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

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

A. Minutes 7-17-18

IV. REPORTS

V. OLD BUSINESS

A. Single Family Rehab (SFR) Program

B. Group Home and Transitional Housing Acquisition and Rehab Program 2018-2019 Application (vote) and 2017-2018 update

C. Arlington Downs Affordable Housing Component

VI. NEW BUSINESS

A. Housing Commission Budget Report

VII. OTHER BUSINESS

VIII. ADJOURNMENT

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact David Robb, Disability Services Coordinator, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, (847)368-5793 (Voice), (847)368-5980 (Fax) or drobb@vah.com.

Item: Minutes 7-17-18

Department: Planning & Community Development

ATTACHMENTS:

Description	Type
Minutes	Minutes

APPROVED

MINUTES OF A MEETING OF
THE ARLINGTON HEIGHTS HOUSING COMMISSION
HELD AT ARLINGTON HEIGHTS VILLAGE HALL
VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
JULY 17, 2018

IN ATTENDANCE:

Commissioners Present:	Alex Hageli	Mark Hellner
	Will Delea	Zach Creer
Commissioners Absent:	Andrew Tripp	Namrita Nelson
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, Delea, and Creer were in attendance. Ms. Boyer announced that Andrea Johnson resigned from the Housing Commission because she has moved to another community.

A motion was made by Commissioner Hellner, seconded by Commissioner Creer to approve the minutes of the June 12, 2018. The motion was approved unanimously.

III. REPORTS

None

IV. OLD BUSINESS

A. Single Family Rehabilitation Loan Program

Ms. Boyer reported that there are no new Single Family Rehab Loan Program applications. She said that she will soon be mailing out the Request for Qualifications to identify qualified plumbers to install overhead sewers for low and moderate income residents. These resident would also benefit from the Village's Overhead Sewer Rebate Program.

B. Group Home and Transitional Housing Rehab Program

Four projects have been in progress.
Little City:
Project #1 - Replace driveway and repair outdoor ramp and railing – completed
Project #2 - Replace driveway – in progress

Clearbrook
Project #1 – Bathroom renovation – near completion
Project #2 – Bathroom renovation – to begin in early August 2018

C. 2018-2019 Community Development Block Grant (CDBG) Update

Ms. Boyer discussed the final, approved CDBG budget for October 1, 2018 – September 30, 2019. The approved Housing Commission projects are:

Single Family Rehab Program: $75,000
Group Home Acquisition and Rehab Program: $68,000

V. NEW BUSINESS

A. 2018-2019 Review and Updates – Village Housing Regulations and Strategy

Ms. Boyer explained that the Village Board has requested reports on several topics including the Village's housing needs, upcoming trends in housing and proposed changes to Village Code to respond to housing needs and demand. The outline for the report was distributed. The draft report will be provided to the Housing Commission for review and comment as part of the drafting process prior to submission to the Village Board.

The member of the Housing Commission were interested inviting representative from the housing industry (or related businesses) and conduct "focus groups" at Housing Commission meetings to discuss various topics. Suggested groups for these meetings included:

- Affordable housing developers
- Government housing financing agencies – HUD, Illinois Housing Development Authority, Cook County
- Private lenders
- High price end developers
- Agencies that provide emergency and temporary housing
- Community or Co-housing developers

B. Senior Commission – AARP Livable Communities Initiative – Housing Domain and Survey Questions

Ms. Boyer announced that the Senior Commission, with the authorization of the Village Board, has registered with AARP to participate in its Livable Communities Initiative. The Livable Communities Initiative guides localities through examining aspects of their communities to determine whether they are age-friendly. One of the domains that is area examined is housing. The Senior Commission would like to work with the Housing Commission on evaluating the Housing Domain.

The Senior Commission is looking into conducting a community survey. The AARP survey template was distributed. The Housing Commissioners are invited to weigh in on the survey questions.

Commissioner Heller suggested asking David Robb, the Village Disability Services Coordinator, for input on the survey with regard to "universal design."

VII. OTHER NEW BUSINESS

There was a discussion concerning an Daily Herald article concerning the apartment building that was approved by the Village Board in the Hickory/Kensington area. Alex Hageli said that the Village Board is giving clear direction that they want to see more affordable housing. Commissioner Delea said that with more and more projects coming forward, the Housing Commission may need to say "no" to projects unless they include affordable units in the developments. Ms. Boyer said that there is a lot of information on inclusionary housing policies at https://groundedsolutions.org/.

Ms. Boyer passed out a flyer regarding the CAPABLE pilot project which is a spin off of the Northwest Suburban Housing Collaborative's Handyman program. Commissioner Creer recommended that including the participation of the Village in developing the local CAPABLE program would lend some credibility to the program and make potential participants more comfortable with applying for services. Ms. Boyer said that she would look into this.

VIII. ADJOURNMENT

A motion was made by Commissioner Hellner, seconded by Commissioner Delea, to adjourn the meeting. The meeting adjourned at 8:30 pm.

NEXT MEETING: Tuesday, September 4, 2018 7:00 pm in the Commission Room

Item:	Group Home and Transitional Housing Acquisition and Rehab Program 2018-2019 Application (vote) and 2017-2018 update
Department:	Planning & Community Development

ATTACHMENTS:

Description	Type
Memo	Memorandum
Little City	Exhibits
Clearbrook	Exhibits

Memorandum

To: Chairman and Member of the Housing Commission
From: Nora Boyer, Housing Planner
Re: For Housing Commission Meeting of September 4, 2018 – Agenda Item
Group Home and Transitional Housing Acquisition and Rehabilitation Program

Date: August 29, 2018

At its May 8, 2018 meeting, the Housing Commission Little City Foundation and Clearbrook presented their 2018-2019 Community Development Block Grant (CDBG) grant applications to the Housing Commission.

These applications were for:

- Little City Foundation: $50,000 to be used toward the purchase of an additional group home in Arlington Heights
- Clearbrook: $13,750 for the replacement of the replacement of heating and air conditioning components at one of the agency's group homes in Arlington Heights

Following the presentations, the Housing Commission passed the following motion:

> **A motion was made by Commissioner Hellner, seconded by Commissioner Creer supporting the 2018-2019 CDBG funding requests from Clearbrook and Little City Foundation emphasizing that the requests are in keeping with the Village of Arlington Heights' mission to be an inclusive community.**

On June 18, 2018, the Village Board approved the Village's 2018-2019 Annual Action Plan including the 2018 – 2019 CDBG budget. The Annual Action Plan is currently under review by HUD. The approved amount for the Group Home and Transitional Housing Acquisition and Rehab Program is $68,000. The two projects described above total $63,750. There are no other pending applications.

In order to promptly begin implementation of CDBG-funded projects as soon as possible at the beginning of the 2018-2019 CDBG program year, staff requests that the Housing Commission consider voting on whether it wishes to approve the two above described projects. Staff recommends that, if approved, the approvals be contingent upon:

1) the Village receiving approval of its Annual Action Plan and CDBG budget from HUD;
2) the execution of the Grant Agreement between the Village and HUD for the 2018-2019 CDBG program year;
3) the execution of Subrecipient Agreements between the Village and the agencies, which shall include, but not be limited to, project schedules to insure the timelines of expenditures; and
4) compliance by the agencies with all applicable laws and regulations.

If the member of the Housing Commission have additional questions of the agencies regarding these applications, it is recommended that any votes be postponed and staff will invite representatives of the agencies to the Housing Commission's October 2018 meeting.

Application Summary Sheet

Arlington Heights Community Development Block Grant (CDBG) Program

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Name for Proposed Project or Service: **Arlington Heights CILA Project**

Project Location: Specific location – TBD; Arlington Heights, IL

Amount of CDBG Funds Requested: $50,000 (For construction/rehab requests, include a 10% contingency amount)

Brief Description of Program or Project: Little City Foundation is requesting funding through the CDBG program to purchase a home in the Village of Arlington Heights that will be a CILA (Community Integrated Living Arrangement) for six adults with intellectual and developmental disabilities. Attached to this application are sample listings of homes we would consider as possible CILA homes. Staff from Little City are excited about the prospect of moving its residents to Arlington Heights where they will be welcome and live in a community that will afford them the opportunity to integrate more fully into the "mainstream of life". The timeline for this project's completion is 2019.

Contact Information

Organization Name: Little City Foundation

DUNS (Dun and Bradstreet) Number: 069962314
(A DUNS Number is required to receive federal funding)

Contact Name, Title: Shawn E. Jeffers, Executive Director

Bev Saiz, Director of Foundation and Government Relations

Signature:

The information on this application is accurate to the best of my knowledge. Inaccurate, missing, or misleading information may cause this application to be rejected.

Mailing Address 1: Little City Foundation

Mailing Address 2: 1760 W. Algonquin Road

City, State, Zip: Palatine, IL 60067

Telephone Number: 847-358-5510

Fax Number: 847-303-0015

Email Address: sjeffers@littlecity.org

Organization website: www.littlecity.org

Application

Arlington Heights' Community Development Block Grant (CDBG) Program

All items must be addressed to receive any consideration for funding.

A. Program or Project

1. Project Description

Describe the program or project for which funds are requested. Include the purpose or the program or project and clientele to be served. Explain any new or increased levels of service that would be provide by the organization if this program/project receives CDBG funding. If the project has several components, please prioritize the key elements of the proposal.

The Arlington Heights CILA Project will allow Little City to purchase a home in the Village of Arlington Heights that will serve as a residence for six adults with intellectual and developmental disabilities. The home will provide for their daily needs as well as provide them with room, board and round-the-clock supervision and support provided by trained Little City staff. CILA homes provide safe and secure environments for individuals with disabilities to live as independently as they are able while benefiting from living in a home with their peers.

2. Previous CDBG Funding

Has your organization received CDBG funds from the Village of Arlington Heights in any of the past 10 years? If yes, list the year(s), amount(s) and purposes of the funding. Include the project address if funds were used for the purchase or rehab of property or structures.

Year	Amount	Purpose and (if applicable) Address- ***Please note: All grants supported rehab projects for 1314 W. Euclid or 2634 N. Raleigh (Arlington Heights).***
2007	20,000	See note above
2013	10,043	See note above
2013	7,812.06	See note above
2015	23,730	See note above
2016	10,130	See note above
2018	16,510	See note above

Service Area

1. **Provide a brief description your agency's service area.**
   Little City Foundation is dedicated to serving children and adults with intellectual and developmental disabilities by providing the best options and opportunities to live safely, learn continuously, explore creatively and work productively throughout their lifetime. By inspiring, advocating and pursuing success with passion and purpose, lives are changed through hope, happiness and optimism. Little City serves approximately 1200 adults and youth who reside in Cook, DuPage or Lake Counties (IL).

2. **Describe any additional criteria for the program or project.**
   Adults with intellectual and developmental disabilities who are served by Little City Foundation will reside in the proposed CILA home. Selection of the individuals will focus on their specific needs as well as the goals and objectives outlined in each of their Individual Service Plans.

3. **What facilities, services, or programs does the agency operate in Arlington Heights?**
   Little City owns and operates two CILA homes in Arlington Heights, located at 1314 W. Euclid and 2634 N. Raleigh.

4. **Are there other agencies in the same service area that provide the same service? If so, what agency or agencies provide(s) similar services?**
   Both Glenkirk and Clearbrook provide similar services for individuals with intellectual and developmental disabilities in the Arlington Heights area.

C. Program/Project and Client Statistics

1. **Complete the following table for persons assisted by the specific program or project for which the agency is applying for CDBG funds. If the agency administers one type of service, complete the table for all persons assisted by the agency.**

	Total Persons Served	Total Arlington Heights Residents Served	Total Arlington Heights Residents Served with CDBG Funds
October 1, 2016 – September 30, 2017	N/A	N/A	N/A
October 1, 2017 – present* ***The proposed CILA home will serve, once purchased, six Arlington Heights residents.**	N/A	N/A	N/A

Income Limits	Household Size							
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Low/Moderate-Income	$44,250	50,600	56,900	63,200	68,300	73,350	78,400	83,450

NOTE: Household income is the total income of all household members 18 years old or older who contribute to the household. The extremely low, very low, and low income limits are based on Median Family Income, in which a householder has one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption.

