have

been incorporated into the PUD deviation requests. Payleitner wanted it clarified that there is an ordinance in place and that the requirements have been established.

Payleitner asked about the project's neighbors and why this would preclude the applicant from constructing affordable units. Stillwell stated that the applicant does not have a philosophical objection to constructing affordable units. He further stated that there were comments during the public meetings, where they expressed a preference for cash and not physical units. Payleitner clarified that part of those comments were based on the existing percentage of St. Charles' housing stock that is considered affordable. Stillwell stated that he understood that this was based on the City's housing stock.

Henningson stated that this project was discussed at the August 16, 2012 Housing Commission meeting. In particular, the Commission discussed the sentiment towards affordable housing that has been expressed by the neighbors during the public hearing and public meetings. He also stated that Vice Chair Amundson has submitted a letter stating a preference for units and that the Chairman of the Planning & Development Committee has also stated a preference for physical units. Henningson asked the Commission is there any flexibility towards the preference for units. He further stated that the Commission came to a general agreement at the August 16, 2012 meeting that \$1,300,000 is a substantial amount of funds and that it should not be overlooked. However, there was a general sense that units are preferred. He asked the applicant if they are amenable to constructing affordable units.

Eakins stated that making the unit affordable is a matter of the applicant setting the rent for units at certain prices and does not require constructing separate units. If the units are spread throughout the buildings, they would not be noticeable. She further stated that blending the affordable units with the market rate units in new developments was always one of the goals of the ordinance. Payleitner also stated that there is a need for education in the community on what the Inclusionary Housing Ordinance calls affordable housing.

In response to Henningson's question, Robertson stated they did not show any affordable units onsite in response to comments that were received through the public meeting process.

In response to Eakins comments, Robertson stated they are open to incorporating affordable units into the development. However, Robertson cautioned that it is not as simple as just lowering the rental rate. The difference in income over a 12 month period is incorporated into the financials for the project, and this lower rent does cost the developer extra money in terms of their cost to finance the project. Hall stated this was the purpose of the density bonus but understands that increasing the density is not a possibility.

Hall did state that the provisions in the ordinance that waive the permit fees and school and park contributions are still applicable to any proposed affordable units. He asked if it is less of a financial burden to the developer to have this cost spread out over a number of years as opposed to paying the contribution up front. Stillwell asked Robertson, when the rents are reduced the cost of construction stays the same, which would mean that the bank has to cover the shortfall between the lost rent revenue and the construction cost. Robertson stated that this was accurate.

Robertson responded to answer the other part of Eakins' question that he has been working with O'Rourke regarding the provisions of the Inclusionary Housing Ordinance and he understands that the exterior of the units will be required to look just like all the other units in the development. There would be units that are designated as affordable, but the appearance would not differ from the outside of the unit.

Hall suggested finding at least a middle ground in which some units are built onsite and then a portion paid as a contribution to the Housing Trust Fund. Robertson stated that they are willing to work to try create units onsite, but they will need to review their finances to ensure that this is feasible.

Stillwell stated he would like the Commission to look at this as a two pronged analysis: 1. Is the \$1,300,000 contribution sufficient? 2. How the contribution could be applied in terms of cash or units onsite?

Henningson stated that he had composed a suggested motion for discussion. Henningson then passed out copies of the suggested motion that stated the following:

"Corporate Reserve Development, LLC. has proposed a 317 unit multi-family development on 22.63 acres located in Corporate Reserve Business Park.

Corporate Reserve Development, LLC. has requested a deviation from the provisions of the Inclusionary Housing Ordinance. They have offered \$1,300,000 cash contribution in full satisfaction of the ordinance.

The Housing Commission is satisfied with the offer and recommends approval of the offer to the Planning and Development committee and the City Council.

The total contribution of \$1,300,000 noted above may be provided either in cash and/or onsite units. The credit for each onsite unit provided will be \$104,500."

Henningson stated he added the last sentence before he knew if the developer would be agreeable to constructing units onsite, but it would seem that the developer is agreeable. Tungare asked for a clarification towards the credit. Stillwell stated that as he understands that it would be a credit towards the \$1,300,000 total contribution. O'Rourke asked if this meant for each affordable unit created onsite there would be \$104,500 deducted or credited towards the \$1,300,000 million contribution. Henningson agreed.

Tungare asked if there is a preference of the Commission on how to break this contribution up, such as should there be a 50% minimum for onsite units. Henningson stated a desire to keep any proposed recommendation more flexible. O'Rourke stated that this is a motion for the City Council to consider and that it would be preferable for the Housing Commission to be more specific. Stillwell stated that the applicant would prefer the Housing Commission to state what their preference is, if there is a consensus, to help inform the City

Council. Henningson stated that the problem is, once the recommendation leaves the Commission it becomes very political. Stillwell stated it is for that reason that he feels the Council would prefer as much direction as possible.

Tungare stated that the role of the Housing Commission should be to make a recommendation regarding this proposal and then pass it onto the Council. Stillwell stated that the applicant has represented that they are flexible with regard to onsite units during this meeting, and that whatever direction the Housing Commission can provide is helpful. Stillwell stated that they are comfortable with the concept as it has been discussed during the meeting.

Hall asked O'Rourke what the fee-in-lieu requirement is per the current standards of the Inclusionary Housing Ordinance. O'Rourke stated that the current ordinance would permit the developer to pay the fee-in-lieu for 50% of the required units. This equates to a contribution of approximately \$2,400,000, but 24 units would be required to be constructed onsite.

