

**MINUTES
CITY OF ST. CHARLES, IL
HOUSING COMMISSION
THURSDAY, JANUARY 15, 2015
COUNCIL COMMITTEE ROOM**

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

Members Absent: Hall, Henningson, Holler

Others Present: Rita Tungare
Matthew O'Rourke
Ellen Johnson
John Glenn

1. Call to Order

Vice-chair Amundson called the meeting to order at 7:02 p.m.

2. Roll Call

Vice-chair Amundson called roll with four members present. There was a quorum. Mr. Goetel arrived at approximately 7:05 and Ms. Pierog arrived at approximately 7:55.

3. Approval of Agenda

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

4. Approval of Minutes from the November 20, 2014 Meeting

A motion was made by Ms. Payleitner and seconded by Ms. Eakins to approve the November 20, 2014 Housing Commission meeting minutes. Motion carried by a unanimous voice vote.

5. Discussion Items

A. CMAP Study Update

Staff provided hard copies of the *Homes for a Changing Region* study to Commissioners. Mr. O'Rourke said City Council has adopted the study as a policy document. There are recommendations focused on St. Charles and for the subregion.

Vice-chair Amundson asked about the "year seven" note on the cover. Ms. Johnson explained it is year seven of CMAP's *Homes for a Changing Region* program; it does not pertain to the Central Fox Valley subregion study itself.

Vice-chair Amundson asked how the study will drive things going forward. Mr. O'Rourke it can both drive policy and be used to respond to development proposals.

Ms. Johnson said CMAP has committed to helping the four partner communities implement subregional recommendations for two years. The group will meet for the first time in February. Employer-assisted housing will be the group's first focus.

Mr. Hansen asked whether there are any local corporations with an employer-assisted housing program. Mr. O'Rourke said there have been programs in St. Charles in the past, but that he does not know of any that currently exist.

B. Annual Affordable Housing Update

Mr. O'Rourke reminded the Commission about the difference between IHDA's and staff's determination of St. Charles' affordable housing share. Ms. Johnson said she contacted IHDA and shared the report with them. IHDA responded that they are mandated to use a specific methodology so they cannot take the City's determination into account.

Commissioners discussed the fact that IHDA will not release an updated affordability percentage until 2018. Ms. Tungare said staff will continue to do this analysis on an annual basis, using a hybrid of staff's and IHDA's methodology. For example, staff can use Assessor data for updated housing unit and price counts and IHDA's MSA figure and affordable home price/rents.

Ms. Tungare said that staff has discussed taking the following approach: Acknowledge the fact that the Inclusionary Housing Ordinance (IHO) and staff's methodology for determining the affordable housing share are closely tied. If the City decides to choose IHDA's methodology, this warrants taking another look at the IHO because the two go hand-in-hand. Since the IHO was adopted, it has become clear that not all elements are very practical. Some provisions are too onerous and some are not in sync with market demand. Staff recommends the next step is taking IHDA's affordability percentage and exploring modifications to the IHO.

Commissioners discussed potential changes to the IHO.

Vice-chair Amundson said the sliding scale will have to be rewritten because 25% affordable will be unlikely based on IHDA's numbers.

Mr. Hansen said we do not want to be so onerous as to discourage any development.

Vice-chair Amundson said the original intent of the ordinance was to give options for compliance. If the market has changed, we need to acknowledge that. There also needs to be political will to execute the ordinance. Flexibility is also necessary.

Mr. O'Rourke said the density bonus has never materialized in practice.

Mr. Goetel said we have had only two case studies so we really have not been able to vet whether the ordinance is too onerous or whether it is just the market.

Vice-chair Amundson brought up the fact that the Commission did not anticipate developers seeking exemption from the IHO through the PUD process. Mr. O'Rourke said the ordinance was amended; the IHO is no longer eligible to be deviated from through a PUD. The alternative affordable housing plan section was added at that time.

Ms. Tungare explained that the Housing Commission should make a recommendation to City Council on revisions to the IHO. The goal would be to present a conceptual outline to Planning and Development Committee, which would then determine whether to direct staff to amend the ordinance. This would involve staff filing a General Amendment application which would be reviewed by Plan Commission, Planning and Development Committee, and ultimately City Council. The process will take several months.