2. **If your agency receives the CDBG funds for which you are applying, how many new or additional Arlington Heights residents could you serve in the 2018-2019 program year?**
   6

3. **Would this program exist without CDBG funding?**
   (Select one)
   ☐ Yes
   ☒ No

D. Staff for Funded Program

1. Total number of staff employed by agency for this program:

a. Full-time 378

b. Part-time 142

c. Volunteers 1600

2. Provide the name of the staff member who will be coordinating the CDBG grant with the Village (i.e. completing reports, submitting invoices, monitoring visits, etc.):

Name, Title: Bev Saiz or Carrie Seida

Phone Number: 847-358-5510

Email Address: bsaiz@littlecity.org; cseida@littlecity.org

3. How long has the staff member identified above been with the agency?
Bev Saiz – 6 ½ years; Carrie Seida – 3 ½ years

E. Fees and Funding Sources

1. Describe any client fees collected and how they are used.*:

Not applicable to this project.

** Any client fees collected must be used for program costs.*

F. Estimated Program/Project Budget for the Program Year

1. Resources: Show all of the anticipated revenue (including the requested Village CDBG funds) that the agency anticipates using for this specific program or project during the 2018-2019 program year:

Anticipated Resource	Total Anticipated Program/Project Recourses
2018-2019 VAH CDBG Grant Request	$ 50,000
Section 108 Loan Guarantee	$ 0
HOME Funds	$ 0
ESG Funds	$ 0
HOPWA Funds	$ 0
Appalachian Regional Commission	$ 0
Other Federal Funds	$ 0
State Funds	$ 0
Other Local Funds	
Private Funds* (Sale of Palatine CILA home)	$ 200,000
Program Income (client fees)	$ 0
Other Funding Please Specify: Source to be determined	$ 70,000
Total Anticipated Revenue for Program/Project	$ 320,000

2. **Expenses. Indicate how CDBG funds are proposed to be used for the specific program or project during the 2018-2019 program year:**

Use of CDBG Funds	**Total Program or Project Expenses** (Column a.)	**Anticipated Amounts to be Spent for the Benefit of Arlington Heights Residents** (Column b.)	**Anticipated Amounts of Village CDBG funds to be Spent for the Benefit Low and Moderate Income Arlington Height Residents** (Column c.)
Payroll costs for direct client service hours	$ 0	$ 0	$ 0*
All other payroll cost	$ 0	$ 0	$0*
Other (non-payroll) direct client service costs Explain:	$ 50,000	$ 50,000	$50,000
Other administrative and indirect client serve costs Explain:	$ 0	$ 0	$0*
If the agency expects that it would invoice the Village for CDBG funds on a per unit basis (per night of service, per enrollment fee, etc.), provide the totals on this line.	$ 0	$ 0	$ 0**
Totals (Columns a, b & c)	$ 50,000	$ 50,000	$ 50,000***

* Village CDBG funds may only be used for payroll costs for the hours that employees provided direct client services to CDBG-eligible low and moderate income Arlington Heights residents and for other direct benefits to CDBG-eligible low and moderate income Arlington Heights residents. Time sheets documenting staff hours and pay rates for direct client services hours and receipts will be required.

** Explain the per unit costs here: Not applicable to this project.

*** This amount should total be the same as the 2018-2019 Village CDBG grant request.

3. **Will any funds be used for research and development?**
(Select one)
☐ Yes
☒ No

If so, please specify how funds will be used.

Not applicable to this project.

4. **Does your agency receive more than $750,000 in federal funds?**
(Select one)
☐ Yes
☒ No

G. Performance Measurement Systems

1. Project Objectives

Please check one of the following to identify the specific objective of the program or project for which CDBG funds are being requested.
(The selection should reflect the purpose of your agency's proposed program.)

☒ *Creating a Suitable Living Environment*
This objective relates to activities that are intended to address a wide range of issues faced by low//moderate-income persons, from physical problems with their environment, such as poor quality infrastructure, to social issues such as crime prevention, literacy, or elderly health services. Includes activities that are designed to benefit communities, families, or individuals, by addressing issues in their living environment.

☐ *Providing Decent Housing*
This objective focuses on housing activities whose purpose is to meet individual family or community housing needs. It does not include programs where housing is an element of a larger effort to make community-wide improvements, since such programs would be more appropriately reported under Suitable Living Environments.

☐ *Creating Economic Opportunities*
This objective applies to activities related to economic development, commercial revitalization, or job creation.

2. Project Outcomes

Please check one of the following for the outcome of the specific program or project for which CDBG funds are being requested.
(The selection should reflect the result your agency would like to accomplish.)

☒ *Availability/Accessibility*
This outcome applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low/moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the basics of daily living available and accessible to low/moderate-income people where they live.

☐ *Affordability*
This outcome applies to activities that provide affordability in a variety of ways to low/moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care. Affordability is an appropriate objective whenever an activity is lowering the cost, improving the quality, or increasing the affordability of a product or service to benefit a low-income household. Example #1: A low interest loan program might make loans available to low/moderate-income microenterprise businesses at 1% interest, which is far below the market rate. This program lowers the cost of the loan, enabling entrepreneurs to start businesses. As a result, the program makes financing more affordable. Example #2: A subsidized day care program that provides services to low/moderate-income persons/families at lower cost than unsubsidized day care.

☐ *Sustainability*
This outcome applies to activities that are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low/moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

H. Other Information

1. **The following documents must be included with your application:**

All Applications:

- ☒ Copy of your organization's submitted 2017 Illinois Charitable Organization Annual Report Form AG990-IL* *(This is a two-page document. Please do not submit the federal form.)*
- ☒ The agency's current overall budget.
- ☐ The current budget for the program project for which CDBG funds are being requested (no applicable for new programs of projects. ***It is expected that the cost of purchasing a new CILA home will be $300,000-$320,000. A budget delineating each expense has not yet been prepared.***
- ☒ Agency's most recent completed audit (electronic copy only is required)
- ☒ Proof of non-profit determination
- ☒ Organizational chart

Other documents such as program brochures may be provided at the option of the applicant.

Construction/Rehabilitation, Applications Only: *Not applicable to this project.*

☐ Proposed construction/rehabilitation schedule. Please note that construction/rehabilitation projects should be completed by August 1, 2019, if possible. Funding availability may be extended to September 30, 2019 due to weather or other unavoidable delays.

Please note that Village staff will contact the applicant to make an appointment for a tour of the proposed construction/rehabilitation project. Please ____________________________, on your calendar to facilitate a smooth scheduling process.

☐ Cost and Design Assistance Estimates: Please provide a cost estimate for the project.

All projects must conform to Village of Arlington Heights codes and ordinances. Buildings must conform to zoning and property standards to be considered for funding.

Projects may be subject to Federal Labor Standards and Davis-Bacon Act prevailing wages, which should be taken into account when estimating the project costs. Applicants are encourage to submit at least one cost estimate from a knowledgeable contractor with the application. Three cost estimates are encouraged. Ask the contractors to make recommendations to provide additional short-term construction and/or long-term maintenance cost savings. Review the estimates, select a project cost, add a minimum 10% contingency, and then add that amount to the total project cost on the Application Summary Sheet. An official Request for Proposals may be required for each grantee prior to grant award.

Public Service, Applications Only, if applicable: *Not applicable to this project.*

☐ If applicable, provide a copy of the program or project fee scholarship or schedule (ex. sliding scale schedule that determines the amount of CDBG-funded assistance received based on the client's income).

Little City Foundation serves individuals who have autism or other intellectual and developmental disabilities. The vast majority are of low-moderate income and 1/3 of our program participants and residents are considered "wards of the state", with very few resources. We serve approximately 1,200 adults and youth, 60% of whom are over 55 years of age. Many of these individuals are already experiencing physical changes and/or significant memory loss. Little City provides comprehensive programming in DuPage, Lake and Cook Counties and offers the opportunity for individuals to live on-site at Little City's main campus in Palatine or in a CILA (Community Integrated Living Arrangement) home. Beginning in the summer of 2018, Little City will offer three models of CILA living: 1) 24-Hour CILA's; 2) A Host Family CILA; and 3) Two Intermittent CILA's. Each model enables individuals to reside in communities with supervision and support that matches their specific needs and abilities to live independently. Little City has 16 CILA's currently; two of which are located in Arlington Heights.

Answering the need and desire to expand Little City's CILA program, in 1991 Little City purchased a home in Palatine that would provide eight adults with a home to call their own. For the past 27 years they have succeeded in learning the daily living skills that would help them function independently, have been introduced to job training and employment, participated in day programs offered on Little City's main campus and actively participated in community events, utilized neighborhood services and attended community recreation and social events. The CILA (Community Integrated Living Arrangement) Program provides a safe and secure environment for individuals with intellectual and developmental disabilities to live as independently as they are able while benefiting from living in a home with their peers. Programs and activities that take place in CILA's are individual-focused and community-oriented.

The majority of the individuals who have called 619 E. Palatine Road (Palatine) "home" are now seniors. The two-story house is no longer a safe and secure environment for them and traffic on Palatine Road has increased significantly in the last two decades. To ensure the best possible living arrangement for our residents, Little City has made the decision to sell the Palatine home and move the residents to a home environment that makes it possible for them to "age in place" and receive services tailored more specifically to their physical and intellectual needs. Studies and experience has shown that individuals with intellectual and developmental disabilities (in particular those with Down syndrome), age at a more rapid pace, experiencing physical and intellectual decreases at an earlier age.

For two decades, Little City has enjoyed a mutually-beneficial partnership with community members of the Village of Arlington Heights. Beginning in 2007, Little City received and implemented both CDBG and weatherization grants administered by the Village of Arlington Heights. Since purchasing two homes in the village, Little City staff and residents have always received a warm welcome from city officials and neighbors. Making the decision to close and sell the property in Palatine was difficult. Making the decision to purchase a home in Arlington Heights was not.

Little City Foundation is requesting funding through the CDBG program and other available sources to pair with the proceeds of the sale of the Palatine property. Attached to this application are sample listings of homes we would consider as possible CILA homes. It is expected that the purchase of the home will cost approximately $300,000-$320,000. Operating a six person CILA costs approximately $424,500. Costs associated with the operations are covered by state, local and private sources. Staff from Little City are excited about the prospect of moving its residents to Arlington Heights where they will be welcome and live in a community that will afford them the opportunity to integrate more fully into the "mainstream of life". The timeline for this project's completion is 2019.

2928 S Briarwood Dr West

Arlington Heights, IL 60005

Active | $299,000

4 bedrooms
2 full / 0 half baths
2138 sqft
Built in 1972
Detached Single
Split Level w/ Sub
MLS# 09888573

View Details | Comments | Additional Info

Virtual Tour

1337 N Wilke Rd

Arlington Heights, IL 60004

Active | $300,000

4 bedrooms
2 full / 0 half baths
1491 sqft
Built in 1955
Detached Single
Split Level w/ Sub
MLS# 09899440

View Details | Comments | Additional Info

Virtual Tour

1111 W Noyes St

Arlington Heights, IL 60005

Active | $327,500

5+1 bsmt bedrooms
2 full / 1 half baths
2296 sqft
Built in 1971
Detached Single
2 Stories
MLS# 09779237

View Details | Comments | Additional Info

Virtual Tour

31 E Berkley Dr

Arlington Heights, IL 60004

Active | $344,900

4 bedrooms
2 full / 0 half baths

2000 sqft
Built in 1969
Detached Single
1.5 Story
MLS# 09852441

View Details | Comments | Additional Info

Prepared By: Coldwell Banker Residential | 04/06/2018 01:54 PM

For Office Use Only

PMT # ______

AMT ______

INIT ______

ILLINOIS CHARITABLE ORGANIZATION ANNUAL REPORT

Attorney General LISA MADIGAN State of Illinois
Charitable Trust Bureau, 100 West Randolph
11th Floor, Chicago, Illinois 60601

Form AG990-IL
Revised 3/05

CO # 01-003517

Report for the Fiscal Period:

Beginning 07/01/2016

& Ending 06/30/2017

MO DAY YR

Make Checks Payable to the Illinois Charity Bureau Fund

Check all items attached:

- [X] Copy of IRS Return
- [X] Audited Financial Statements
- [ ] Copy of Form IFC
- [X] $15.00 Annual Report Filing Fee
- [ ] $100.00 Late Report Filing Fee

Federal ID # 36-2434562

Are contributions to the organization tax deductible? [X] Yes [ ] No

Date Organization was created: MO DAY YR 01/20/1957

	Year-end amounts	
LEGAL NAME: LITTLE CITY FOUNDATION		
MAIL ADDRESS: 1760 W ALGONQUIN ROAD	A) ASSETS	A) $ 28,688,589.
CITY, STATE: PALATINE, IL	B) LIABILITIES	B) $ 8,548,424.
ZIP CODE: 60067	C) NET ASSETS	C) $ 20,140,165.