Goettel stated that under the provisions of the proposed sliding scale amendment the applicant would be required to pay \$1,300,000 as fee-in-lieu and construct 13 units onsite.

Tungare asked if, based on the feedback of the Housing Commission, the total contribution amount of \$1,300,000 is acceptable.

Goettel asked Stillwell about the Lexington Club Project and the total deviation to the requirements that was proposed as part of that project. Stillwell stated that that is correct and it was viewed differently by the Housing Commission since it was a Tax Increment Financing District project. In that case the Housing Commission recommended that the developer pursue alternative income sources and apply for grants, low income housing tax credits, etc. The developers of the project also agreed that should they receive funding they would construct affordable units onsite. Stillwell stated that the developer of that project has hired a specialist to pursue these grant opportunities. Goettel suggested that this applicant pursue similar grants. Robertson stated that he and O'Rourke have discussed those options and agreed that if those options are available they would be interested in pursuing them.

Hall stated that his preference is to see as many units created onsite as possible. He further stated that he understands, given the economy, that the amount of units might not be what is required in the ordinance but does prefer units. Eakins stated that she is not happy with seeing a reduction, but does feel that having units constructed onsite is preferable.

Payleitner stated that if we don't have affordable units in this type of project then where would they be created. She also stated that there are not too many opportunities for residential development in the City.

O'Rourke stated that the consensus seems to be that the unit equivalent of the \$1,300,000 contribution is preferred, but perhaps there should be a minimum such as 25% of the contribution be used to create units onsite. Henningson stated that he really feels that the recommendation should be flexible based on the opinions that have been shared so far at the public meetings. Hall stated that if it comes down to a \$1,300,000 investment, that the applicant is willing to

make, why does it matter if the contribution is in units or cash? Payleitner also stated that the goal is to have units constructed and not to build up the bank account and that the Council will make the final decision.

Eakins stated that she feels that the Housing Commission is being very flexible in looking at the \$1,300,000 contribution as opposed to sticking with the ordinance requirements. Tungare stated that the recommendation from the Housing Commission is not binding.

Henningson asked the Commission if the preference is for units. The Commission members agreed with that statement. Goettel stated that sticking with units would help start the education process in regards to what affordable units are. He also stated that it would establish a precedent that the Housing Commission prefers units as opposed to the cash contribution. Henningson stated that he agreed with these comments.

A motion was made by Hall and seconded by Goettel to recommend that the Housing Commission finds the proposed deviation and contribution amount of a \$1,300,000 made by the developer acceptable, and that the Housing Commission recommends that the developer utilize this contribution to create affordable rental units onsite. For each unit created onsite the developer will receive a \$104,500 credit to be deducted from the \$1,300,000 contribution.

Eakins asked that the \$104,500 credit be clarified. Robertson stated that as he understands it, the \$104,000 amount will be deducted from the total \$1,300,000 contribution for each unit that is constructed onsite and that this would equate to approximately 13 units onsite if they were to build all the units.

Roll Call Vote:

Ayes: Payleitner, Hall, Henningson, Eakins, and Goettel

Nays: None

Absent: Holler, Amundson, and Pierog

Abstain: Hansen

Motion Carried.

B. Inclusionary Housing Ordinance – Sliding Scale Amendment

O'Rourke briefly explained the Staff Memo that was distributed before the meeting. He explained that this Memo includes a draft of the proposed sliding-scale text amendment that had been discussed at the August 16, 2012 Housing Commission and September 17, 2012 Joint Planning & Development Committee and Housing Commission Meetings. O'Rourke stated that he is asking the Commission for comments and to recommend that Staff move forward with the General Amendment to the Inclusionary Housing Ordinance by filing a General Amendment Application. He also stated that the previously discussed Alternative Affordable Housing Plan amendment will be included in this application.

A Motion was made by Goettel and seconded by Hall to recommend that Staff file a General Amendment Application and proceed with the amendments to the Inclusionary Housing Ordinance as proposed. Motion carried. – Voice Vote.

C. Preliminary Discussion – High Priced Single-Family Developments, Future HTF Programs

O'Rourke stated that these two items were discussed during the September 17, 2012 Joint Meeting of the Planning & Development Committee and Housing Commission. He stated that these items were placed on the agenda for a brief discussion to ensure that they are discussed. He also stated it is Staff's intention to focus on the proposed general amendments and bring these items back for discussion next year.

6. Election of Officers

This item was tabled until a future meeting.

7. Additional Business

O'Rourke stated that Staff had been informed that the effort spearheaded by Dick Untch, Director of Community Development for Geneva, for a Multi-Jurisdictional Housing Study has received funding through a grant from the Chicago Metropolitan Agency for Planning. O'Rourke stated that he will relay more information to the Commission as it becomes available.

8. Next Meeting Dates

- A. November 15, 2012
- B. December 20, 2012

The Housing Commission discussed the future meeting dates. O'Rourke stated that as of right now there are no items for these agendas. The Commission decided to leave these dates as scheduled meetings in case any items surface in the next two months. If there are no pressing issues, Staff will send out a cancellation notice prior to the meeting.

9. Meeting adjourned at 8:15 p.m.

Motion made by Eakins and seconded by Goettel to adjourn.

Voice Vote – Motion Carried