Mr. Goetel suggested Council proactively reinstate the current IHO until it is amended so that something is in place. Mr. O'Rourke said the IHO is based on staff's methodology and IHDA's affordability charts, which have been modified; the underpinnings of the IHO have fundamentally changed.

Vice-chair Amundson said that Habitat for Humanity's model does not work in St. Charles; Habitat cannot build a house for \$145,000 [the current affordable house price according to IHDA] due to the high price of land.

Mr. O'Rourke asked whether the only goal of the IHO is to get actual units built or if it should be tied to something like a community land trust, which was recommended by the CMAP study.

Vice-chair Amundson said the Commission has always preferred actual units. However if it is too difficult to build a unit for \$145,000, the only way around that is to eliminate the land cost. The ordinance could become the means to generate revenue that funds the land trust.

Mr. O'Rourke said the density bonus provision of the IHO can still be in place, as a multi-pronged approach is still needed.

Ms. Tungare summarized that it seems the Commission is open to looking into modifications to the IHO, getting affordable units built through the ordinance as well as fee-in-lieu payments that could be used towards a community land trust, and retaining some form of density bonus. Commissioners confirmed.

Mr. Goetel said the Commission needs to address what calculation is used. IHDA's number is the one that matters and that needs to be reflected in the ordinance.

Mr. O'Rourke pointed out the language in the ordinance that dictates what the City considers affordable. This is based on the chart that IHDA has issued in the past which lists the affordable cost based on 30% of household income. IHDA no longer provides these figures. Ms. Tungare said the IHO needs to be changed if we accept IHDA's methodology.

Ms. Payleitner said City Council is interested in affordable senior housing. Ms. Tungare said perhaps flexibility could be built in to the IHO related to that.

Mr. O'Rourke said staff will bring an outline of potential changes to the IHO to the next meeting.

Ms. Tungare asked for direction regarding modifying the sliding scale. Ms. Eakins said the sliding scale was meant to provide a level of comfort. We need to be on alert at 15%, regardless of what number we use. Ms. Johnson suggested suspending the ordinance at 20%, which is the percentage that IHDA no longer considers "at risk". Vice-chair Amundson said the City will never hit 20%. Mr. O'Rourke said we will see where the ordinance goes and how the sliding scale fits in after the modifications.

Vice-chair Amundson said the seven-year affordability limit provision in the IHO does not have a long-term impact on improving affordability. He suggested a 20-30 year limit.

Commissioners discussed employer-assisted housing. Vice-chair Amundson suggested a program that would involve employers helping to underwrite a land trust to supply affordable units for their employees. The benefit to employers would be a more stable workforce. Mr. Hansen said an employer-assisted program is very unusual and employers would be unlikely to be interested.

Ms. Payleitner suggested presenting the idea of employer-assisted housing to the Industrial Committee of the Chamber of Commerce. Mr. Hansen suggested the Valley Industrial Association.

Ms. Johnson said the CMAP study subregion chose to focus implementation around employer-assisted housing first. This will likely involve an event that will educate employers and gauge interest.

Ms. Pierog said she does not think employers will be willing to look into it, due to other economic issues. Mr. Hansen said it may be a tough sell because employers are being forced to provide more benefits than they have in the past. Vice-chair Amundson said it would be interesting to find out what employers perceive as issues with their workforce. Mr. O'Rourke said employer-assisted housing could be a component to supplement the community land trust.

Ms. Tungare said the technical assistance from CMAP may get some traction for employer-assisted housing.

Mr. O'Rourke said the first step is to decide what to do with the IHO. The second step is determining what should be done with the Housing Trust Fund.

6. Additional Business

There was no additional business to discuss.

7. Future Meeting Dates

The next meeting will be February 19, 2015.

8. Adjournment

A motion was made by Mr. Goetel and seconded by Ms. Eakins to adjourn at 8:25 p.m.
Motioned carried by a unanimous voice vote.