	PERCENTAGE	AMOUNT
I. SUMMARY OF ALL REVENUE ITEMS DURING THE YEAR:		
D) PUBLIC SUPPORT, CONTRIBUTIONS & PROGRAM SERVICE REV. **(GROSS AMTS.)**	97.445%	D) $ 30,893,253.
E) GOVERNMENT GRANTS & MEMBERSHIP DUES	1.112%	E) $ 352,446.
F) OTHER REVENUES	1.443%	F) $ 457,544.
G) TOTAL REVENUE, INCOME AND CONTRIBUTIONS RECEIVED (ADD D, E, & F)	100 %	G) $ 31,703,243.
II. SUMMARY OF ALL EXPENDITURES DURING THE YEAR:		
H) OPERATING CHARITABLE PROGRAM EXPENSE	90.025%	H) $ 27,897,876.
I) EDUCATION PROGRAM SERVICE EXPENSE	%	I) $
J) TOTAL CHARITABLE PROGRAM SERVICE EXPENSE (ADD H & I)	90.025%	J) $ 27,897,876.
J1) JOINT COSTS ALLOCATED TO PROGRAM SERVICES (INCLUDED IN J): $		
K) GRANTS TO OTHER CHARITABLE ORGANIZATIONS	%	K) $
L) TOTAL CHARITABLE PROGRAM SERVICE EXPENDITURE (ADD J & K)	90.025%	L) $ 27,897,876.
M) MANAGEMENT AND GENERAL EXPENSE	6.463%	M) $ 2,002,829.
N) FUNDRAISING EXPENSE	3.512%	N) $ 1,088,337.
O) TOTAL EXPENDITURES THIS PERIOD (ADD L, M, & N)	100 %	O) $ 30,989,042.
III. SUMMARY OF ALL PAID FUNDRAISER AND CONSULTANT ACTIVITIES: (Attach Attorney General Report of Individual Fundraising Campaign- Form IFC. One for each PFR.)		
PROFESSIONAL FUNDRAISERS:		
P) TOTAL AMOUNT RAISED BY PAID PROFESSIONAL FUNDRAISERS	100 %	P) $ 0.
Q) TOTAL FUNDRAISERS FEES AND EXPENSES	%	Q) $
R) NET RECEIVED BY THE CHARITY (P MINUS Q=R)	%	R) $
PROFESSIONAL FUNDRAISING CONSULTANTS:		
S) TOTAL AMOUNT PAID TO PROFESSIONAL FUNDRAISING CONSULTANTS		S) $ 0.
IV. COMPENSATION TO THE (3) HIGHEST PAID PERSONS DURING THE YEAR:		
T) NAME, TITLE: SHAWN JEFFERS, EXECUTIVE DIRECTOR		T) $ 270,070.
U) NAME, TITLE: KIM TYLER, CHIEF FINANCIAL & ADMIN OFFICER		U) $ 151,881.
V) NAME, TITLE: EDWARD HOCKFIELD, CHIEF DEVELOPMENT OFFICER		V) $ 143,015.

V. CHARITABLE PROGRAM DESCRIPTION: CHARITABLE PROGRAM (3 HIGHEST BY $ EXPENDED) CODE CATEGORIES	List on back side of instructions CODE
W) DESCRIPTION: SERVICES FOR DEVELOPMENTALLY DISABLED ADULTS	W) # 121
X) DESCRIPTION: SERVICES FOR DEVELOPMENTALLY DISABLED CHILDREN	X) # 122
Y) DESCRIPTION:	Y) #

698091 04-01-16

IF THE ANSWER TO ANY OF THE FOLLOWING IS YES, ATTACH A DETAILED EXPLANATION:

			YES	NO
1.	WAS THE ORGANIZATION THE SUBJECT OF ANY COURT ACTION, FINE, PENALTY OR JUDGMENT?	1.		X
2.	HAS THE ORGANIZATION OR A CURRENT DIRECTOR, TRUSTEE, OFFICER OR EMPLOYEE THEREOF, EVER BEEN CONVICTED BY ANY COURT OF ANY MISDEMEANOR INVOLVING THE MISUSE OR MISAPPROPRIATION OF FUNDS OR ANY FELONY?	2.		X
3.	DID THE ORGANIZATION MAKE A GRANT AWARD OR CONTRIBUTION TO ANY ORGANIZATION IN WHICH ANY OF ITS OFFICERS, DIRECTORS OR TRUSTEES OWNS AN INTEREST; OR WAS IT A PARTY TO ANY TRANSACTION IN WHICH ANY OF ITS OFFICERS, DIRECTORS OR TRUSTEES HAS A MATERIAL FINANCIAL INTEREST; OR DID ANY OFFICER, DIRECTOR OR TRUSTEE RECEIVE ANYTHING OF VALUE NOT REPORTED AS COMPENSATION?	3.		X
4.	HAS THE ORGANIZATION INVESTED IN ANY CORPORATE STOCK IN WHICH ANY OFFICER, DIRECTOR OR TRUSTEE OWNS MORE THAN 10% OF THE OUTSTANDING SHARES?	4.		X
5.	IS ANY PROPERTY OF THE ORGANIZATION HELD IN THE NAME OF OR COMMINGLED WITH THE PROPERTY OF ANY OTHER PERSON OR ORGANIZATION?	5.		X
6.	DID THE ORGANIZATION USE THE SERVICES OF A PROFESSIONAL FUNDRAISER? (ATTACH FORM IFC)	6.		X
7a.	DID THE ORGANIZATION ALLOCATE THE COST OF ANY SOLICITATION, MAILING, ADVERTISEMENT OR LITERATURE COSTS BETWEEN PROGRAM SERVICE AND FUNDRAISING EXPENSES?	7.		X
7b.	IF "YES", ENTER (i) THE AGGREGATE AMOUNT OF THESE JOINT COSTS $ ______ ; (ii) THE AMOUNT ALLOCATED TO PROGRAM SERVICES $ ______ ; (iii) THE AMOUNT ALLOCATED TO MANAGEMENT AND GENERAL $ ______ ; AND (iv) THE AMOUNT ALLOCATED TO FUNDRAISING $ ______			
8.	DID THE ORGANIZATION EXPEND ITS RESTRICTED FUNDS FOR PURPOSES OTHER THAN RESTRICTED PURPOSES?	8.		X
9.	HAS THE ORGANIZATION EVER BEEN REFUSED REGISTRATION OR HAD ITS REGISTRATION OR TAX EXEMPTION SUSPENDED OR REVOKED BY ANY GOVERNMENTAL AGENCY?	9.		X
10.	WAS THERE OR DO YOU HAVE ANY KNOWLEDGE OF ANY KICKBACK, BRIBE, OR ANY THEFT, DEFALCATION, MISAPPROPRIATION, COMMINGLING OR MISUSE OF ORGANIZATIONAL FUNDS?	10.		X

11. LIST THE NAME AND ADDRESS OF THE FINANCIAL INSTITUTIONS WHERE THE ORGANIZATION MAINTAINS ITS THREE LARGEST ACCOUNTS:

MESIROW FINANCIAL, 610 CENTRAL AVE, HIGHLAND PARK, IL 60035

NORTH SHORE COMMUNITY BANK & TRUST, 7800 LINCOLN AVE, SKOKIE, IL 60077

MAX SAFE, 1145 WILMETTE AVE, WILMETTE, IL 60091

12. NAME AND TELEPHONE NUMBER OF CONTACT PERSON: KIM TYLER - 847-358-5510

ALL ATTACHMENTS MUST ACCOMPANY THIS REPORT - SEE INSTRUCTIONS

UNDER PENALTY OF PERJURY, I (WE) THE UNDERSIGNED DECLARE AND CERTIFY THAT I (WE) HAVE EXAMINED THIS ANNUAL REPORT AND THE ATTACHED DOCUMENTS, INCLUDING ALL THE SCHEDULES AND STATEMENTS AND THE FACTS THEREIN STATED ARE TRUE AND COMPLETE AND FILED WITH THE ILLINOIS ATTORNEY GENERAL FOR THE PURPOSE OF HAVING THE PEOPLE OF THE STATE OF ILLINOIS RELY THEREUPON. I HEREBY FURTHER AUTHORIZE AND AGREE TO SUBMIT MYSELF AND THE REGISTRANT HEREBY TO THE JURISDICTION OF THE STATE OF ILLINOIS.

BE SURE TO INCLUDE ALL FEES DUE:
1.) REPORTS ARE DUE WITHIN SIX MONTHS OF YOUR FISCAL YEAR END.
2.) FOR FEES DUE SEE INSTRUCTIONS.
3.) REPORTS THAT ARE LATE OR INCOMPLETE ARE SUBJECT TO A $100.00 PENALTY.

	Signature	Date
SHAWN JEFFERS		12/20/17
PRESIDENT or TRUSTEE (PRINT NAME)	SIGNATURE	DATE
		12/27/17
TREASURER or TRUSTEE (PRINT NAME)	SIGNATURE	DATE
RON MARKLUND	Ron Marklund	12/20/17
PREPARER (PRINT NAME)	SIGNATURE	DATE

698101
04-01-16

Little City Foundation
FY18 Budget
July 1, 2017 - June 30, 2018

		FY Budget
Revenue		
Contributions		
10-4001-***	General Contributions	$163,550
10-4004-***	Corporations and Foundations	$692,835
10-4007-***	Annual Giving	$870,000
10-4010-700	Workplace Giving	$120,000
10-4011-***	Title XX Match	$36,000
10-4012-***	Major Gifts-capital	$200,000
Total Contributions		$2,082,385
Special Events		
10-4100-***	Special Events	$632,500
10-4150-700	Special Event Expense	($202,000)
Total Special Events		$430,500
Legacies and Bequests		
10-4300-700	Legacies & Bequests	$150,000
Total Legacies and Bequests		$150,000
State & Local Government		
10-4401-***	CDBG/DCEO Grants	$264,500
10-4410-200	DHS Revenue FFS - CGH	$5,013,922
10-4411-300	DHS Revenue FFS - CILA	$4,047,874
10-4412-300	DHS Revenue FFS - CLF	$728,252
10-4413-250	DHS Revenue FFS - Home-Based	$583,419
10-4414-***	DHS Revenue FFS - Vocational	$3,680,126
10-4415-600	DHS Revenue FFS - Training Reimbursement	$50,000
10-4416-***	DHS Revenue FFS - Behavioral Therapy	$270,955
10-4417-250	DHS Revenue FFS - Respite	$0
10-4418-350	DHS Revenue FFS - Purchase of Service SODC 31S	$621,553
10-4419-***	DHS Grant Revenue	$433,006
10-4420-***	DCFS Revenue	$5,022,524

