Village of Arlington Heights
Housing Commission
Commissions Room, 2nd Floor
Arlington Heights Village Hall, 33 S. Arlington Heights Rd
Arlington Heights, IL 60005
September 20, 2023
7:00 PM

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

A. Minutes of August 16, 2023

IV. REPORTS

A. Status Update on Inclusionary/Affordable Housing Commission Meeting

V. OLD BUSINESS

A. Single Family Rehab Program Report & 2023/2024 Budget Discussion

B. Single Family Rehab Program Changes

C. Rental Registry Recommendation

D. Affordable Housing Trust Fund

VI. NEW BUSINESS

A. 116-125 Eastman Affordable Housing Plan (Revised)

B. Grace Terrace Affordable Housing Plan

VII. OTHER BUSINESS

A. Agenda Items for October Meeting

VIII. PUBLIC COMMENT

A. Public Comment

IX. ADJOURNMENT

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact Erin Mercado, at 33 S. Arlington Heights Road,

Arlington Heights, Illinois 60005, emercado@vah.com or (847)368-5793.

Housing Commission
9/20/2023

Item: Minutes 8/16/2023

Department: Planning & Community Development

ATTACHMENTS:

Description	Type
Minutes 8/16/2023	Minutes

DRAFT

MINUTES OF A MEETING OF
THE ARLINGTON HEIGHTS HOUSING COMMISSION
VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
AUGUST 16, 2023

IN ATTENDANCE:

Commissioners Present:	John Eggum	Ken Kiefer
	Janice Krinsky	David Miller
Commissioners Absent:	Andre Arrington	William Delea
Staff Present:	Nora Boyer, Housing Planner/Staff Liaison	
Others Present:	Keith Moens, Resident	
	Fred Vogt, Resident	

I. CALL TO ORDER

The meeting was called to order at 7:00 pm by Chairman Eggum.

II. ROLL CALL

Present: J. Eggum, J. Krinsky, K. Kiefer, & D. Miler
Absent: A. Arrington & W. Delea

III. APPROVAL OF MINUTES

A motion was made by Commissioner Miller, seconded by Commissioner Kiefer to approve the minutes of the June 21, 2023 meeting. The motion was approved by voice vote.

III. REPORTS

A. Regular Status Update of Inclusionary Affordable Housing Projects

- **Arlington Gateway** – A redevelopment proposed for the SE corner of S Arlington Heights Rd. and Algonquin Rd. The proposal is for an 8-story, 300-unit rental apartment building. It went to early review before the Village Board on June 20, 2023 and the Conceptual Plan Review Committee on July 26, 2023. The developer's proposal is to provide the required 10% (30) affordable units.
- **Chestnut Townhomes** – Is a proposed 5 townhome development for 2201 N Chestnut Ave. Payment of the linkage fee would be required due to the size of the project (under 10 units).

- **Full Circle Communities' Grace Terrace** – is a permanently supportive housing development proposed to be located at 1519 – 1625 S Arlington Heights Rd. A Plan Commission application and Affordable Housing Plan have been received. The Affordable Housing Plan may be ready for review by the Housing Commission as soon as the September 2023 meeting.
- **International Plaza/TIF 4** – Discussions are continuing regarding the redevelopment site, details with the potential to move the project forward are expected in the coming month or two. The affordable housing partner applied for low-income housing tax credits for the affordable building. The application passed IHDA's preliminary review, but the project was not awarded tax credits in 2023. There may be a reapplication for 2024 tax credits.
- **116-120 W Eastman** – The Affordable Housing Plan for this rental building was reviewed by the Housing Commission earlier in the year and a recommendation was made to the Village Board for approval. However, the project has changed substantially in part due to public input from the neighborhood. The Affordable Housing Plan has been amended and will be returning to the Housing Commission for review in its revised form, possibly as soon as September 2023.
- **4 N Douglas** – The Affordable Housing Plan has been reviewed by the Housing Commission. The project has not yet advanced to the Plan Commission.
- **Crescent Place** – Is a 40-unit, 100% affordable apartment building that has been approved and is under construction.
- **ADRII/3031 W Salt Creek Ln.** – Was a proposed rental building that went for preliminary review to the Conceptual Plan Review Committee on November 30, 2022. Nothing more has been heard from the petitioner.
- **Arlington 425** – Is approved. There is no update this month.

IV. OLD BUSINESS

A. Single-Family Rehabilitation Loan Program
Ms. Boyer reported that the program was recently advertised through the Village's social media. She received one new application for a water heater replacement. This application is from a applicant who participated in the program previously.

B. Rental Registry Program
Ms. Boyer said that she does not have anything to report. Chairman Eggum stated that this item should remain on the agenda as still pending with the Housing Commission asking for action on this recommendation to the Village Board one way or another or asking for feedback.

V. NEW BUSINESS

A. Affordable Housing Trust Fund
Commissioner Miller asked about the status on the project involving prioritizing and identifying possible uses for the affordable housing trust fund. Ms. Boyer stated that this effort had been put on hold due to some unforeseen work earlier in the year including an audit by HUD, but that it is expected that staff can soon return to this project. A request for letters of interest had been issued and about 10 responses were received. Commissioner Miller asked that the responses be presented in terms of how they were responsive to the priorities set by the Housing Commission and accepted by the Village Board. This project will be added to the Housing Commission agenda.

B. Change in Single-Family Rehab Program Parameters

There was a discussion concerning the recommendation made by the Housing Commission to Village Board at the last meeting to change some of the program parameters of the program. Ms. Boyer said the recommendation is being sent to the Village Board. She is not sure if formal Village Board action will be required. It was suggested that the changes in the parameters to open the program up to more possible applicants might be newsworthy could prompt a newspaper article(s) to be published about the program which could lead to applications. This will be added to the agenda as an Old Business item.

