Village of Arlington Heights
Housing Commission
Commissions Room, 2nd Floor
Arlington Heights Village Hall
33 S. Arlington Heights Road
Arlington Heights, IL 60005
December 4, 2018
7:00 PM

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

A. Minutes 10/9/18

IV. REPORTS

V. OLD BUSINESS

A. Single Family Rehab (SFR) Program

B. Group Home and Transitional Housing Acquisition and Rehab Program

VI. NEW BUSINESS

A. Topics & Goals for 2019

VII. OTHER BUSINESS

VIII. ADJOURNMENT

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Item: Minutes 10/9/18

Department: Planning & Community Development

ATTACHMENTS:

Description	**Type**
Minutes	Minutes

DRAFT

MINUTES OF A MEETING OF
THE ARLINGTON HEIGHTS HOUSING COMMISSION
HELD AT ARLINGTON HEIGHTS VILLAGE HALL
VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
OCTOBER 9, 2018

IN ATTENDANCE:

Commissioners Present:	Alex Hageli	Mark Hellner	Will Delea
	Andrew Tripp	Zach Creer	
Commissioners Absent:	Namrita Nelson		
Guest:	Richard Koenig, Executive Director Housing Opportunity Development Corporation (HODC)		
Staff Present:	Nora Boyer, Housing Planner/Staff Liaison		

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE

The meeting was called to order at 7:00 p.m. and the Pledge of Allegiance was recited.

II. ROLL CALL

Commissioners Hageli, Hellner, Tripp, Creer and Delea were in attendance.

A motion was made by Commissioner Hellner, seconded by Commissioner Creer to approve the minutes of the September 4, 2018 meeting. The motion was approved unanimously.

III. REPORTS

None

IV. NEW BUSINESS

A. Guest - Richard Koenig, Executive Director, Housing Opportunity Development Corporation
Mr. Koenig explained that the Housing Opportunity Development Corporation was formed in 1983 primarily as a group looking to address fair housing and make the north shore communities more inclusionary. Since then, the organization has become a developer of affordable housing – both new construction and housing rehab. They find properties, get required Village approvals, put together the financing, engage in the construction and manage the properties. Most of their projects have been rental properties with some homeownership projects.

Mr. Koenig said that the most difficult aspect of developing affordable housing is putting together the financing. He said that partial funding for their projects is usually provided by the Illinois Housing Development Authority (IHDA). Over time, they have come to understand IHDA's underwriting criteria which has enabled them to become more competitive when seeking IHDA funds. He said that certain costs are fixed (ex. utilities and property taxes) and that the focus must be on making the debt associated with the projects (ex. mortgage interest rates) is what enables the housing to be affordable to tenants/homeowners.

HODC has developed senior housing, workforce housing and housing for persons with disabilities. They are a partner in the Hearts Place development in Arlington Heights that will provide 18 rental units for persons with disabilities. HODC will be the manager of Hearts Place including handling the affordable housing compliance activities and paperwork. He said that there is continues need for affordable housing for all of these populations. He said that the development of affordable housing is not occurring at the pace that it is in the City of Chicago and that the suburbs need to create a lower cost environment for the development of affordable housing if they want it to occur.

Mr. Koenig said that IHDA tends to prefer to fund large buildings and developments, but the HDOC's current model is to develop 40 – 60 unit buildings that are 100% affordable. He said that IHDA only accepts applications once per year and ends up funding about 25% of the applications received. Site control, community approvals, and other funding need to be arranged prior to the application to IHDA. Therefore, HODC invests considerable time in potential projects prior to applying to IHDA. If their project is not approved for IHDA funding, it is another year before the opportunity for IHDA funding is open again.

Mr. Koenig and Commissioner Hellner talked about the 2017 tax act's impact on the Low Income Housing Tax Credit (LIHTC) program that has been a main source of affordable housing financing, and how the reduction in corporate income tax may affect investors' interest in the LIHTC program as a way to reduce their tax obligations. Mr. Koenig pointed out that there is also an Illinois tax credit program. He said that the LIHTC program has marginally less value due to the reduction in corporate income taxes and the decrease in the amount corporations are willing to pay for the tax credits. He said that he doesn't see that the LIHTC is at risk, stating that it has bipartisan support.

