

**MINUTES
CITY OF ST. CHARLES, IL
HOUSING COMMISSION
THURSDAY, NOVEMBER 20, 2014
COUNCIL COMMITTEE ROOM**

Members Present: Amundson, Eakins, Hansen, Payleitner, Pierog

Members Absent: Goetel, Hall, Henningson, Holler

Others Present: Matthew O'Rourke
Ellen Johnson

1. Call to Order

Vice-chair Amundson called the meeting to order at 7:08 p.m.

2. Roll Call

Vice-chair Amundson called roll with four members present. There was a quorum. Ms. Pierog arrived at approximately 7:30.

3. Approval of Agenda

A motion was made by Ms. Payleitner and seconded by Mr. Hansen to approve the Agenda. Motion carried by a unanimous voice vote.

4. Approval of Minutes from the August 21, 2014 Meeting

A motion was made by Ms. Payleitner and seconded by Mr. Hansen to approve the August 21, 2014 Housing Commission minutes, with a correction on page 3 to change "Mr. Prospect" to "Prospect Heights". Motion carried by a unanimous voice vote.

5. Discussion Items

A. CMAP Study Update

Mr. O'Rourke introduced Ellen Johnson, the City Planner who started in May. Commissioners introduced themselves and provided background information related to their interest in housing.

Mr. O'Rourke updated the Commission on the CMAP study. City Council formally adopted the study as a policy document on November 17. It is now an official policy guide for the City. Hard copies of the study will be printed soon.

B. Annual Affordable Housing Update

Mr. O'Rourke stated that in 2009, the City began performing an annual affordable housing update every fall. It took longer to receive the Assessor data this year than in past years. He said that this is a good time to take stock of what we have already done, what our new policy options could be, and what the new data means. When the City began doing the affordability analysis in 2009, IHDA had not updated the affordable housing share data since 2004. IHDA has finally released an update.

Ms. Johnson led the Commission through the 2014 Housing Affordability Analysis, copies of which were provided to Commissioners. She stated that staff's analysis found the affordable housing stock to be at 23.1%. IHDA's updated Exempt and Non-Exempt Local Governments list that includes each community's affordable housing share shows St. Charles to be at 11.2% affordable. 10% is the threshold for exempt status from AHPAA. IHDA changed their methodology since the 2004 listing, causing affordability to decrease across the state. She explained the City's methodology for calculating the affordability percentage, which is included in the report. The owner-occupied housing price affordable to a family earning 80% AMI is about \$181,000. Rental rates were taken from IHDA-released maximum rent limits, adjusted for the number of bedrooms. Township Assessor data was used for the count of owner-occupied units that fall below the affordable house price. Rental rates were collected from apartment complexes. This resulted in a percentage of affordable owner-occupied units of about 28% and about 12% affordable rental units. The City lost almost 500 affordable rentals over the past year. The total percentage of affordable units is 23.1%.

Mr. O'Rourke said one of the reasons for the decrease in affordable rental units is the fact that Covington Court was sold to new owners, who upgraded the property and raised rents.

Ms. Johnson then explained IHDA's determination of St. Charles' affordable housing share, as provided in the report. IHDA used the basic AMI for the Chicago region for their calculation of the maximum affordable owner-occupied price and rent; unlike the City's methodology, they do not adjust AMI for a four-person household. For real estate taxes, they used the median real estate tax based on ACS 5-year estimates. This amount is very high for a unit that actually would be affordable. Based on their methodology, the owner-occupied housing price affordable to a family earning 80% AMI is much lower than the City's, at \$145,639.

Mr. Amundson said the approximate monthly real estate tax that a \$145,639 would actually pay as provided in footnote 7 (\$374) is also too high, due to a market differential between the assessed value and the actual street value of a house. He said the tax bill would be closer to about \$250 per month, or \$3,000 per year.

Ms. Johnson said for the affordable rent limit, IHDA did not adjust for number of bedrooms. IHDA found a total of 3.3% affordable owner-occupied units and 32% affordable rental units, for a total of 11.2% affordable for all units.

Ms. Johnson noted the difference in unit count between the Assessor data used by staff and the ACS 5-year estimate data used by IHDA; the Assessor's data shows over 1,000 units more than the ACS data.

Mr. Amundson asked why IHDA found over twice as many affordable rental units as staff. Mr. O'Rourke explained that IHDA did not adjust for bedroom count and they used ACS data from 2011, which is self-reported, while staff calls each rental complex in the City, resulting in a more accurate count.

Ms. Johnson then explained the home sales data for 2013. Sales went up from 209 in 2012 to 372 in 2013. The median home sale price decreased slightly. Mr. O'Rourke said the 2013 median price of \$239,250 reflects a more balanced figure compared to other years that had much fewer total sales.