VII. OTHER BUSINESS

A. Agenda Items for September Meeting

The Affordable Housing Plan

B. Public Comment

Mr. Moens asked is the Low-Income Housing Tax Credit application for International Plaza was for senior housing. Ms. Boyer said that she believed that is was. A subsequent application would need ot be a new application.

Mr. Vogt said that he came to the meeting to get information he can report to the Senior Commission. He suggested that, in his experience, articles can be written and submitted to the newspaper and sometimes they are submitted as written. They are not always printed right away, but are printed at some point and are identified as “submitted by.” If the Housing Commission wants an article printed, they could write the article themselves, submit it, and see if it is printed or if they are contacted. Commissioner Krinsky suggested that articles written in an interview format tend to be more interested and said that she has written them for the school board.

VIII. ADJOURNMENT

A motion was made by Commissioner Krinsky, seconded by Commissioner Miller to adjourn the meeting at 7:25 pm. The motion was approved by voice vote.

Housing Commission
9/20/2023

Item: Single Family Rehab Program Report & 2023/2024 Budget Discussion

Department: Planning & Community Development

ATTACHMENTS:

Description	**Type**
Single Family Rehab Program Report	Report

09/20/2023
SINGLE-FAMILY REHAB PROGRAM STATUS REPORT – October 1, 2022 to September 30, 2023

FILE # SUFFIX	APPLICATION SUBMITTED	OUT TO BID	SCOPE OF WORK SUMMARY	STAFF COST ESIMATE	PROJ COST	CHANGE ORDERS	TOTAL PROJECT COST	PAID TO DATE	STATUS
23-02 JO12	8/14/2023	By Owner	Water heater and possibly furnace	$5,000	$5,724	$0	$5,724	To be paid in 22/23 year.	Work done week of September 5, 2023.
23-03 JU-631	8/22/2023		See below for priorities*						Eligible, home may have historic considerations, developing scope of work
23-04 CR810	9/8/2023		Roof, gutters, possible interior ceiling work.						Determining eligibility, developing scope of work, getting bid on 25-year-old roof

Priorities Case 23-03:

1) Update electrical panel for the whole house to 200 amps and update old wiring of the entire house
2) Replace gutters and downspouts
3) Replace old metal fence with vinyl or wood
4) Replace soffit & fascia
5) Replace original garage doors
6) Replace original door and door frames of the entire house
7) Replace original front windows for energy efficient windows
8) Replace original galvanized water pipes to copper pipes
9) Solar panels

SFR LOAN PROGRAM - FINANCIAL SUMMARY

2022/2023 CDBG allocation ($100,000 adjusted for estimated expenditures):	$	20,000
SFR Case 23-02	-	5,724
Title Searches/Appraisals/ Lead based paint tests/Permits:	-	TBD
		14,276

SFR Loan Program allocation 2023/2024 beginning October 1, 2024:	**$32,49**
SFR Case 23-03	
SFR Case 23-04	

Loans Repaid CDBG Fiscal Year To Date: 10/1/22 – 9/30/23

Case #	Date Paid	Yrs to Repayment	Amount	Reason sold (if known)
01-02	10/6/22	21 years	$19,397	Unknown
10-01	4/6/2023	13 years	$6,390	Unknown
	Total		**$25,787**	

Housing Commission
9/20/2023

Item: 116-125 Eastman Affordable Housing Plan (Revised)

Department: Planning & Community Development

ATTACHMENTS:

Description	Type
116-125 Eastman Affordable Housing Plan (Revised)	Report

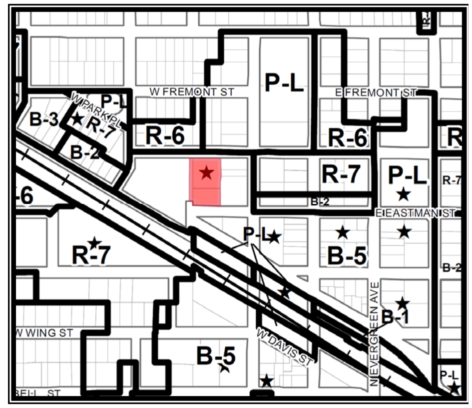
Project: 116-120 W Eastman

Village of Arlington Heights

Housing Commission
Staff Report

To: Housing Commission
Prepared by: Nora Boyer, Housing Planner
Meeting Date: September 20, 2023
Date Prepared: August 24, 2023

***Project**: 116 – 120 W Eastman, Arlington Heights, IL*
Inclusionary Housing Ordinance Project
Affordable Housing Plan Review
***Zoning**: B-5 Downtown District*



Background
The Village of Arlington Heights Inclusionary Housing Ordinance calls for the inclusion of affordable units is certain multi-family residential development projects. The number of affordable units to be included in the development are based on a percentage of the total number of units, and these percentages vary depending on the zoning district in which the project is located and whether the project benefits from public financing. The ordinance provides a fee-in-lieu option as an alternative to the production of on-site affordable units in certain areas, but the preference is that permanent affordable dwelling units be constructed on-site. Any cash payments received pursuant to the Ordinance are deposited into the Village's Affordable Housing Trust Fund.

116-120 W Eastman is a proposed mixed-use building in downtown Arlington Heights. Due to its location in the B-5 zoning district, the Inclusionary Housing Ordinance requires that 7.5% of the total number of units in the development be affordable with the option that a minimum of 5% of the units must be provided as on-site actual affordable housing units and up to 2.5% of the units may be provided using the fee-in-lieu option at the amount per unit prescribed in the Inclusionary Housing Guidelines at the time of the issuance of the building permit. The amount prescribed in the Guideline's is currently $28,370 per unit but is subject to annual updates according to changes in the Consumer Price Index for the Chicago-Elgin-Naperville Area.

The Affordable Housing Plan for this project was previously reviewed by the Housing Commission in April 2023. The Housing Commission recommended approval of that Affordable Housing Plan with conditions to the Village Board.

However, since April 2023, the project has undergone some changes and the petitioner has revised the proposed Affordable Housing Plan for the project. Therefore, a revised Affordable Housing Plan is being presented to the Housing Commission.