Little City Foundation
FY18 Budget
July 1, 2017 - June 30, 2018

		FY Budget
10-4431-350	DRS	$273,236
10-4450-***	State/Local Government Misc Grants	$389,084
10-4460-***	Illinois State Board of Education Residential	$139,598
10-4461-260	ISBE School	$2,806,140
Total State & Local Government		$24,324,189
Other Government		
10-4510-***	SSA/SSI	$1,577,932
10-4520-***	School Lunch Program	$87,705
10-4530-300	Veterans Benefits	$12,279
10-4540-300	Railroad Retirement	$16,620
10-4550-300	LINK Card Revenue	$195,725
10-4570-500	RTA federal grants	$0
Total Other Government		$1,890,261
Other Revenue		
10-4601-***	Private Pay- Cost of Care	$951,092
10-4602-000	Board Dues	$0
10-4603-***	Rental Revenue	$50,304
10-4604-200	Cost Recovery	$0
10-4605-600	HUD Management	$69,348
10-4609-***	Other Revenue	$1,750
10-4701-***	Gain/Loss On Mkt Revaluation	$20,112
10-4702-600	Gain/loss on Sale of Assets	$0
10-4703-***	Gain/Loss on Sale of Investments	$0
10-4704-***	Dividend and Interest Income	$195,000
10-4705-***	Interest Income - Gerber Endowment	$20,000
10-4801-***	Sales of Goods & Services	$517,000
10-4802-350	Sales of Goods & Services - In House	$29,500
10-4803-***	Cost of Goods Sold	$0
Total Other Revenue		$1,854,107

Little City Foundation
FY18 Budget
July 1, 2017 - June 30, 2018

		FY Budget
Total Revenue		$30,731,442
Expenses		
Salaries & Wages		
10-6001-***	Client Wages	$199,273
10-6002-***	Director	$3,041,198
10-6003-***	Case Coordinator	$87,906
10-6004-***	Case Manager	$1,164,988
10-6005-***	Transportation	$323,450
10-6006-***	Other Program Staff Non-Exempt	$785,215
10-6007-350	Vocational Staff Non-Exempt	$120,100
10-6008-350	Vocational Staff Exempt	$0
10-6010-***	Maintenance	$272,543
10-6011-***	Manager	$1,642,834
10-6012-***	Other Program Staff Exempt	$2,679,416
10-6013-***	Administrator	$62,315
10-6017-***	Recreational Therapist	$203,651
10-6018-***	Registered Nurse	$318,788
10-6019-***	Residential Assistant / Associate	$5,715,726
10-6020-***	Clerical	$1,532,039
Total Salaries & Wages		$18,149,440
Fringe Benefits		
10-6101-***	Payroll Taxes	$1,403,742
10-6102-***	Employee Health Insurance	$2,146,308
10-6103-***	Employee Dental Insurance	$59,983
10-6104-***	Life and Disablility Insurance	$236,330
10-6105-***	401(K) Employer Match	$293,827
10-6106-***	Pension	$0
10-6107-***	Worker's Comp Insurance	$561,234
10-6108-***	Other Employee Benefits	$121,557
Total Fringe Benefits		$4,822,982

Little City Foundation
FY18 Budget
July 1, 2017 - June 30, 2018

		FY Budget
Professional Fees		
10-6201-***	Dietician Consultant	$10,998
10-6202-***	Physician Consultant	$0
10-6204-***	Program Consultants	$90,339
10-6205-600	Accounting Fees	$50,000
10-6206-***	Legal Fees	$129,730
10-6207-***	Professional Fees	$547,325
10-6208-***	Payroll Processing Fees	$125,017
10-6209-***	Other Consultants	$46,486
10-6210-600	Union Negotiators	$0
10-6212-300	Temporary Staff	$0
10-6213-300	Psychological Consultants	$0
10-6215-***	Occupational Therapists	$68
10-6218-350	Commissions	$3,432
10-6221-***	Employee Health Services	$94,940
Total Professional Fees		$1,098,334
Consumables		
10-6301-300	Supply Allocation	$53,583
10-6303-500	Uniforms	$2,967
10-6304-***	Program Support Supplies	$146,710
10-6305-350	Reinforcements	$2,408
10-6306-***	Paper Supplies	$8,936
10-6307-***	Kitchen Supplies	$25,577
10-6308-***	Pool Supplies	$4,753
10-6309-***	Holiday Expense	$11,300
10-6310-***	Housekeeping Supplies	$68,182
10-6311-500	Mattresses	$2,367
10-6312-***	Medicine & Drugs	$18,650
10-6313-***	Medical Supplies	$28,837
10-6314-***	Recreation & Crafts	$10,493
10-6315-***	Educational Supplies	$25,500

Little City Foundation
FY18 Budget
July 1, 2017 - June 30, 2018

		FY Budget
10-6316-***	Community-Based Instruction	$19,089
Total Consumables		$429,352
Food and Beverage		
10-6401-***	Food & Beverages	$138,277
10-6402-***	Groceries	$280,429
Total Food and Beverage		$418,706
Office Supplies		
10-6501-***	Office Supplies	$19,207
10-6502-***	Printer Supplies	$3,550
10-6503-***	Computer Supplies	$7,688
10-6504-***	Office Equipment - Non-Capital	$2,506
10-6505-***	Building Equipment & Furniture - Non-Capital	$3,000
10-6506-***	Equipment Maintenance and Repair	$144,593
Total Office Supplies		$180,545
Occupancy		
10-6601-***	Building and Grounds Supplies & Services	$21,926
10-6602-***	Carpentry Supplies and Services	$32,394
10-6603-***	Electrical Supplies and Services	$2,942
10-6604-***	Glazing Expense	$1,799
10-6605-***	Hardware Supplies and Services	$32,374
10-6606-***	HVAC Supplies and Services	$21,493
10-6607-***	Painting & Decorating Supplies and Services	$28,222
10-6608-***	Plumbing Supplies and Services	$3,709
10-6609-***	Lock & Keys Expense	$6,602
10-6610-***	Janitorial & Maintenance Supplies & Services	$66,007
10-6611-***	Systems Inspections	$4,515
10-6613-***	Property & Liability Insurance	$365,491
10-6615-***	Exterminating Services	$18,768
10-6616-***	Scavenger Services	$9,001

Little City Foundation
FY18 Budget
July 1, 2017 - June 30, 2018

		FY Budget
10-6617-***	Appliance Repairs	$3,071
10-6618-***	Alarm Systems Expense	$23,502
10-6619-***	Landscaping Services	$44,032
10-6620-500	Equipment maintenance and repair	$6,037
10-6630-***	Utilities-Electricity	$197,672
10-6631-***	Utilities - Natural Gas	$75,347
10-6632-***	Utilities - Water and Sewer	$82,813
10-6699-350	Other Occupancy Expense	$0
Total Occupancy		$1,047,717
Telephone		
10-6701-***	Telephone Expense	$134,446
10-6702-***	Telephone System Supplies and Repairs	$1,180
10-6703-***	Cellular Phone Expense	$93,313
10-6704-***	Cable Expense	$29,976
Total Telephone		$258,916
Local Transportation		
10-6801-***	Vehicle Insurance	$123,469
10-6802-***	Vehicle Operating Costs	$122,416
10-6803-***	Gas	$122,753
10-6804-***	Other Client Transportation	$152,441
10-6806-***	Staff Transportation Expense	$191,052
10-6899-***	Allocation of Transportation Expense	$11,296
Total Local Transportation		$723,426
Specific Assistance		
10-6901-240	Respite Payments	$34,466
10-6902-240	Camp Expense	$0
10-6904-200	Allowance Payments	$7,161
10-6905-240	Foster Parent Payments	$786,839
10-6906-***	Other Specific Assistance to Individuals	$7,772

Little City Foundation
FY18 Budget
July 1, 2017 - June 30, 2018

		FY Budget
Total Specific Assistance		$836,238
Lease and Rent		
10-7002-***	Building Lease	$363,285
Total Lease and Rent		$363,285
Interest Expense		
10-7101-600	Current Operating Interest	$12,411
10-7102-600	Mortgage / Bond Interest	$171,258
Total Interest Expense		$183,669
Miscellaneous Expense		
10-7201-350	Bad Debt Expense	$0
10-7202-***	Conferences and Seminars	$35,981
10-7203-***	Subscriptions and Reference Materials	$19,377
10-7206-***	Bank Service Charges	$23,977
10-7207-***	Licenses and Permits	$7,430
10-7208-***	Public Relations	$0
10-7209-000	Board of Directors Meeting expense	$5,328
10-7210-***	Entry Fees	$85
10-7214-600	Directors & Officers Insurance	$55,462
10-7217-***	Membership Dues	$154,165
10-7218-***	Recognition & Acknowledgement	$17,299
10-7219-***	Film and Video Expense	$7,100
10-7220-***	Recruiting - Staff	$55,800
10-7221-240	Recruiting - Parents	$3,681
10-7222-240	Foster Parent Training	$691
10-7224-***	Communication / Connectivity	$20,494
10-7225-***	Software License	$154,027
10-7230-***	Advertsing	$536
10-7299-***	Other Miscellaneous Expense	$59,571
Total Miscellaneous Expense		$621,003

Little City Foundation
FY18 Budget
July 1, 2017 - June 30, 2018

		FY Budget
Postage and Printing		
10-7501-***	Postage, Shipping and Courier Expense	$66,769
10-7502-***	Outside Printing and Artwork	$15,194
Total Postage and Printing		$81,963
Mail Program Expense		
10-7601-700	Planned Giving	$1,000
10-7602-700	Mail Program Expense	$143,706
Total Mail Program Expense		$144,706
Depreciation		
10-7701-600	Depreciation	$1,354,460
10-7702-600	Amortization Of Loan Costs	$16,307
Total Depreciation		$1,370,767
Total Expenses		$30,731,048
NET SURPLUS/(DEFICIT)		**$394**

LITTLE CITY FOUNDATION AND AFFILIATES

CONSOLIDATED
FINANCIAL STATEMENTS
AS OF JUNE 30, 2017

TOGETHER WITH AUDITOR'S REPORT

Dugan & Lopatka

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Leo M. Misdom

Karen M. Olson
Hugh E. Elliott
Ronald A. Marklund

Gwen S. Henry

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Little City Foundation
Schaumburg, Illinois

We have audited the accompanying consolidated financial statements of Little City Foundation and Affiliates (the Organization), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors of
Little City Foundation
Page two

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dugan + Lopatka

DUGAN & LOPATKA

Wheaton, Illinois
December 7, 2017

EXHIBIT 1

LITTLE CITY FOUNDATION AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

ASSETS:	
Cash and cash equivalents	$ 4,734,748
Accounts receivable, net	2,779,807
Pledges receivable, net	51,232
Investments	5,550,217
Prepaid expenses and other current assets	436,257
Reserve deposits	946,409
Property and equipment, net	14,426,127
Beneficial interest in irrevocable trust	522,674
Total assets	$ 29,447,471

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable	$ 921,322
Due to affiliates	3,633
Accrued expenses	1,967,364
Deferred rent revenue	542
Line of credit	1,050,000
Bonds payable, net of deferred financing costs	9,535,142
Total liabilities	13,478,003
COMMITMENTS	
NET ASSETS:	
Unrestricted -	
Controlling interest	13,844,641
Noncontrolling interest -	
Contributed capital	175,855
Net loss	(158,056)
	17,799
Total unrestricted	13,862,440
Temporarily restricted	1,411,750
Permanently restricted	695,278
Total net assets	15,969,468
Total liabilities and net assets	$ 29,447,471

The accompanying notes are an integral part of this statement.

