

**MINUTES
CITY OF ST. CHARLES, IL
HOUSING COMMISSION
THURSDAY, DECEMBER 17, 2015
COUNCIL COMMITTEE ROOM**

Members Present: Liz Eakins, Tim Kessler, Rita Payleitner, Tom Hansen, John Glenn

Members Absent: David Amundson, Corinne Pierog, John Hall Jr., Karrsten Goettel,

Others Present: Ellen Johnson, Planner
Matthew O'Rourke, Economic Development Division Manager

1. Call to Order

Vice-Chair Eakins called the meeting to order at 7:04 p.m.

2. Roll Call

Ms. Johnson called roll with five members present. There was a quorum.

3. Approval of Agenda

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

4. Approval of Minutes from the October 15, 2015 Meeting

A motion was made by Mr. Kessler and seconded by Ms. Payleitner to approve the October 15, 2015 Housing Commission meeting minutes. Motion carried by a unanimous voice vote.

5. Update on Inclusionary Housing Ordinance amendments

Ms. Johnson provided an update on the status of the Inclusionary Housing Ordinance (IHO) amendments. She said the Plan Commission discussed all the amendments along with the proposal to remove the IHO from the Zoning Ordinance. The Plan Commission recommended to City Council approval of the amendments, but recommended denial of the proposal to pull the IHO out of the Zoning Ordinance. Ms. Johnson said the item then moved on to Planning & Development Committee (P&D) in November. The Committee discussed the amendments and expressed general support for the direction the Housing Commission was going towards simplifying the ordinance and allowing for greater flexibility. She said most of the discussion was about whether or not to accept the State's determination of the City's affordable housing share.

Ms. Payleitner said the P&D Committee likes the idea of the amendments, but they didn't want to be told what to do by the State of Illinois. Mr. Hansen said his understanding of the ordinance

is that it is meant to prevent the State from telling them what to do. He felt the only number that matters is the State's number.

Ms. Johnson referred to the St. Charles Housing Action Plan that was completed in 2005, but prepared before the State's Affordable Housing Act was passed, which identified a recommendation for St. Charles to implement an inclusionary housing policy. She said this showed there was support by the City for inclusionary housing even before the State started requiring affordable housing.

Mr. O'Rourke noted he heard overwhelming support for affordable housing in St. Charles from the P&D Committee.

Ms. Payleitner said there were two things that came out of the P&D meeting. The Committee wanted to determine what the affordable housing share number to be used in the IHO will be versus the State defining it for us, and they did not want the IHO to be a burden on builders.

Mr. Hansen said the 2010 Census indicates the trend in Kane County is towards low income individuals. He felt the demographics of the area will put pressure on all of the communities to find a solution. He said it takes so long for the City to change, so the Commission would need to develop and steadily monitor what is being done.

Mr. Glenn said the Commission needed to be creative in their approach, such as "fee-in-lieu of" instead of forcing builders to include affordable units. He said the problem is people do not want affordable housing in their backyards. He said they need to show some progress and one way to do that would be to pursue a foreclosure and invest some money into that.

6. Discussion regarding informational meetings with affordable housing organizations

a. Home Assistance Volunteer Effort, Inc.

Ms. Johnson said the organization is staffed by volunteers. It has been in existence for 16 years and provides handyman services to low-income elderly individuals in the Tri-Cities area. They have a hotline that people can call for assistance. Ms. Johnson said the representative she spoke with at the organization expressed some concern over their future viability due to the increase in their insurance costs, and the aging of their volunteers. She said for now they expect to be operational until October 2016, at the very least.

b. Community Contacts, Inc.