116-120 Eastman REVISED Affordable Housing Plan Summary

Total Dwelling Units:	136
Market Rate Units:	129
Affordable Unit Obligation (7.5%):	10.2
Inclusionary/Affordable Units (Min. 5%):	7 (5% is 6.8 units rounded to 7 units)
Fee-in-Lieu Units (Max. 2.5%):	3.2 (10.2 units minus 7 on-site units)

The applicant has agreed to the conditions of the Inclusionary Housing Ordinance and associated Guidelines including, but not limited to, the following criteria:

- To provide **7 on-site** affordable housing units which meets the requirement that a minimum of 5% of the total number of units be provided as actual on-site units in perpetuity
- To pay a fee-in-lieu of providing **3.2 units** x the applicable fee at time of permit (2.3% of total units)
- That annual income for tenants shall comply with the Inclusionary Housing Ordinance and Guidelines which is a maximum of 60% of area median income adjusted for household size
- That maximum rents shall be rents that comply with the Inclusionary Housing Ordinance and Guidelines at and are those affordable at 60% of area median income adjusted for unit size and adjusted for a utility allowance
- The Affordable units shall be integrated throughout the building
- The Affordable units shall be constructed simultaneously with the market rate units
- The interior and exterior finishes of the market rate and the affordable units will be the same
- The bedroom mix of the affordable units shall be equivalent to the mix of the market rate units (rounded) at 3 studio units; 3 one-bedroom units; and 1 two-bedroom units. If the bedroom mix and density calculations change distribution may be adjusted accordingly.
- The management shall provide the required annual report concerning the affordable units on a form prescribed by the Village

The applicant has further agreed to offer each tenant a minimum of one parking space per affordable unit at a monthly rate that is reduced by the same proportion that the tenant's affordable monthly rent is discounted from the rent amount for an equivalent market rate unit.

The applicant has provided an Affordable Leasing Plan (ALP) that is consistent with the Inclusionary Housing Ordinance and Inclusionary Housing Guidelines including the implementation of the tenant preferences. The ALP is incorporated into the Affordable Housing Plan.

Recommendation

It is recommended that the Affordable Housing Plan for 116-120 W Eastman be approved as meeting the requirements of the Inclusionary Housing Ordinance under the following conditions:

The Applicant is responsible to ensure that the Planned Development is and remains in full compliance with the requirements of Article XVII of Chapter 7 of Village Code, being the Village's Inclusionary Housing Ordinance, and the Village's Inclusionary Housing Guidelines, including, without limitations, the following:

a. Providing, at a minimum, 7 actual on-site units (a minimum of 5% of the total units) in the Planned Development and fee-in-lieu for 3.2 units (a maximum of 2.5% of the total number of units) or a total of 10.2 units (7.5% of the total number of units) in compliance with Section 7-1707(b)(1) of the Village Code.

b. Ensuring compliance with all other provisions of the Inclusionary Housing Ordinance and the Inclusionary Housing Guidelines as applicable.

Affordable Housing Plan
116-120 Eastman
Mylo Residential
Compasspoint Development, LLC

Project Description

The Developer, Compasspoint Development, with Residential brand Mylo Residential intends to develop a mixed use building located at Eastman, Highland and St. James. The Project will be comprised of a total of 136 dwelling units, a restaurant, and 184 parking spaces located within a 5 to 6 story building.

Dwelling Units:

Total Dwelling Units:	136
Total Market Rate Units:	129
Total Inclusionary Units:	7 units on site
Additional required Inclusionary Units:	3.2 units

Note: Developer proposes to pay the Fee In Lieu Fee for the additional .3.2 units at the rate required at the time a building permit is applied for.
The current Fee in Lieu of rate is $28,370 per unit for a total of $90.784.

Bedroom counts:

Market Rate Units:	
Studio:	44
One Bedroom	64
Two Bedroom	21
Inclusionary Units	
Studio:	3
One Bedroom:	3
Two Bedroom	1

Unit sizes (average)

Studios	508
One Bedroom	699
Two bedroom	1,043

NOTE: Inclusionary units will be the same average unit sizes as market rate units.

Location of Inclusionary Units: Inclusionary units will generally be located throughout the building. They will not be clustered in any one area of the building.

Rental Rates:

Market Units	
Studios	$1,800/mo
One Bedroom	$2,200/mo
Two Bedroom	$2,700/mo

Inclusionary Units (maximum rental rates based on 2023 guidelines)

Studios	$1,095/mo (as permitted under law)
One Bedrooms	$1,173/mo (as permitted under law)
Two Bedroom	$1,407/mo (as permitted by law)

Overall Provisions:

1. The Developer intends to utilize the Fee in Lieu of option for the required 3.2 units for a total amount of $90.084 and as updated at the time the building permit is submitted.. .

2. The Developer will make available to each tenant in an inclusionary unit one parking spaces at a monthly rent reduced by the same ratio as Inclusionary unit rents are reduced as compared to market rate units.

3. The development shall comply with the Inclusionary Housing Ordinance and guidelines in effect at the time the building is completed and available for leasing and into the future including:

a. Rental rates shall be adjusted to meet the guidelines at the time the building is available for leasing

b. Maximum household incomes will be in compliance with the Guidelines in place at the time the units are being leased.

c.. The Owner of the building will comply with the reporting requirements as set forth in the Ordinance and Guidelines

4. The Inclusionary Units shall be leased at the then current Inclusionary Rental Rates in perpetuity

5. The tenant selection plan shall be as set forth in the attached exhibit.

If required to provide all of the inclusionary units within the building instead of the proposed Fee In Lieu of payment for the three additional required units the project will not be feasible to finance. The financing requirements for similar projects have become much stricter than pre-covid. This is coupled with the increase in costs of construction (both material and labor) and the increase in real estate tax assessments (especially in north-west suburbs). If required to add the additional 3 inclusionary units within the building the project will be unlikely to meet the financing requirements of the proposed lenders. The additional equity that would be required would be $1,200,000, which would possibly delay the ability of the project to go forward. The inclusionary units will cost the same to construct as the market rate units and the buildings extensive amenities (pool, co-working spaces, lounges) will be utilized by all of the residents. The inclusionary units will rent for approximately 50% less per square foot, yet they will cost the same to construct as the market rate units. The assessed value of the building will not take into account the less amount of rent for the Inclusionary Units so the taxes on these 7 units will be the same as the market rate units despite the 50% less rent.