EXHIBIT 2

LITTLE CITY FOUNDATION AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE:				
Contributions	$ 1,039,042	$ 908,566	$ -	$ 1,947,608
Special events (net of direct benefits to donors of $227,818)	341,679	-	-	341,679
Legacies and bequests	133,630	-	-	133,630
State and local government grants and funding	26,921,799	-	-	26,921,799
HUD building rental revenue	1,088,193	-	-	1,088,193
Investment income	409,950	-	-	409,950
Contract service revenue	689,128	-	-	689,128
Gain on sale of property and equipment	12,235	-	-	12,235
Other revenue	1,131,040	-	-	1,131,040
Increase in value of beneficial interest in irrevocable trust	-	-	38,079	38,079
Net assets released from restrictions and distributions	1,252,792	(1,225,228)	(27,564)	-
Total public support and revenue	33,019,488	(316,662)	10,515	32,713,341
EXPENSES:				
Program services	28,650,306	-	-	28,650,306
Management and general	2,012,598	-	-	2,012,598
Fundraising	1,088,337	-	-	1,088,337
Total expenses	31,751,241	-	-	31,751,241
CHANGE IN CONSOLIDATED NET ASSETS	1,268,247	(316,662)	10,515	962,100
Less - Change in net assets attributable to the non-controlling interest	(37,540)	-	-	(37,540)
CHANGE IN NET ASSETS ATTRIBUTABLE TO THE CONTROLLING INTEREST	1,305,787	(316,662)	10,515	999,640
NET ASSETS, Beginning of year, controlling interest	6,466,833	1,565,951	684,763	8,717,547
EXCESS OF ASSETS ACQUIRED OVER LIABILITIES ASSUMED IN DONATION OF COUNTRYSIDE ASSOCIATION AND FOUNDATION	6,072,021	162,461	-	6,234,482
NET ASSETS, End of year, controlling interest	$ 13,844,641	$ 1,411,750	$ 695,278	$ 15,951,669

The accompanying notes are an integral part of this statement.

LITTLE CITY FOUNDATION AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 962,100
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
Depreciation and amortization	1,396,825
Donated property and equipment	(38,209)
(Gain) on sale of property and equipment	(12,235)
Realized (gain) on sales of investments	(13,997)
Unrealized (gain) on investments	(176,230)
(Increase) in value of beneficial interest in irrevocable trust	(38,079)
Changes in assets and liabilities -	
(Increase) in receivables	(306,667)
Decrease in pledges receivable	181,049
(Increase) in prepaid expenses and reserve deposits	(502,294)
Increase in accounts payable	32,260
(Decrease) in due to affiliates	(37,302)
Increase in accrued expenses	252,750
Increase in deferred rent revenue	359
Net cash provided by operating activities	1,700,330
CASH FLOWS FROM INVESTING ACTIVITIES:	
Additions to property and equipment	(3,477,567)
Purchases of investments	(2,111,392)
Contributions received in acquisition of Countryside Association and Foundation	3,724,189
Proceeds from sales of investments	3,052,065
Proceeds on sale of property and equipment	12,235
Net cash provided by investing activities	1,199,530
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from non-controlling interest	75,855
Net proceeds from line of credit	28,000
Principal payments on bonds payable	(196,900)
Net cash (used in) financing activities	(93,045)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,806,815
CASH AND CASH EQUIVALENTS, Beginning of year	1,927,933
CASH AND CASH EQUIVALENTS, End of year	$ 4,734,748

The accompanying notes are an integral part of this statement.

LITTLE CITY FOUNDATION AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Interest paid	$ 199,191
Investments acquired from acquisiton	$ 1,131,891
Property and equipment acquired from acquisition	$ 847,667
Receivables acquired from acquisition	$ 788,913
Prepaid expenses acquired from acquisition	$ 91,662
Accounts payable assumed from acquisition	$ 66,718
Accrued expenses assumed from acquisition	$ 283,122

The accompanying notes are an integral part of this statement.

EXHIBIT 4

LITTLE CITY FOUNDATION AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Management and General	Fundraising	Total
Salaries	$ 16,373,527	$ 1,441,066	$ 706,143	$ 18,520,736
Fringe benefits and payroll taxes	3,744,765	153,311	153,053	4,051,129
Total salaries and related expenses	20,118,292	1,594,377	859,196	22,571,865
Professional fees	1,244,362	166,400	11,284	1,422,046
Consumables	480,605	920	820	482,345
Occupancy	1,499,510	10,479	1,292	1,511,281
Local transportation	690,703	15,533	1,709	707,945
Specific assistance	1,188,524	-	-	1,188,524
Rent	305,320	-	9,993	315,313
Mortgage and interest fees	271,786	-	-	271,786
Miscellaneous	565,144	131,537	93,409	790,090
Postage and printing	21,784	4,675	10,696	37,155
Food	455,279	962	665	456,906
Office supplies	171,568	30,505	17,930	220,003
Telephone	276,568	21,763	11,945	310,276
Mail programs	-	-	68,881	68,881
Total other expenses	7,171,153	382,774	228,624	7,782,551
Total expenses before depreciation	27,289,445	1,977,151	1,087,820	30,354,416
Depreciation and amortization	1,360,861	35,447	517	1,396,825
Total expenses	$ 28,650,306	$ 2,012,598	$ 1,088,337	$ 31,751,241

The accompanying notes are an integral part of this statement.

(1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization -

Little City Foundation (Little City) is a nonprofit organization located in Palatine, Illinois whose mission is to ensure that people with intellectual and developmental disabilities are provided with the best options and opportunities to live safely, work productively, explore creatively and learn continuously through their lifetime. The Organization functions as a parent organization, providing overall direction and control of its affiliate, Little City for Community Development (LCCD). LCCD owns and operates the Port Family Center and three scattered site group homes that service Little City's community residential program. The Organization also has a controlling interest in Empower Workforce Solutions (EWS), an Illinois L3C, which specializes in hiring individuals with disabilities covered under the Americans with Disabilities Act.

The consolidated financial statements include the accounts of Little City, LCCD and EWS. All interorganizational balances and transactions have been eliminated in consolidation.

The financial statements were available to be issued on December 7, 2017, with subsequent events being evaluated through this date.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, Little City considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk -

Little City maintains cash balances at financial institutions located in Chicago, Illinois. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. Little City has not experienced any losses in such accounts. Management believes Little City is not exposed to any significant credit risk on cash.

Accounts Receivable -

Accounts receivable primarily consist of amounts due from the Illinois Department of Children and Family Services and the Illinois Department of Human Services for program services provided. Accounts receivable as of June 30, 2017 are net of approximately $315,000 allowance for doubtful accounts determined based on historical experience and analysis of specific accounts. Uncollectible accounts are written off in the year they are deemed to be uncollectible.

Investments -

Investments are presented in the consolidated financial statements at fair value in accordance with accounting principles generally accepted in the United States of America. Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation (Level 1); other securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price (Level 2). Contributions of marketable securities are recorded at fair value at the date of the gifts.

(1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investment income, gains and losses, and any investment-related expenses are recorded as changes in unrestricted net assets in the consolidated statement of activities unless their use is temporarily or permanently restricted by explicit donor stipulations or law.

Little City invests in various investments. Such investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of activities.

Property and Equipment -

Property and equipment are carried at cost. Depreciation is being computed using the straight-line method over the following useful lives:

Buildings	30 years
Building improvements	5 to 15 years
Furniture and equipment	5 years
Vehicles	5 years
Computer equipment	3 years

Impairment of Long-Lived Assets -

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no events or changes in circumstances during the year ended June 30, 2017.

Revenue Recognition -

Revenue from government and other grant and contract agreements is recognized as it is earned through expenditure or service delivery in accordance with the agreement. Special events revenue is included in the period the events take place.

Little City recognizes donor's unconditional promises to give cash and other assets as revenue in the year the promises are made. Contributions received with donor-imposed temporary restrictions are recorded as temporarily restricted revenue. Pledges receivable are recorded at the estimated present value of expected future cash flows. The discounts on those amounts are computed using a risk-free interest rate. Amortization of the discount is included in contribution revenue.

Donated Improvements, Equipment, Services and Consumables -

Donated improvements and equipment are reflected as a contribution at the estimated value at date of receipt. Equipment valued at $38,209 was donated in fiscal 2017. A substantial number of volunteers have donated significant amounts of their time to Little City's program services and fundraising activities, however, no amounts have been reflected for their services because they do not meet the criteria for inclusion in the consolidated financial statements.

(1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting -

The consolidated financial statements are maintained on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

Basis of Presentation -

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets - Unrestricted net assets include undesignated resources with no legal or donor-imposed restrictions. Items included in this net asset category include program service fees, all expenses associated with LCCD and EWS, core activities and restricted contributions whose donor-imposed restrictions were met during the fiscal year. Also included within unrestricted net assets are two board designated funds serving as endowments, the Charles Evans Gerber Endowment and the Dorothy Rose Horticultural Endowment Fund (see Note 8).

Temporarily restricted net assets - Temporarily restricted net assets arise from contributions whose use is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled by actions of Little City pursuant to those restrictions. Donor-restricted contributions whose restrictions are met within the same year as they are received are reflected as unrestricted contributions in the consolidated financial statements. Little City's temporarily restricted net assets at June 30, 2017 of $1,495,798 are restricted for use in specific programs. During 2017, temporarily restricted net assets of $1,141,180 were released from restrictions as a result of the funds being utilized for their restricted purposes or satisfaction of donor imposed time.

Permanently restricted net assets - Permanently restricted net assets are subject to donor-imposed restrictions that will not terminate. Funds are held in perpetuity while the income is available for general use. Permanently restricted net assets reflect Little City's beneficial interest in an irrevocable trust and permanently restricted endowment funds held by the Organization. Distributions of investment income and principal from the trust have been reflected in unrestricted income and changes in the value of the beneficial interest have been reflected in permanently restricted net assets. During 2017, permanently restricted net assets of $27,564 were released from restrictions as a result of funds being utilized for their restricted purposes.

Functional Expenses -

Operating expenses directly identified with a functional area are charged to that area and, where those expenses affect more than one area, are allocated by management on the basis of predetermined ratios.

(1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates -

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Income Taxes -

Little City Foundation and Little City for Community Development has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

Little City Foundation and Little City for Community Development file income tax returns in the U.S. federal jurisdiction and Illinois. With a few exceptions, the organizations are no longer subject to U.S. federal, state, and local, or non-U.S. income tax examinations by tax authorities for years before 2013. The organizations do not expect material net change in unrecognized tax benefits in the next twelve months.

Empower Workforce Solutions is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by, or provided for, EWS. Members are taxed individually on their share of EWS' earnings. EWS' net income or loss is allocated among the members in accordance with EWS' operating agreement. Accordingly, the financial statements do not reflect a provision for federal income taxes. EWS is responsible for paying Illinois Replacement Tax (1.5%) and other state income taxes.

(2) PLEDGES RECEIVABLE:

Pledges receivable consists of amounts pledged for the Children's Village Initiative. The Children's Village Initiative campaign was launched in 2010 to provide funding for the construction of housing designed to accommodate children with autism. These pledges are payable in future installments and are reflected on the June 30, 2017 consolidated statement of financial position as temporarily restricted net assets for the Children's Village Initiative.

Expected annual collections - Children's Village Initiative -

2018	$ 45,000
2019-2021	6,997
	51,997
Less - Discount to present value (at a rate of 3.50%)	(765)
	$ 51,232

(3) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurement established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017.

Mutual Funds and Equities: Valued at the net asset value (NAV) of shares held by Little City at year end.

Corporate Bonds: Valued at the last quoted bid price.

Government Bonds: Valued at the last quoted bid price.

Beneficial Interest in Irrevocable Trust: Valued at the proportional interest in the fair value of the trusts' assets. The underlying trusts' assets are either readily marketable and have fair values which are determined by obtained quoted market prices in active markets, or are determined by the trusts using information provided by the related investment managers.

(3) FAIR VALUE MEASUREMENTS: (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Little City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis at June 30, 2017:

	Assets at Fair Value			
Description	Level 1	Level 2	Level 3	Total
Mutual funds and equities	$ 3,694,668	$ -	$ -	$ 3,694,668
Corporate bonds	-	1,855,549	-	1,855,549
Beneficial interest in irrevocable trust (primarily invested in equities and fixed income)	-	-	522,674	522,674
Total investments	$ 3,694,668	$ 1,855,549	$ 522,674	$ 6,072,891

Included in cash and cash equivalents are money market funds in the amount of $1,383,663 for June 30, 2017 which are categorized as Level 1 investments.