Ms. Johnson said she, Mr. O'Rourke, and Chairman Amundson met with the director of Community Contacts, Lowell Tosch. Some of the programs Community Contacts offers are weatherization, purchase/rehab/resale, and affordable rentals. They work with local governments on programs using mostly federal funds. Ms. Johnson said the organization would be willing to tailor and administer a program for the City, such as a foreclosure purchase/rehab/resale program. Community Contacts would do the work with their contractors, help the City resell the property, and help find a family that meets the income limits. She said

they offer flexibility and can create a program that meets the City's requirements. The organization charges a developer fee which is 12% of the cost of the project.

c. Habitat for Humanity

Ms. Johnson said she, Mr. O'Rourke, and Chairman Amundson met with the director and assistant director of Habitat for Humanity of the Northern Fox Valley. Ms. Johnson said the organization has experience building new homes, but lately they have also been focusing on rehabbing foreclosures. Most of these have been in Elgin since that city has federal funds for neighborhood stabilization. They are familiar with working with local governments. The organization is based on volunteer labor. Ms. Johnson stated the length of time their units must remain affordable is 13 years. If the person has stayed in the home the entire 13 years, they receive 100% of the equity. Then the home is sold back into the open market. Over a 25 year period, this chapter has done nearly 100 homes and only about 8 of those have changed hands.

Mr. Hanson noted the selection process for those who receive these homes is pretty robust, and those selected are asked to help with the construction of the home. Ms. Johnson said they must put in 250 hours of sweat equity. She said the person/family gets to select the community they want to live in. There is a strong interest in living in St. Charles, but it is not easy to find something that is affordable here. The organization is the lender on the homes that they do and they offer 0% interest loans. Mr. O'Rourke said if the family doesn't quite qualify for the mortgage, Habitat will do a soft second mortgage to help bring down the price. He said the homes must sell at appraised value, so a second mortgage is often needed.

Mr. Glenn asked what makes it affordable versus a standard house. Ms. Johnson said it's that they offer a 0% interest loan, second mortgage, and down payment assistance. The Commissioners asked how the second mortgage works. Mr. O'Rourke explained it is a buy down on the original mortgage where it is essentially forgiven at some point. It is basically a promissory note on the mortgage so when the house is sold, they get paid back.

Mr. Kessler suggested they come up with a plan to find some small investment projects to work on and decide which one the Commission will support while working on a larger project. He noted the Community Land Trust Exploratory Process will be a multi-year project. He felt they could still pursue another project at the same time.

Ms. Payleitner expressed concern over getting something started partly because there is no money coming into the trust fund.

Mr. O'Rourke said from a staff perspective it is better to pick one of the options and start developing it. He said they have to create the program description and vet out the details. Due to staffing limitations, he noted it would be difficult to work on two parallel projects.

Mr. Glenn asked why they would need to spend any money to work with Habitat if they are already working and have the volunteers. Mr. O'Rourke felt Habitat would not be able to do a home in St. Charles without financial help from the Commission due to the lack of affordable homes in the city.

Mr. Hanson asked what it would cost if they did partner with Habitat for Humanity. Ms. Johnson said if they rehab a house, they would need to purchase it first. She said at this time there aren't many foreclosures in St. Charles, and if there are, they still are not affordable. Mr. Glenn stated the perception is that foreclosures are still out there, but they are not. He said in some cases it's better to demolish these homes. He felt even after spending a great deal of money fixing them up, they still are not desirable homes that anyone will invest in.

Mr. O'Rourke said he saw no reason to pick one organization to work with or the other. He felt they could have a program and application process and make it a competitive bid situation.

Mr. Hanson felt it would be helpful if they had an actual example of a transaction to work from. He said a summary of how that would work would give them helpful information for a discussion.

Mr. Glenn expressed fear that they would spend \$500,000 on two projects and then have to start over. He felt working on two houses would not really put a dent in affordable housing. Mr. Kessler said the Housing Commission is not going to put a dent in affordable housing, but they are creating a structure so that there can be affordable housing in the future. He didn't think the Commission's role is to create all the affordable housing in town. Mr. O'Rourke said the original intent of the Inclusionary Housing Ordinance was to make a dent in increasing affordable housing units, but chasing the 10% affordable figure [required by the State's Affordable Housing Act] is no longer realistic.

Mr. Kessler felt they should set a goal and have a project on the table within the next 12 months.