The project will be constructed in one single phase so the Inclusionary Units will be available to be leased and occupied at that same time as all other units in the building. All of the dwelling units in the building (market and inclusionary) shall have the same interior finished.

The Eastman project will offer affordable units in accordance with the Village of Arlington Heights Inclusionary Housing Guidelines. Affordable units will be marketed similarly to the market rate units. They will be marketed on the property website and the ILS websites with which the community is partnered. If there is marketing space on the Village of Arlington Heights community website, the property would also ideally be listed there.

Lincoln uses lead tracking software to track all inquiries into all apartment homes within a community. Any interested person looking for an affordable unit can be placed on the waiting list for those units if there isn't an affordable unit available at the time of their inquiry. All follow-up is documented within the Customer Relationship Management software.

Once an applicant applies for an affordable unit within the community, Lincoln will collect income statements from the applicant. Current Inclusionary Housing Guidelines from The Village of Arlington Heights align with Lincoln Property Company's policy, which is calculated on gross monthly income verified using paycheck stubs, bank statements, or other means of income statements.

When income is collected from the applicant, LPC will follow the IHG policy of collecting the previous three (3) months' income and projecting it forward 12 months to determine the annual income amount to determine the eligibility of meeting the 60% or below area median income for the household size. Applicants must also pass a criminal screening and credit check.

If an applicant has supporting documentation that supports the eligibility of qualifying for a preference which includes veterans, persons with disabilities, Arlington Heights residents who have resided in Arlington Heights for at least the past two years, or people who are employees of Arlington Heights businesses or organizations, this applicant will receive an affordable unit within the community before another qualified, eligible applicant who does not have a preference listed.

If an applicant states that they have one of the qualifying preferences, LPC will collect the supporting documentation during the application process.

Affordable units will be marketed and leased at the Inclusionary Housing Guidelines maximum monthly rents, including a utility allowance.

During the renewal period, 90 days before the lease expires, residents will be asked to re-certify their income. The resident will have 15 days from receipt of the recertification form to submit to the management office. Similarly to the initial application process, the management team will project the annual gross income to determine eligibility. In accordance with the Inclusionary Housing Guidelines, LPC will apply the following guidelines:

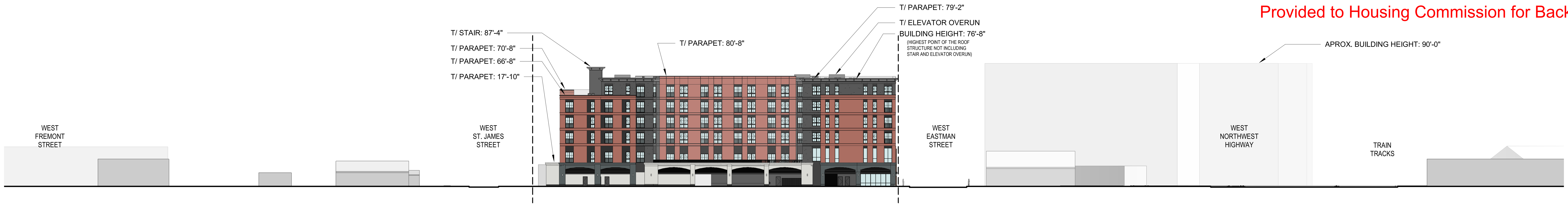
1. When household income remains at or below 60% of the area median income, adjusted for household size, the household maintains income eligibility for the affordable unit.

2. When household income increases above 60% of the area median income but stays below 80% of the area median income for the household size, the household maintains its income- eligibility for the affordable unit.

3. When the household income increases to above 80% of the area median income, then the tenant will be notified by the management office that the lease may be renewed for up to 12 additional months at the affordable rent, after which the tenant may remain in the unit but may be required to pay market rent. If the tenant remains and pays market rent, the unit no longer qualifies as an affordable unit, and the owner must identify another unit as affordable. If household income decreases during the one-time 12-month renewal period, the tenant will notify the management office no later than 60 days before the end of the lease term that it wishes to have its income re-evaluated for the purpose of possible lease renewal. If the examination of the household size and income is found to have decreased enough that the household's income is 80% of the area median income or below for the household size, the lease may be renewed beyond the 12-month renewal that was issued the previous year.