There was also a discussion of the Opportunity Zones established under the Tax Reduction and Jobs Act of 2017 that provides tax benefits that invest in qualified Opportunity Funds that finance affordable housing in designated Opportunity Zone areas. The idea is to direct funds to struggling areas designated as Opportunity Zones. Mr. Koenig pointed out that since Census data is being used to qualify the areas, some of the areas have already gentrified and the low income residents have been displaces. Commissioner Tripp said that a few Opportunity Zones are in the suburbs, but not Arlington Heights. Mr. Koenig said that this effort runs counter to and is easily confused with what IHDA calls "opportunity areas" that are non-distressed areas that IHDA scores more highly in order to locate affordable housing in economically healthy areas.

Commissioner Tripp asked where Mr. Koenig sees new sources of affordable housing funds coming from. Mr. Koenig said that the Illinois Housing Trust Fund (funded from a State transfer tax) was depleted but has been building up again. He also mentioned the national Housing Trust Fund and the federal HOME program.

Commissioner Hellner asked Mr. Koenig what the biggest barriers are to developing affordable housing. Mr. Koenig responded: 1) lack of financing for rental housing projects, 2) funds to write down home prices for home ownership programs; and 3) the limited success for inclusionary housing programs (ex. 1 extra unit above maximum density for each unit of affordable housing) until such programs are more wide-spread.

Mr. Koenig commented that public opposition (Not In My Backyard – NIMBYism) is an issue everywhere, but some communities are more receptive to affordable housing than others. He said that the strongest opposition tends to come from developments' immediate neighbors. He said that he and HODC have been subjected to social media attacks containing false information, and it is difficult to respond to anonymous social media campaigns. He said that Village Boards are usually very reasonable and Village staff and Commission support is very helpful.

Chairman Hageli asked what Arlington Heights can do to promote affordable housing. Mr. Koenig responded that the Village's inclusionary zoning policy is a positive but making it mandatory rather than negotiated may result in more units or fee amounts. He said that something that municipalities have done is to provide sites for affordable housing so that property acquisition and site control is removed as a hurdle and low or no cost in a project. He said that he is often asked by municipalities how they can bring affordable housing to their communities, but often the municipalities are not open to contributing themselves to making developments more affordable. Ms. Boyer asked how much land is typically needed for a HODC development. Mr. Koenig responded that since HODC's development tend to be on the 40 – 60 unit range, about an acre is typically needed but it depends on the community's zoning code requirements.

Commissioner Tripp asked what types of affordable housing municipalities are seeking. Mr. Koenig said that affordable senior housing is the type that most frequently comes up, possibly because it tends to generate less public opposition.

Ms. Boyer asked where most of the tenants and buyers in HODC projects come from. Mr. Koenig responded that interest usually comes from the immediate area of the project first since people tend to want to live in a community they know. Then HODC markets developments in broader concentric circles from the development.

Commissioner Tripp asked whether there is financing available for workforce housing. Mr. Koenig responded that the LIHTC program typically permits tenants to have incomes up to 60% of the area median income. This tends to work for households with one employed adult, but if there is more than one employed adult (even with low wages), households may not qualify. At the 60% of area median income level, an individual can earn up to around $35,000. The income for a 2-person household is capped at around $40,000, and a 3-person household is capped at around $45,000.

Mr. Koenig was thanks for coming to the meeting.

V. REPORTS

None

VI. OLD BUSINESS

A. Single Family Rehabilitation Loan Program – Ms. Boyer stated that there are no new pending applications, but she recently received a telephone call asking for an application. She said that applications tend to be slow during the cold weather months.

B. Group Home and Transitional Housing Acquisition and Rehab Program – Ms. Boyer reported that the Village waiting for its Grant Agreement from HUD. While waiting, she that the Clearbrook furnace and air conditioning project is ready to get underway as soon as HUD makes the funds available. She will be getting back to Little City Foundation with regard to their project to purchase an additional group home in Arlington Heights

VII. OTHER BUSINESS
None.

VIII. ADJOURNMENT

A motion was made by Commissioner Creer to adjourn the meeting; seconded by Commissioner Tripp. The motion was adjourned at 8:30 pm.

NEXT MEETING: ~~Tuesday, November 20, 2018~~

Rescheduled to:
Tuesday, December 4, 2018 7:00 pm in the Commissions Room