Financial instruments classified as Level 3 in the fair value hierarchy represent the Little City's investments in financial instruments in which Little City has used one significant unobservable input in the valuation model. The following table presents a reconciliation of activity for the Level 3 financial instruments for the year ended June 30, 2017:

Level 3 Balance, beginning of year	$ 512,159
Unrealized gain on beneficial interest in irrevocable trust	38,079
Distribution from beneficial interest in irrevocable trust	(27,564)
Level 3 Balance, end of year	$ 522,674

Net investment return was as follows at June 30, 2017:

Interest and dividends	$ 219,723
Realized gain on sales of investment	13,997
Unrealized gain on investments	214,309
	$ 448,029

Included in consolidated statement of activities at June 30, 2017:

Investment income	$ 409,950
Increase in value of beneficial trust	38,079
	$ 448,029

(4) PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at June 30, 2017:

Land	$ 634,323
Land improvements	4,411,108
Buildings and improvements	29,048,843
Furniture and equipment	4,894,728
Vehicles	1,722,696
Total	40,711,698
Less - Accumulated depreciation	(26,285,571)
Net property and equipment	$ 14,426,127

Depreciation and amortization charged to expense was $1,396,825 for the year ended June 30, 2017.

(5) BENEFICIAL INTEREST IN IRREVOCABLE TRUST:

Little City is a beneficiary of the Sara Edelstein and Joseph Judson and Martin Horrell Charitable Trust (the Trust), of which there are other beneficiaries and independent trustees. The Trust's assets are valued at fair value based on the applicable percentage ownership of the trust value at the measurement date as determined by management (Level 3). In determining fair value, management utilizes valuations provided by the Trust. The Trust securities are all Level 1 and Level 2 in the fair value hierarchy. The Trust's assets are to be held in perpetuity. Little City expects to receive an annual distribution of 5 percent of its share of the principal value of the Trust (subject to the discretion of the trustees), as well as its share of annual income. The gift has been recognized in the consolidated financial statements as beneficial interest in an irrevocable trust at the fair value of Little City's interest in the Trust, which amounted to $522,674 as of June 30, 2017.

(6) BONDS PAYABLE:

At June 30, 2017 bonds payable consisted of the following:

Special Facility Limited Obligation Revenue Bond, Series 1998, due in 2028	$ 5,000,000
Illinois Finance Authority Revenue and Revenue Refunding Bond, Series 2014, due March, 2039	4,707,700
	9,707,700
Less - unamortized debt issuance cost	(172,558)
	$ 9,535,142

(6) BONDS PAYABLE: (Continued)

Future maturities of the bonds are expected to be as follows:

2018	$ 214,800
2019	214,800
2020	214,800
2021	214,800
2022	214,800
Thereafter	8,633,700
	$ 9,707,700

1998 Revenue Bonds -

LCCD is obligated under a $5 million tax-exempt Special Facility Limited Obligation Revenue Bond (Series 1998) through the Village of Palatine, Illinois (Palatine) pursuant to a bond indenture between Palatine and US Bank, as trustee. The entire obligation matures in December, 2028 and bears interest at a weekly rate, as determined by the remarketing agent. The bonds are secured by the property owned by LCCD. The average interest rate during fiscal year 2017 was approximately 0.78 percent.

IFA Bonds Payable -

Little City is obligated under credit-enhanced tax-exempt Revenue and Revenue Refunding Bond, Series 2014 issued through the Illinois Finance Authority (IFA) pursuant to a bond and loan agreement between IFA and Northshore Community Bank & Trust Company, as purchaser. The bonds bear a variable interest rate of 0.75 times the sum of the LIBOR interest rate plus 250 basis points. The bond requires a monthly principal payment of $17,900, plus interest. During fiscal year 2017, the average interest rate was approximately 2.23% percent. The bonds mature in 2039 and are secured according to the Mortgage, Assignment of Leases and Rents Security Agreement dated March 20, 2014.

Deferred Financing Costs -

Costs incurred in connection with the issuance of the 1998 Revenue Bonds and the 2014 IFA Bonds are being amortized over the lives of the respective bond issues.

(7) LINE OF CREDIT:

Little City has a $1,500,000 line of credit from a bank. Borrowings under the line of credit bear interest at the LIBOR rate plus 2.5 percent, are payable in March, 2018, and are secured according to the Mortgage Assignment of Leases and Rents Security Agreement dated March 20, 2014. As of June 30, 2017, $1,050,000 is outstanding.

Little City must maintain a Debt Service Coverage Ratio of at least 1:0 to 1:0 and an expendable liquidity to debt ratio not less than 40 percent.

(8) ENDOWMENT FUNDS:

Little City's endowment consists of donor-restricted endowment funds and two board designated endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(8) ENDOWMENT FUNDS: (Continued)

Interpretation of Relevant Law -

The Board of Directors of Little City has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Little city classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, Little City considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds.

1) The duration and preservation of the fund;
2) The purpose of Little City and the donor-restricted endowment fund;
3) General economic conditions;
4) The possible effect of inflation and deflation;
5) The expected total return from income and the appreciation of investments; and
6) Other resources of Little City.

Little City's endowment net asset composition by type of fund is as follows for the year ended June 30, 2017.

Board designated endowments -	
Charles Evans Gerber Fund	$ 454,237
Dorothy H. Rose Fund	465,000
	919,237
Permanently restricted endowments -	
Donor restricted	695,278
	$ 1,614,515

	Endowment Net Assets, Beginning of Year	Write off of Uncollectible Pledge	Appreciation of Endowment Assets	Distribution from Endowment Assets	Endowment Net Assets End of Year
Board designated endowment -					
Charles Evans Gerber Fund	$ 454,237	$ -	$ -	$ -	$ 454,237
Dorothy H. Rose Fund	465,000	-	-	-	465,000
	919,237	-	-	-	919,237
Permanently restricted -					
Donor restricted	684,763	-	38,079	(27,564)	695,278
	$ 1,604,000	$ -	$ 38,079	$ (27,564)	$ 1,614,515

(8) ENDOWMENT FUNDS: (Continued)

The permanently restricted endowment consists of two permanently restricted funds where the donor requires that the principal be maintained in perpetuity. Another permanently restricted fund is the beneficial interest in irrevocable trust. As a result, Little City does not have a spending policy or investment policy as it relates to permanently restricted endowment funds.

Little City's investment policy provides that transfers of income from the Charles Evans Gerber Fund be used to support the arts programs and the income from the Dorothy H. Rose Fund be used to support the horticulture program. During fiscal 2017, these funds earned dividend and interest income of $22,420 and $16,392, respectively.

(9) EMPLOYEES' BENEFIT PLAN:

Little City sponsors a defined contribution benefit plan which covers substantially all full-time employees who meet certain eligibility requirements as to age and length of service. Little City made a matching contribution of $0.50 for each dollar contributed by an employee up to a maximum of 6 percent of eligible payroll. Little City's benefit plan expense during 2017 was $168,879.

(10) OPERATING RENTAL PROPERTIES:

Pursuant to Section 8 of the U.S. Housing Act of 1937, Little City has executed two Housing Assistance Payment Contracts with HUD providing for rental subsidy payments for all units leased to eligible lower income persons. These subsidy payments are designed to provide for the difference between the cash needs of the HUD projects and the cash generated by the tenants' rental payments, which are usually 30 percent of their disposable income, and are adjusted annually. Due to occupancy levels and tenant mixes, the amounts of the HUD subsidies will vary from year to year. Total subsidies in 2017 were $713,851. The contracts extend through May, 2017 and November, 2035.

Agreements with HUD provide for regulation of rental charges, restrictions on disposition of the properties, annual deposits of any residual receipts (as defined by the regulatory agreements) to a residual receipts account and monthly deposits to the reserve for replacements in the amount of $437. Amounts reserved for residual receipts and replacements are maintained in interest-bearing cash accounts and are stated at fair value, with all interest earned being added to the respective balances.

As of June 30, 2017, Little City's properties were approximately 99 percent occupied. At full occupancy, gross annualized rentals, including HUD rental subsidies, would be $1,096,905. Actual rentals are generally less than gross annualized rentals due to vacancies which occur during the year. Leases are generally for one-year terms and expire at various times throughout the year.

Reserve deposits were as follows:

Reserve for residual receipts	$ 80,858
Reserve for replacements	81,754
Bond reserve	783,797
	$ 946,409

(11) COMMITMENTS AND CONTINGENCIES:

Operating Leases -

Little City leases office spaces in Chicago, Palatine, and Schaumburg, Illinois, which expire at various dates through January, 2023. The leases include free rent for specified months throughout the lease term. Little City also leases three copiers which expire at various times through March, 2020.

Approximate minimum annual rental commitments, excluding any additional payments that may be required for certain increases in operating costs, are as follows:

2018	$ 422,538
2019	360,085
2020	125,771
2021	114,390
2022	116,525
2023	68,493
	$ 1,207,802

Little City's rent expense for the year ended June 30, 2017 was $482,275.

(12) MERGER:

In July, 2016, Little City Foundation, Countryside Association for People with Disabilities, Inc. and Countryside Foundation completed a merger of their operations. These organizations provide services and options to individuals with intellectual and developmental disabilities. Through their merger, the organizations seek to further their common mission by improving their programs and achieving economies of scale and other synergies through integrating their services.

The following table summarizes the assets acquired and liabilities assumed recognized at the merger date of July 1, 2016:

Cash	$ 4,856,080
Receivables	788,913
Other assets	91,662
Property and equipment, net	847,667
Total assets acquired	6,584,322
Accounts payable and accrued expenses	(349,840)
Excess of assets acquired over liabilities assumed in donation	$ 6,234,482

On the date of the merger, Countryside Association for People with Disabilities, Inc. and Countryside Foundation had temporarily restricted net assets of $162,461, of which $50,625 is restricted due to time and $111,836 is restricted for specific purpose requested by donor.

There were no material transactions between Little City Foundation and Countryside Association for People with Disabilities, Inc. and Countryside Foundation prior to the merger and there were no material adjustments to conform the accounting policies of the combining organizations.