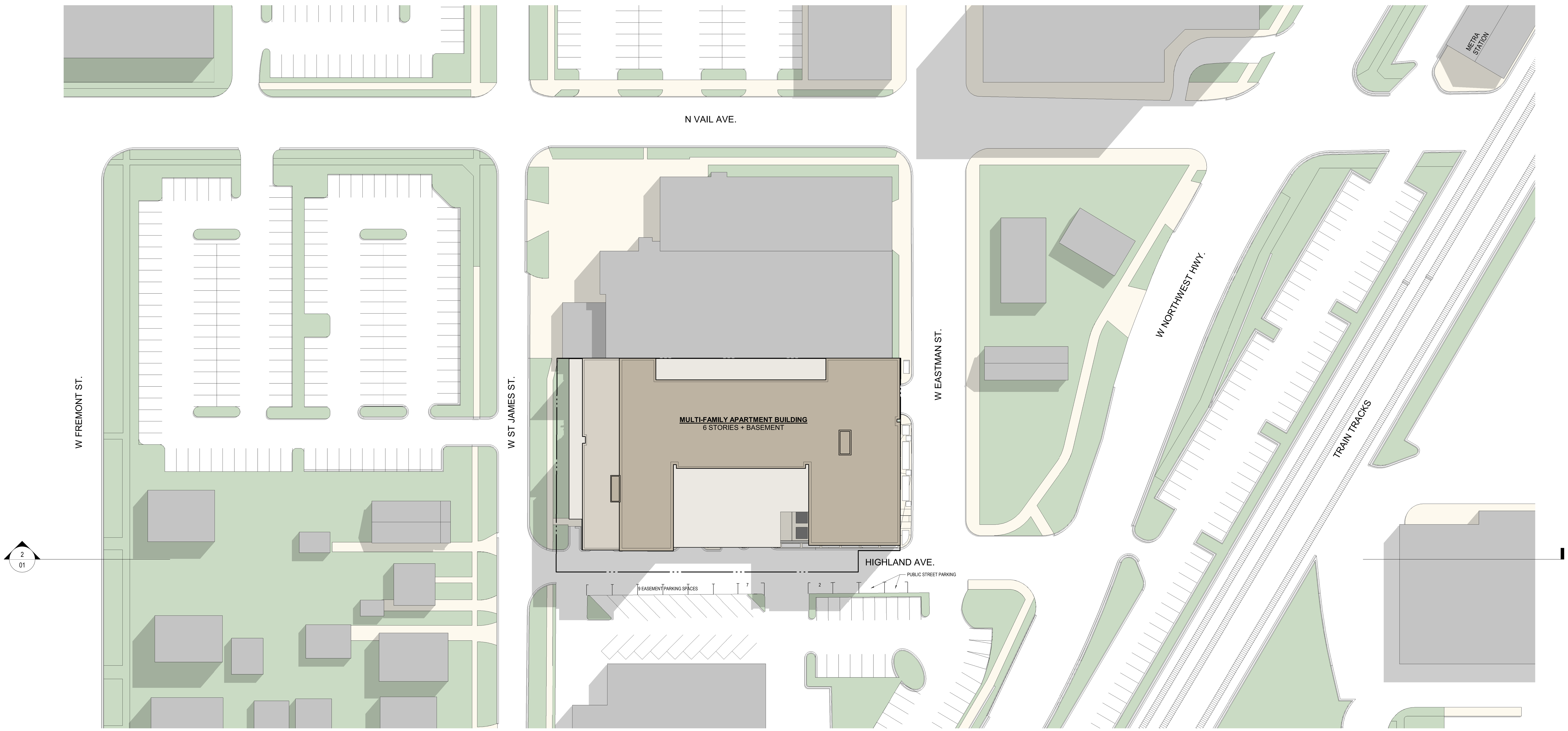
However, if the household does not qualify for renewal based on lease violations, income eligibility does not apply.

Provided to Housing Commission for Background/Context



2 / 01 SITE CROSS SECTION

SCALE: 1" = 40'-0"



1 / 01 OVERALL SITE PLAN

SCALE: 1" = 40'-0"

OKW Architects

OKW ARCHITECTS
600 W. Jackson, Suite 250
Chicago, IL 60661

N

PROJECT

SCALE: 1" = 40'

0 10' 20' 40' 80'

COMPASSPOINT
DEVELOPMENT, LLC

ARLINGTON HEIGHTS MULTI-FAMILY

116 W EASTMAN STREET
ARLINGTON HEIGHTS, IL 60004
08/31/2023 Project #: 22008

01

Provided to Housing Commission for Background/Context

MATERIAL LIST

Red Brick	Endicott Brick, Norman Size - Color: 'Medium Ironspot 77'
Red Mortar	Solomon Colors, 44X Deep Red
Charcoal Brick	Endicott Brick, Norman Size - Color: 'Manganese Ironspot'
Charcoal Mortar	Spec Mix, SM8000 - Black
Gray Brick	Interstate Brick, Norman Size - Color: 'Platinum'
Gray Mortar	Spec Mix, SM330 - Burlywood
Stone Base	Shouldice - Architectural, color: Colby
Glass/Alum storefront	Black finish
Vinyl Windows	Black finish
Balcony Railings	Prefinished Alum. Railing - Black
Wall coping	Pre-finished Alum. Coping
Wall Louvers	Prefinished Alum. - Black
Red Stucco	Sto Stucco - Color to match Red Brick
Charcoal Gray Stucco	Sto Stucco - Charcoal Gray
Dark Gray Stucco	Sto Stucco - Black
Continuous Cast Stone Sill	Cast Stone - Color to match Red Brick

1
10
SOUTH ELEVATION
SCALE: 1" = 10'-0"

OKW Architects

OKW ARCHITECTS
600 W. Jackson, Suite 250
Chicago, IL 60661

SCALE: 1" = 10'
0 2.5' 5' 10' 20'

COMPASSPOINT
DEVELOPMENT, LLC

ARLINGTON HEIGHTS MULTI-FAMILY

116 W EASTMAN STREET
ARLINGTON HEIGHTS, IL 60004
08/31/2023 Project #: 22008

MATERIAL LIST

Red Brick	Endicott Brick, Norman Size - Color: 'Medium Ironspot 77'
Red Mortar	Solomon Colors, 44X Deep Red
Charcoal Brick	Endicott Brick, Norman Size - Color: 'Manganese Ironspot'
Charcoal Mortar	Spec Mix, SM8000 - Black
Gray Brick	Interstate Brick, Norman Size - Color: 'Platinum'
Gray Mortar	Spec Mix, SM330 - Burlywood
Stone Base	Shouldice - Architectural, color: Colby
Glass/Alum storefront	Black finish
Vinyl Windows	Black finish
Balcony Railings	Prefinished Alum. Railing - Black
Wall coping	Pre-finished Alum. Coping
Wall Louvers	Prefinished Alum. - Black
Red Stucco	Sto Stucco - Color to match Red Brick
Charcoal Gray Stucco	Sto Stucco - Charcoal Gray
Dark Gray Stucco	Sto Stucco - Black
Continuous Cast Stone Sill	Cast Stone - Color to match Red Brick