Mr. Glenn asked what a Community Land Trust is. Mr. O'Rourke explained how it works. He said it's usually a 501(c)(3) organization. He noted Highland Park has done this. The Land Trust buys a house that may or may not need fixing up, or gets one donated through development. The Land Trust owns the land in perpetuity, and the house itself is sold to an income-eligible buyer, similar to a condo. Whenever the home is resold, it must be sold back to the Land Trust, and then they sell that home again to someone else. The land taxes are exempt due to the non-profit status and the home can only be sold at the affordable home price. Mr. Glenn asked if this is done one home at a time. Ms. Johnson noted it's usually done that way to build up a portfolio. Mr. Kessler said you can buy a whole parcel of land or one lot at a time.

7. Community Land Trust Exploratory Process

Ms. Johnson said the meeting that was to be held in November to determine whether or not to move forward with the "exploratory process" was pushed back to January. CMAP will be attending to meet with the communities involved in the *Homes for a Changing Region* study. A consultant who helped establish the Highland Park Community Land Trust will be present to explain the exploratory process.

Mr. Kessler asked who else will be attending the meeting. Ms. Johnson said it will include the steering committee from the *Homes* study, including staff from the four communities and each of the

four Mayors. David Amundson, as Chair of the Housing Commission, has been asked to attend. Mr. Kessler expressed an interest in attending. The Commission felt it would be beneficial to have several Commissioners in attendance.

Ms. Eakins clarified that the upcoming meeting will be to address a collaborative approach and anything they wanted to do as the City of St. Charles for a land trust would be a separate issue. Ms. Johnson said it depends on what the outcome is. She mentioned St. Charles is ahead of the other communities by having a Housing Commission and a housing trust fund. The other communities would have to catch up to contribute to the land trust.

The Commissioners discussed the consultant fees. Ms. Johnson said CMAP has not yet confirmed if they are going to seek grant funding for the consultant fees.

Mr. Kessler thought that Mr. Hansen might have people in his banking organization that could help put together a land trust. Mr. Hansen felt it was more of a business than a land trust. He said the land trust is just a vehicle to own a piece of land. He said the land trust in this case is an organization that would be in the business of creating affordable housing. It uses a land trust to own the property.

Mr. Hansen asked if there is an organization that someone living in affordable housing can call to get funds if they have an issue, such as their furnace going out. Mr. O'Rourke said they would call Community Contacts.

Commissioners and staff discussed various programs where those in affordable housing can get funds to help with home repairs. Mr. Kessler suggested they also look into helping keep existing homes in good repair, to keep the affordable housing stock in town. He felt it would make an impact and would allow the Commission to do more than one home. Mr. Glenn said older homes that are being rehabbed for a great deal of money are still undesirable due to the age of the home and lack of space. He felt that if they did a home for half that price, it would be even less desirable. Mr. Kessler said they could do smaller, more affordable houses for people who can't afford to go anywhere, to help keep them in their home.

Commissioners discussed marketing options. Mr. O'Rourke reminded the group that they cannot spend housing trust funds on marketing. They suggested using The Den along with distributing brochures through churches.

Mr. Kessler said all these programs are wonderful, but he felt they still need to find "a" project that they all agree on and do it. Mr. O'Rourke suggested Ms. Johnson summarize the concepts that were discussed so that at the next meeting, the Commission can decide which ones they want to tackle as a group.

Ms. Payleitner stated they have not been idle. She said they have had conversations, but in most cases it was determined the project was already being done by somebody else. Mr. Kessler said they are being done by somebody, just not by this Commission and not in St. Charles. Ms. Eakins noted they were derailed by working on the IHO.

Ms. Johnson suggested creating a grant program so non-profit organizations could apply to the City for housing trust funds to do the types of things discussed by the Commission. Commissioners expressed support for this idea.

8. Additional Business

There was no additional business to discuss.

9. Future Meeting Dates

- a. Thursday, January 21, 2015
- b. Thursday, February 18, 2015

10. Adjournment

A motion was made by Mr. Kessler and seconded by Mr. Hansen to adjourn at 8:15 p.m. Motion carried by a unanimous voice vote.