LITTLE CITY FOUNDATION AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2017

	Little City Foundation	Little City for Community Development	Empower Workforce Solutions	Eliminations	Total
Assets					
Assets:					
Cash and cash equivalents	$ 4,728,234	$ 6,514	$ -	$ -	$ 4,734,748
Accounts receivable, net	2,778,124	1,683	-	-	2,779,807
Pledges receivable, net	51,232	-	-	-	51,232
Investments	5,550,217	-	-	-	5,550,217
Prepaid expenses and other current assets	406,009	30,248	-	-	436,257
Reserve deposits	-	946,409	-	-	946,409
Due from affiliates	479,785	-	-	(479,785)	-
Investment in affiliates	404,946	-	-	(404,946)	-
Property and equipment, net	13,767,368	658,759	-	-	14,426,127
Beneficial interest in irrevocable trust	522,674	-	-	-	522,674
Total assets	$ 28,688,589	$ 1,643,613	$ -	$ (884,731)	$ 29,447,471
Liabilities and Net Assets					
Liabilities:					
Accounts payable	$ 911,968	$ 9,354	$ -	$ -	$ 921,322
Due to affiliates	-	669,078	(5,182)	(660,263)	3,633
Accrued expenses	1,967,364	-	-	-	1,967,364
Deferred rent revenue	-	542	-	-	542
Line of credit	1,050,000	-	-	-	1,050,000
Bonds payable	4,619,092	4,916,050	-	-	9,535,142
Total liabilities	8,548,424	5,595,024	(5,182)	(660,263)	13,478,003
Net Assets:					
Controlling interest -					
Net assets	20,140,165	(3,951,411)	(237,085)	-	15,951,669
Contributed capital	-	-	224,468	(224,468)	-
	20,140,165	(3,951,411)	(12,617)	(224,468)	15,951,669
Noncontrolling interest -					
Net loss	-	-	(158,056)	-	(158,056)
Contributed capital	-	-	175,855	-	175,855
Total net assets	-	-	17,799	-	17,799
Total liabilities and net assets	$ 28,688,589	$ 1,643,613	$ -	$ (884,731)	$ 29,447,471

Schedule 2

LITTLE CITY FOUNDATION AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Little City Foundation	Little City for Community Development	Empower Workforce Solutions	Eliminations	Total
Public Support and Revenue:					
Contributions	$ 1,947,608	$ -	$ -	$ -	$ 1,947,608
Special events (net of direct benefits to donors of $227,818	341,679	-	-	-	341,679
Legacies and bequests	133,630	-	-	-	133,630
State and local government grants and funding	26,921,799	-	-	-	26,921,799
HUD building management fees	68,882	-	-	(68,882)	-
HUD building rental revenue	-	1,088,193	-	-	1,088,193
Investment income	408,864	1,086	-	-	409,950
Contract service revenue	689,128	-	-	-	689,128
Gain on sale of property and equipment	12,235	-		-	12,235
Other revenue	1,126,216	-	4,824	-	1,131,040
Increase in value of beneficial interest in irrevocable trust	38,079	-	-	-	38,079
Total public support and revenue	31,688,120	1,089,279	4,824	(68,882)	32,713,341
Expenses:					
Program services	27,639,444	981,069	98,675	(68,882)	28,650,306
Management and general	2,002,829	9,769	-	-	2,012,598
Fundraising	1,088,337	-	-	-	1,088,337
Total expenses	30,730,610	990,838	98,675	(68,882)	31,751,241
Change in net assets	957,510	98,441	(93,851)	-	962,100
Less - Change in net assets attributed to non-controlling interest	-	-	(37,540)	-	(37,540)
Change in net assets attributed to controlling interest	957,510	98,441	(56,311)	-	999,640
Net assets, beginning of year, controlling interest	12,948,173	(4,049,852)	(180,774)	-	8,717,547
Excess of assets acquired over liabilities assumed in donation of Countryside Association and Foundation	6,234,482	-	-	-	6,234,482
Net assets, end of year, controlling interest	$ 20,140,165	$ (3,951,411)	$ (237,085)	$ -	$ 15,951,669

LITTLE CITY FOUNDATION AND AFFILIATES
SCHEDULE OF FUNCTIONAL EXPENSES - LITTLE CITY FOUNDATION
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Management and General	Fundraising	Total
Salaries	$ 16,087,062	$ 1,441,066	$ 706,143	$ 18,234,271
Fringe benefits and payroll taxes	3,661,720	153,311	153,053	3,968,084
Total salaries and related expenses	19,748,782	1,594,377	859,196	22,202,355
Professional services	1,189,051	166,400	11,284	1,366,735
Consumables	480,605	920	820	482,345
Occupancy	1,176,582	10,479	1,292	1,188,353
Local transportation	675,086	15,533	1,709	692,328
Specific assistance	1,188,524	-	-	1,188,524
Rent	294,154	-	9,993	304,147
Mortgage and interest fees	159,000	-	-	159,000
Miscellaneous	554,343	128,438	93,409	776,190
Postage and printing	21,784	3,366	10,696	35,846
Food	455,002	962	665	456,629
Office supplies	164,992	25,144	17,930	208,066
Telephone	257,511	21,763	11,945	291,219
Mail programs	-	-	68,881	68,881
Total other expenses	6,616,634	373,005	228,624	7,218,263
Total expenses before depreciation	26,365,416	1,967,382	1,087,820	29,420,618
Depreciation and amortization	1,274,028	35,447	517	1,309,992
Total expenses	$ 27,639,444	$ 2,002,829	$ 1,088,337	$ 30,730,610

LITTLE CITY FOUNDATION AND AFFILIATES
SCHEDULE OF FUNCTIONAL EXPENSES - LITTLE CITY FOR COMMUNITY DEVELOPMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Management and General	Total
Salaries	$ 232,882	$ -	$ 232,882
Fringe benefits and payroll taxes	77,896	-	77,896
Total salaries and related expenses	310,778	-	310,778
Professional services	118,134	-	118,134
Occupancy	321,582	-	321,582
Local transportation	15,599	-	15,599
Mortgage and interest fees	112,786	-	112,786
Miscellaneous	-	3,099	3,099
Postage and printing	-	1,309	1,309
Office supplies	-	5,361	5,361
Telephone	15,357	-	15,357
Total other expenses	583,458	9,769	593,227
Total expenses before depreciation	894,236	9,769	904,005
Depreciation and amortization	86,833	-	86,833
Total expenses	$ 981,069	$ 9,769	$ 990,838

LITTLE CITY FOUNDATION AND AFFILIATES
SCHEDULE OF FUNCTIONAL EXPENSES - EMPOWER WORKFORCE SOLUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Management and General	Total
Salaries	$ 53,583	$ -	$ 53,583
Fringe benefits and payroll taxes	5,149	-	5,149
Total salaries and related expenses	58,732	-	58,732
Professional services	6,059	-	6,059
Occupancy	1,346	-	1,346
Local transportation	18	-	18
Rent	11,166	-	11,166
Miscellaneous	10,801	-	10,801
Food	277	-	277
Office supplies	6,576	-	6,576
Telephone	3,700	-	3,700
Total other expenses	39,943	-	39,943
Total expenses	$ 98,675	$ -	$ 98,675

LITTLE CITY FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES - BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2017

	Children's Residential	Therapeutic Day School	Foster Care Adoptions	Home-Based Support	Adult Residential	Vocational	Behavioral Therapy Treatment	Total Program Services
Salaries	$ 4,577,719	$ 1,457,224	$ 1,209,203	$ 560,859	$ 4,077,254	$ 4,013,088	$ 191,715	$ 16,087,062
Fringe benefits and payroll taxes	964,393	332,287	225,630	90,686	1,045,511	976,027	27,186	3,661,720
Total salaries and related expenses	5,542,112	1,789,511	1,434,833	651,545	5,122,765	4,989,115	218,901	19,748,782
Professional services	373,090	162,735	198,690	10,797	126,371	315,927	1,441	1,189,051
Consumables	161,361	37,540	9,358	265	119,041	152,587	453	480,605
Occupancy	387,898	163,195	67,820	11,515	187,822	354,298	4,034	1,176,582
Local transportation	117,937	24,743	115,615	39,706	46,657	329,326	1,102	675,086
Specific assistance	7,080	-	1,181,444	-	-	-	-	1,188,524
Rent	68,250	68,250	105,801	43,148	-	8,705	-	294,154
Mortgage and interest fees	63,600	63,600	31,800	-	-	-	-	159,000
Miscellaneous	133,982	72,769	50,291	619	5,263	291,200	219	554,343
Postage and printing	4,714	4,725	4,191	748	2	7,404	-	21,784
Food	117,902	3,861	1,515	428	274,496	56,423	377	455,002
Office supplies	58,287	14,297	25,228	2,465	18,358	45,117	1,240	164,992
Telephone	42,568	20,001	46,758	12,761	82,976	51,854	593	257,511
Total other expenses	1,536,669	635,716	1,838,511	122,452	860,986	1,612,841	9,459	6,616,634
Total expenses before depreciation	7,078,781	2,425,227	3,273,344	773,997	5,983,751	6,601,956	228,360	26,365,416
Depreciation and amortization	855,310	259,050	92,784	776	30,014	34,671	1,423	1,274,028
Total expenses	$ 7,934,091	$ 2,684,277	$ 3,366,128	$ 774,773	$ 6,013,765	$ 6,636,627	$ 229,783	$ 27,639,444

IRS Department of the Treasury
Internal Revenue Service

CINCINNATI OH 45999-0038

In reply refer to: 0248367569
May 18, 2017 LTR 4168C 0
36-2434562 000000 00
00015949
BODC: TE

LITTLE CITY FOUNDATION
1760 W ALGONQUIN RD
PALATINE IL 60067

033589

Employer ID Number: 36-2434562
Form 990 required: YES

Dear Taxpayer:

This is in response to your request dated May 09, 2017, regarding your tax-exempt status.

We issued you a determination letter in October 1959, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

Our records also indicate you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Section 509(a)(2).

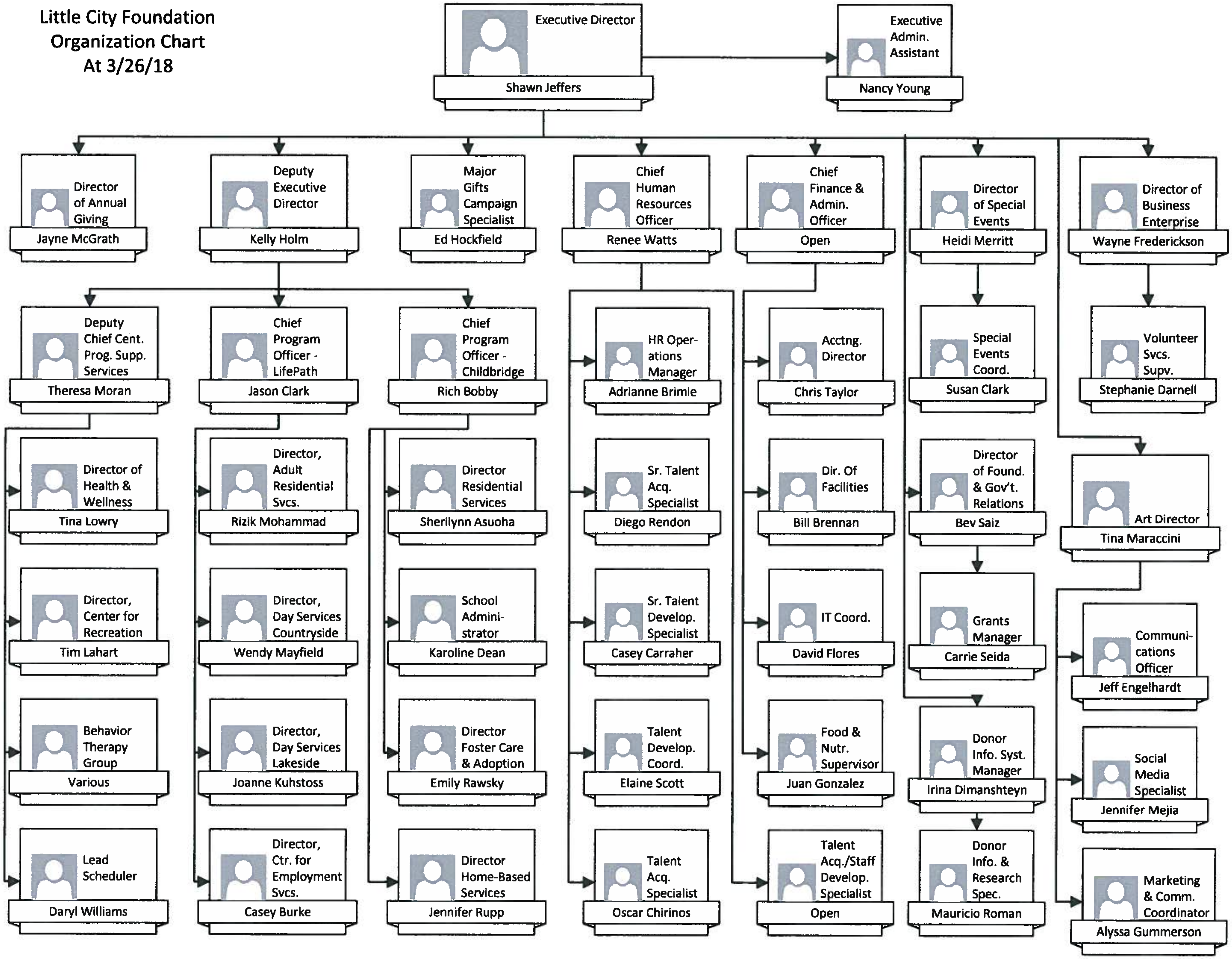
Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If a return is required, you must file Form 990, 990-EZ, 990-N, or 990-PF by the 15th day of the fifth month after the end of your annual accounting period. IRC Section 6033(j) provides that, if you don't file a required annual information return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