1 / 11 WEST ELEVATION
SCALE: 1" = 10'-0"

OKW Architects

OKW ARCHITECTS
600 W. Jackson, Suite 250
Chicago, IL 60661

SCALE: 1" = 10'
0 2.5' 5' 10' 20'

COMPASSPOINT DEVELOPMENT, LLC

ARLINGTON HEIGHTS MULTI-FAMILY

116 W EASTMAN STREET
ARLINGTON HEIGHTS, IL 60004
08/31/2023 Project #: 22008

Housing Commission
9/20/2023

Item: Grace Terrace Affordable Housing Plan

Department: Planning & Community Development

ATTACHMENTS:

Description	**Type**
Grace Terrace Affordable Housing Plan	Report
Grace Terrace Tenant Selection	Exhibits

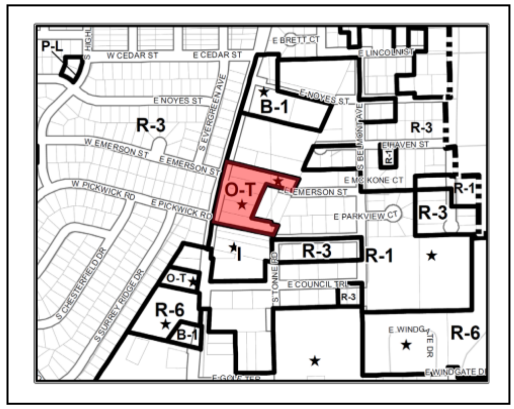
Village of Arlington Heights

Housing Commission

Staff Report

Project: Grace Terrace
1519 -1625 S Arlington Height Rd.

To: Housing Commission
Prepared by: Nora Boyer, Housing Planner
Meeting Date: September 20, 2023
Date Prepared: August 24, 2023



***Project**: Grace Terrace-Full Circle Communities*
Permanent Supportive Housing
1519-1625 S Arlington Heights Rd
Inclusionary Housing Ordinance Project
Affordable Housina Plan Review

Background

The Village of Arlington Heights Inclusionary Housing Ordinance calls for the inclusion of affordable units in certain multi-family residential development projects. The number of affordable units to be included in the development are based on a percentage of the total number of units in the development, and these percentages vary depending on the zoning district in which the project is located and whether the project benefits from public financing.

Grace Terrace Development

Grace Terrace is a proposed 25-unit universally designed permanently supportive housing development providing affordable housing for persons with disabilities. Priority is given to veterans who are otherwise eligible for tenancy. Under the terms of its financing from the Illinois Housing Development Authority (IHDA), all 25 units (100%) must be used to provide affordable permanently supportive housing for a minimum of 30 years. Full Circle Communities has stated that its mission-driven intention is to own and manage all of the units as permanently supportive housing in perpetuity.

Grace Terrace is proposed to have 20 one-bedroom and 5 two-bedroom units in a 3-story building. Tenants will pay 30% of their incomes toward rent and utilities with the remainder covered by Cook County Housing Authority Project-Based Vouchers. This project sets maximum annual household incomes at 30% and 50% of area median income.

In addition to the financing from IHDA, the project is receiving public financing and other grants from Cook County (federal HOME program), a ComEd energy efficiency grant, IFF loan, a State of Illinois Capital Bill allocation, and a Federal Home Loan Bank grant.

Inclusionary Housing Ordinance
Below is a comparison of the proposed project and the requirements under the Inclusionary Housing Ordinance (IHO) and IHO Guidelines.

Criteria	**Grace Terrace**	**Village Requirement Inclusionary Housing Ordinance (IHO) or Guidelines**	**Comment**
Percentage (Number) of Affordable Units	100% (25) units for first 30 years; thereafter at a minimum to comply IHO 10% (3) unit requirement but the intention it to continue operation as a 100% affordable permanent supportive housing building.	10% (3) units are required to be affordable due to public financing	Exceeds affordability requirement first 30 years and will continue to comply thereafter
Fee-In-Lieu	Not applicable	Not applicable	Not applicable
Maximum Tenant Annual Incomes	Maximum 30% and 50% of Area Median Income, thereafter to comply with IHO	Maximum 60% Area Median Income	Exceeds affordability requirement first 30 years and will continue to comply thereafter
Maximum Rents	Tenant rents are 30% of household income for the first 30 years (HACC Project Based Vouchers); thereafter to comply with IHO	Maximums as per IHDA/IHO Guidelines chart by bedroom size	Exceeds requirement first 30 years and will continue to comply thereafter
Integration of Affordable Units	All units are affordable first 30 years; thereafter must comply with IHO	Affordable units to be integrated	Meets requirement
Phasing	Not applicable due to it being a one building development	Not applicable due to it being a one building development	Meets requirement
Interior and Exterior Finishes	All unit finishes are the same	Finishes in affordable units must meet minimum standards	Meets requirement
Bedroom Mix	All units are affordable first 30 years; thereafter to comply with IHO	Affordable unit bedroom mix must be proportional to market rate mix	Meets requirement
Preferences	First 30 years disability will be a condition of tenancy and veterans with receive preference,	IHO Guidelines state that the developer must give preference to one or more of 4 preference	Meets requirements

	thereafter to comply with IHO but the intention is to continue to operate as a permanent supportive housing facility for persons with disabilities	categories (persons with disabilities, veterans, local residents, local employees)	
Reporting	Petitioner has agreed to reporting requirements	IHO Guidelines contain reporting requirements	Meets requirement

The petitioner has reported that a Tenant Selection Plan will not be produced until closer to financial closing and has offered to provide a copy to Staff at that time. Staff will ensure consistency of the Tenant Selection Plan with the inclusionary housing requirements.