Mr. Hansen asked what the implications would be for communities below 10% affordable. Mr. O'Rourke said that if a Non-Exempt community ever turns down an affordable housing development, IHDA can overrule that decision. However, this has never happened in Illinois.

Mr. Amundson said that he could see the State in the future saying St. Charles needs to file an Affordable Housing Plan, and the City will say we have a plan (the Inclusionary Housing Ordinance), but it is not activated based on our data.

Mr. O'Rourke said that is the next step and that staff anticipates this being a multi-meeting conversation before going on to Planning & Development Committee. This is the first year the City has been given a figure by IHDA since 2004, so this was the first opportunity to compare our numbers.

Mr. O'Rourke also noted the affordability charts provided by IHDA which are included in the appendix of the report. On the 2013 chart, the affordable limit section is removed.

Mr. O'Rourke said there are a lot of new things to discuss and think about which will likely lead to some policy decisions.

Mr. Hansen noted the sliding scale strategy was developed a year or so ago. He stated he does not think we should do anything at this point, and rather let things play out when/if new development comes up.

Mr. O'Rourke said there is a provision in the Inclusionary Housing Ordinance (IHO) that if the City deems we have fallen below 15% affordable, the IHO is reactivated. Staff needs to be able to give developers direction regarding whether the IHO is being enforced or not. The City needs to determine if we base that decision off of staff's affordability percentage or IHDA's.

Commissioners discussed how it would be very difficult for a developer to build a home at IHDA's affordable price of \$145,000.

Mr. Amundson said Habitat for Humanity is the only entity that can create single-family housing at that price.

Mr. O'Rourke said this may be a good opportunity to modify the IHO. He said no zoning ordinance is ever perfect; things always need to be tweaked.

Mr. O'Rourke also brought up the density bonus provision in the IHO and the fact that no development has been proposed at maximum density, which is required to take advantage of the density bonus.

Ms. Pierog asked how this relates to the CMAP study. Mr. O'Rourke said there are a few recommendations that may be incorporated into the IHO or Housing Trust Fund, such as the Community Land Trust option.

Mr. Hansen brought up the possibility of using the Housing Trust Fund to keep existing rental units affordable.

Ms. Pierog said from the School District perspective, data shows the cheaper the house, the more kids; more expensive homes generate fewer children. As we increase affordable housing for families, we will increase school population. Larger homes also have more value from the School District's perspective because of the property taxes they generate.

Mr. Amundson said there is a set of battling numbers which have big ramifications in terms of policy, since one set of numbers says we are not enforcing the IHO and the other set says we are, and we may be not exempt when the State's next list comes out.

Mr. Hansen said staff's and IHDA's numbers are both directionally the same. He said it would be best to move forward with the sliding scale that was decided on last year. When staff calculates the affordable percentage next year, decide what to do based on if affordability decreases again.

Mr. Hansen suggested doing something with the Housing Trust Fund related to addressing the change in data.

Ms. Pierog stated support for targeting Housing Trust Fund dollars towards affordable housing for seniors. Mr. O'Rourke said we could create a program and release an RFQ.

Commissioners discussed potential locations for affordable senior housing in a walkable location. Commissioners agreed the old St. Charles Mall site would be a good location. A significant number of affordable units could fit there and neighbors would be more receptive to affordable senior units. Ms. Payleitner said the property owner understood that the City would support senior housing at that location after the last development proposal for the property was not approved.

Mr. O'Rourke said IHDA does not give LIHTC for age-restricted units.

Mr. O'Rourke suggested Ms. Johnson reach out to IHDA to see their reaction to the City's affordability analysis. Commissioners agreed that would eliminate some grey area regarding which affordability percentage the City should base policy off of.

Ms. Johnson pointed out the Q & A memo staff prepared that addresses the differences in staff's and IHDA's findings. She asked members to let her know if additional questions should be answered in the memo.

Ms. Eakins asked about the breakdown of households by income bracket that was included in past affordability analyses. Mr. O'Rourke said that data was omitted from this report due to the new data from IHDA and the focus of the report on that issue. Also, income range data is provided in the CMAP study.

Mr. Hansen asked whether Chair Holler is still on the Commission. Mr. O'Rourke said that she no longer has the time to devote to the Commission and is working on her exit strategy. The Mayor will have to appoint a new Chair.

6. Additional Business

There was no additional business to discuss.

7. Future Meeting Dates

Commissioners agreed to cancel the December 18, 2014 meeting. The next meeting will be January 15, 2015.

8. Adjournment

A motion was made by Mr. Hansen and seconded by Ms. Payleitner to adjourn at 8:08 p.m. Motioned carried by a unanimous voice vote.