<u>Recommendation</u>

It is recommended that the Affordable Housing Plan for Grace Terrace, 1519 – 1623 S Arlington Height Rd. be approved as meeting the requirements of the Inclusionary Housing Ordinance under the following conditions:

The Applicant is responsible to ensure that the Planned Development is and remains in full compliance with the requirements of Article XVII of Chapter 7 of Village Code, being the Village's Inclusionary Housing Ordinance, and the Village's Inclusionary Housing Guidelines, including, without limitations, the following:

a. Providing, at a minimum, 3 actual on-site units (a minimum of 10% of the total units) in perpetuity in the Planned Development in compliance with Section 7-1707(b)(3) of the Village Code.

b. Ensuring compliance with all other provisions of the Inclusionary Housing Ordinance and the Inclusionary Housing Guidelines as applicable.

6/7/2023

Grace Terrace
Full Circle Communities, Inc.
Inclusionary Housing Plan

Description of Development & Affordability Levels

Grace Terrace is located at 1519-1625 S. Arlington Heights Rd. and will create 25 units of universally designed permanent supportive housing. There will be 20 one-bedroom and 5 two-bedroom units across three stories. All 25 units will be affordable with the following affordability levels:

Unit Type	No. of Units	Sq. Ft.	AMI	Rent	Subsidy	Term
1BR	19	677	30%	$1,255	HACC Project Based Voucher	20 Years
1BR	1	677	50%	$1,255	HACC Project Based Voucher	20 Years
2BR	3	810	30%	$1,440	HACC Project Based Voucher	20 Years
2BR	2	810	50%	$1,440	HACC Project Based Voucher	20 Years

Funding

The development received an allocation of competitively awarded Permanent Supportive Housing grant funds from the Illinois Housing Development Authority last year. Other financing sources include a ComEd energy efficiency grant, loan from IFF, a State of Illinois Capital Bill allocation from Sen. Ann Gillespie's office, and a grant from the Federal Home Loan Bank of Chicago. All 25 of the project's units are designated as PSH and supported by rental assistance. Rental assistance means that tenants will only pay a maximum of 30% of their income towards rent and utilities and the remainder is covered by the Housing Authority of Cook County (HACC) Project Based Vouchers. This project was awarded for 100% of the units because PSH housing for people with disabilities and veterans is a priority for the county and recognized as being necessary for long term success for both the tenants and the project. The rent outlined in the table above is based on the HACC payment standards which are updated annually.

Based on our funding sources from IHDA, there will be a 30-year land restriction agreement in place. However, because Full Circle is a mission-driven non-profit that does affordable housing, we plan to own and manage the property as affordable PSH in perpetuity. Our IHDA Permanent Supportive Housing funds are also driving the target populations and maximum rents (driven by 30% and 50% AMI levels and HACC payment standards).

Property Management and Tenant Selection

Full Circle Management will be the property manager. An on-site property manager and maintenance technician will staff the development during regular business hours. The building will have secure entries, a fire suppression system, security camera system that can be monitored remotely, as well as a 24-hour phone line.

The property will be governed by a land use restriction agreement from IHDA and subject to yearly file audits and physical inspections. Tenants are selected through an application process to verify their eligibility for supportive housing and through an interview and background screening process. Every tenant will have a standard lease that is renewed annually.

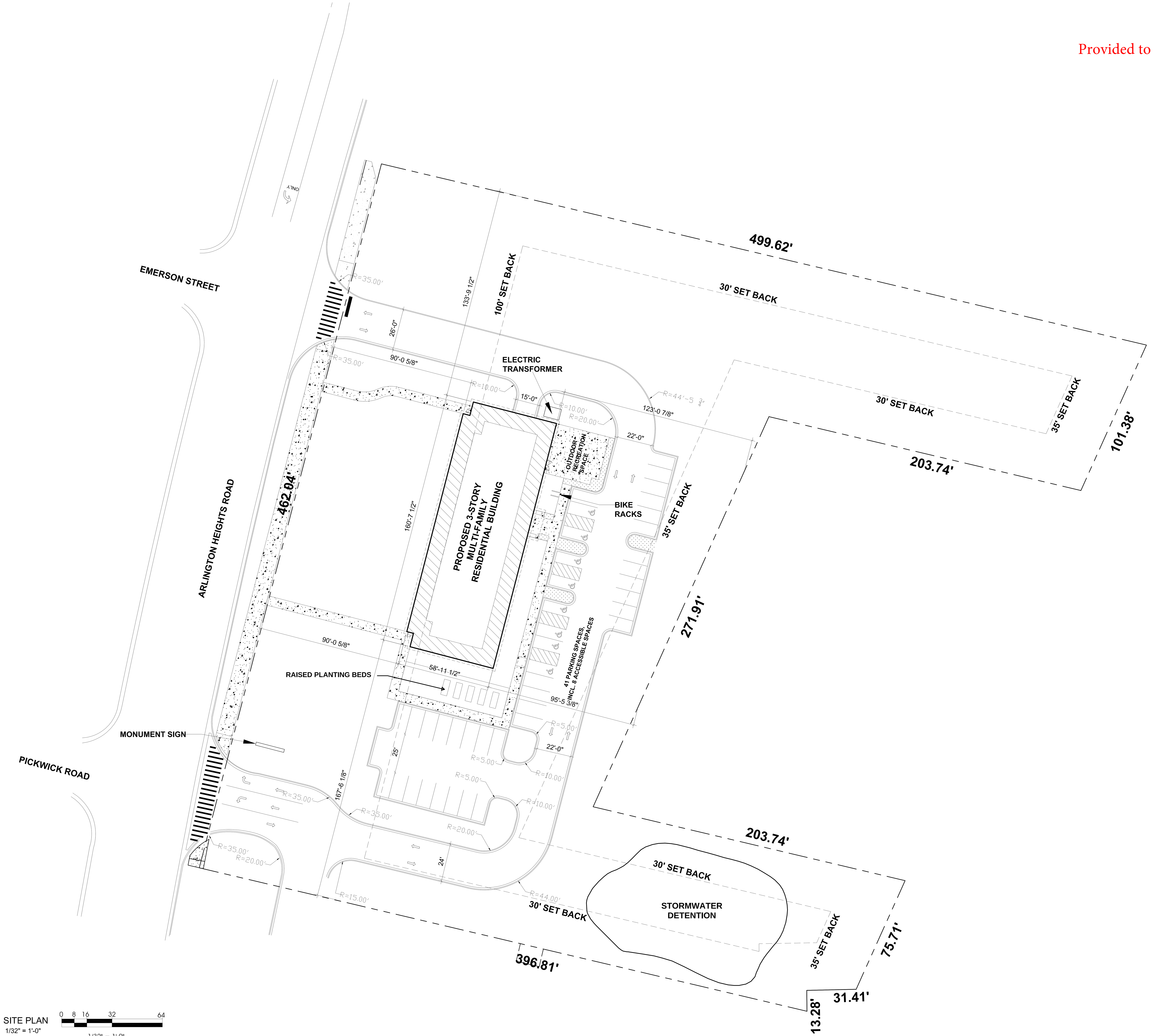
Leaseholders/heads of households are required to have a disability to qualify for applying to the property. The property will be disability neutral, meaning no specific disability will be targeted. There is also a preference in the tenant selection process for veterans, whereby veterans that otherwise qualify for the housing will move to the top of the list.

Full Circle takes a blended management approach where management and services work closely together to ensure tenant success.

Project Timeline

Full Circle Communities expects to close on financing by the end of 2023 and begin construction of Grace Terrace in March of 2024. We anticipate construction will take approximately one year. The date of expected completion of all 25 affordable units is March of 2025

Provided to Housing Commission for Background/Context



N

1 SITE PLAN 1/32" = 1'-0"

0 8 16 32 64
1/32" = 1'-0"

PROJECT DATA:

SITE AREA	: 3.61 ACRES/ 157,478 SF
BUILDABLE AREA	: 1.76 ACRES/ 76,458 SF
BUILDING FOOTPRINT	: 9,402 SF
BUILDING COVERAGE	: 5.9%
BUILDING AREA	: 28,032 SF
FAR	: 17.8%
NUMBER OF UNITS	: 25
SITE AREA/UNIT	: 6,299 SF

FIRST FLOOR	: (4)-1BR (1)-2BR = 5 UNITS	
FLOOR 2&3	: (8)-1BR/FLR (2)-2BR/FLR	= (16)-1BR = (4)-2BR = 20 UNITS

TOTAL PARKING: 41, INCL 8 ACCESSIBLE SPACES

CORDOGAN CLARK

FULL CIRCLE communities

Grace Terrace
1519-1625 ARLINGTON HEIGHTS ROAD
ARLINGTON HEIGHTS, ILLINOIS, 60005

SITE PLAN

JOB NUMBER 20-410
DATE 08.23.2023

REVISIONS:

ZONING SUBMITTAL

A1.0

8/23/2023 12:59:57 PM

Provided to Housing Commission for Background/Context

1 EAST VIEW

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FULL CIRCLE communities

Grace Terrace
1519-1625 ARLINGTON HEIGHTS ROAD
ARLINGTON HEIGHTS, ILLINOIS, 60005

COLOR RENDERING

JOB NUMBER	20-410
DATE	08.23. 2023

ZONING SUBMITTAL

REVISIONS:

A 7.0

Memorandum

To: Chairman and Members of the Housing Commission

From: Nora Boyer, Housing Planner

Re: Grace Terrace - Full Circle Communities

Date: Tenant Selection

Heart's Place in Arlington Heights is an Illinois Housing Development Authority (IHDA) Permanent Supportive Housing (PSH) building. The proposed Grace Terrace development would also be an IHDA PSH project.

The applicant for the Crescent Place affordable housing building also had concerns about local preferences relative to their financing. The approved ordinance for this (non-PSH) project contains the condition that "the developer shall submit a request for residency and local working preferences to the Department of Housing and Urban Development (HUD) and the Illinois Housing Development Authority (IHDA) in order to seek approval to incorporate Arlington Heights' Inclusionary Housing Ordinance tenant preferences in the tenant selection plan for this development consistent with their regulations." The Village has not been notified of any outcomes to these requests.

At Grace Terrace (like Heart's Place) under the IHDA PSH requirements all of the units would be occupied by persons with disabilities. At Grace Terrace, preference for tenancy would be given to veterans.

IHDA rules for the PSH program do not permit preferences based on residency. This was discussed when Heart's Place was reviewed, and Heart's Place was approved without the local resident preference although though this approval was prior to the adoption of the Inclusionary Housing Ordinance.

At the "early review" for this project before the Village Board on May 1, 2023, the petitioner explained that they would not be able to offer local preferences at Grace Terrace. There was a discussion about how the waiting list would be developed and the project would be marketed locally.

It should be noted that although Full Circle Communities is not able to provide the local preferences to Arlington Heights residents and employees that the preferences currently called for in the Inclusionary Housing Guidelines would apply to only 3 units (10% of the total units) while if approved Grace Terrace provide affordable housing for persons in two preference categories (persons with disabilities and veterans) in 25 units for a minimum of 25 units for a minimum of 30 years.

For general information about Grace Terrace, and to hear the conversation about tenant preferences, the video of the early review before the Village Board of the project is available here (the tenant selection discussion begins at approximately minute 19:28: https://arlingtonheightsil.new.swagit.com/videos/05022023-710#37

Staff is researching (overall) the preferences as included in the Inclusionary Housing Guidelines (with respect to publicly and privately-financed housing projects) as they relate to fair housing concerns and will report back to the Housing Commission.

In the meantime, Full Circle Communities should be encouraged to actively market Grace Terrace locally and work with the Village's Health Department and local agencies and organizations for referrals.