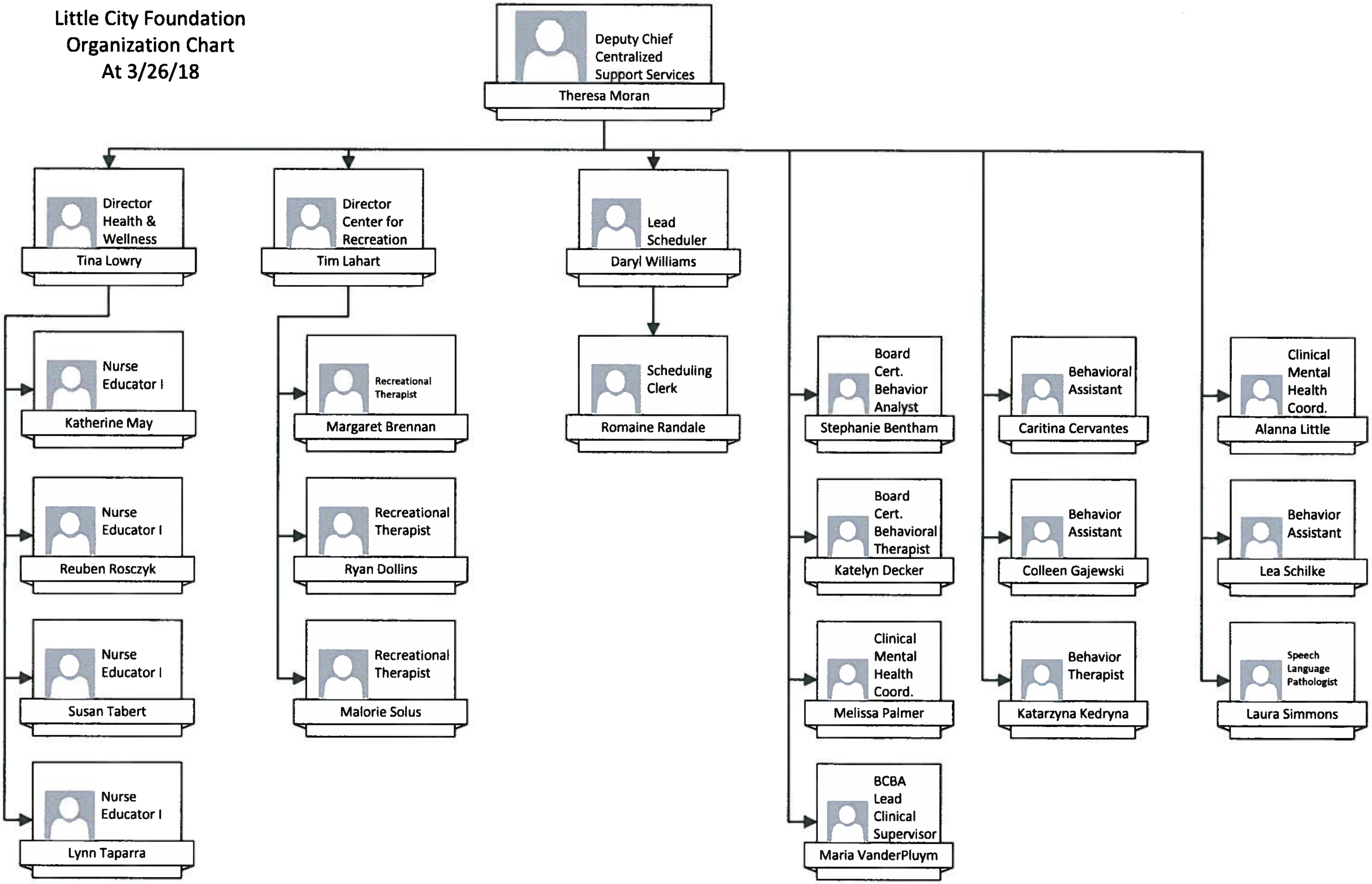
For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

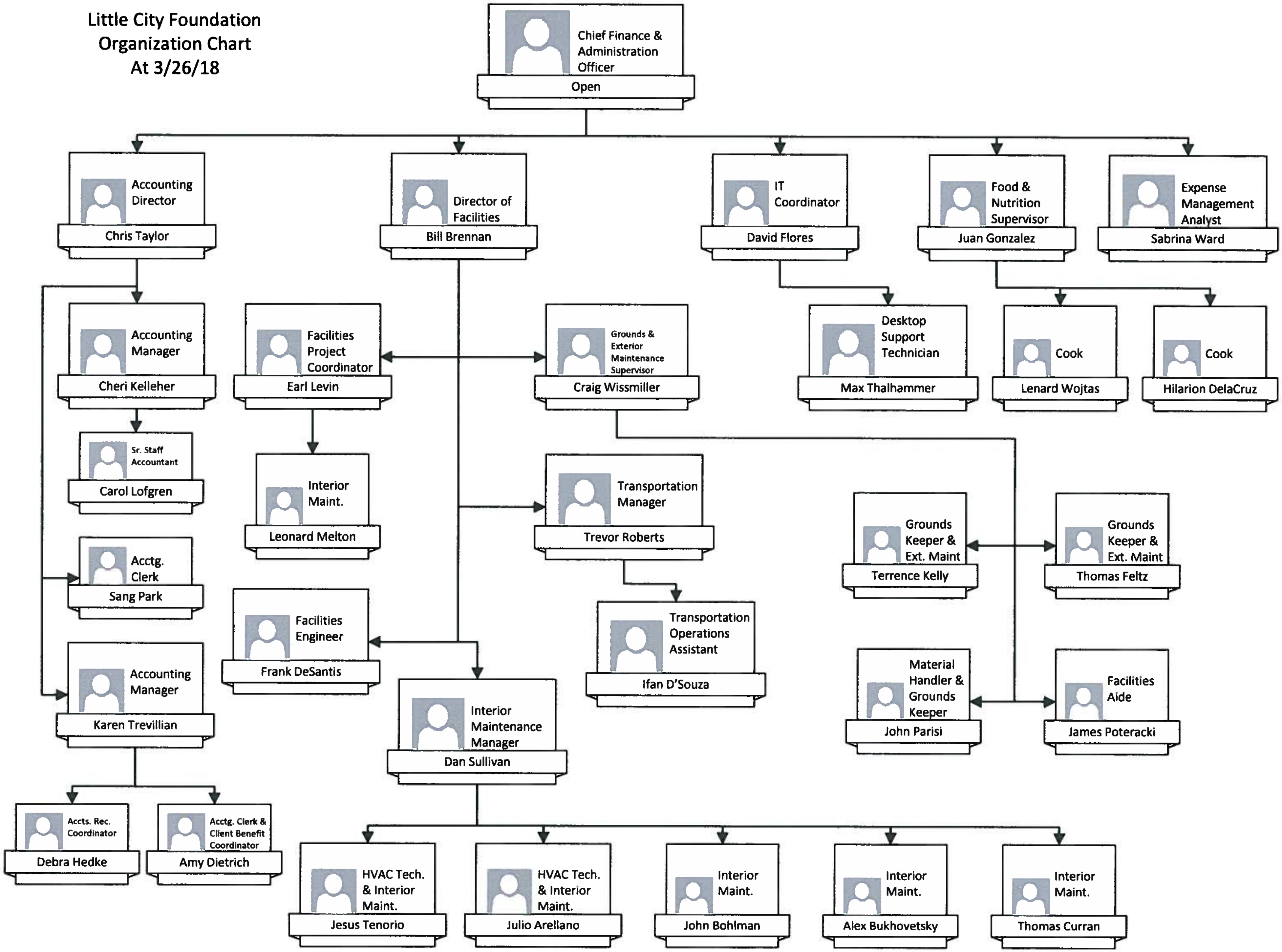
Little City Foundation
Organization Chart
At 3/26/18



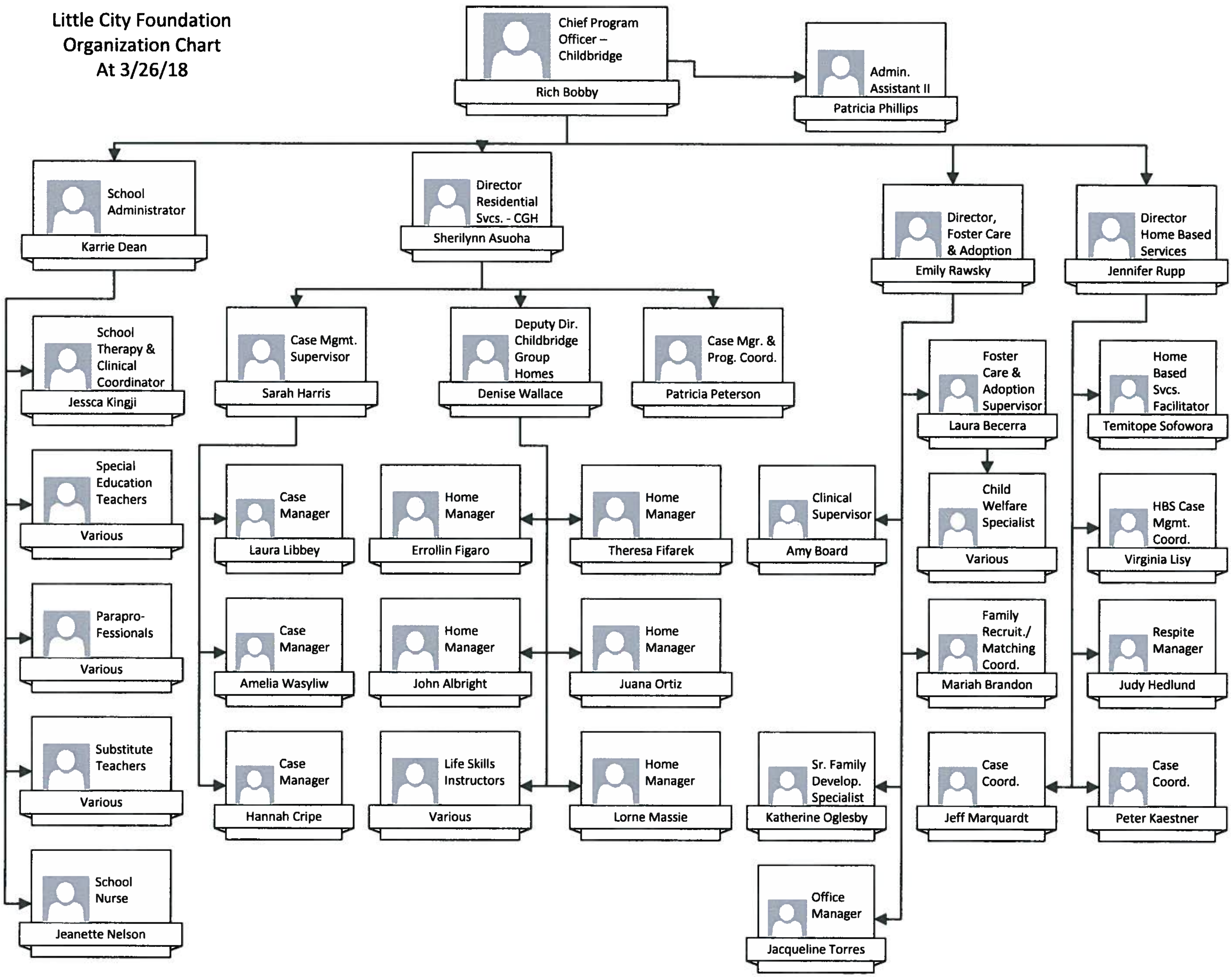
Little City Foundation
Organization Chart
At 3/26/18



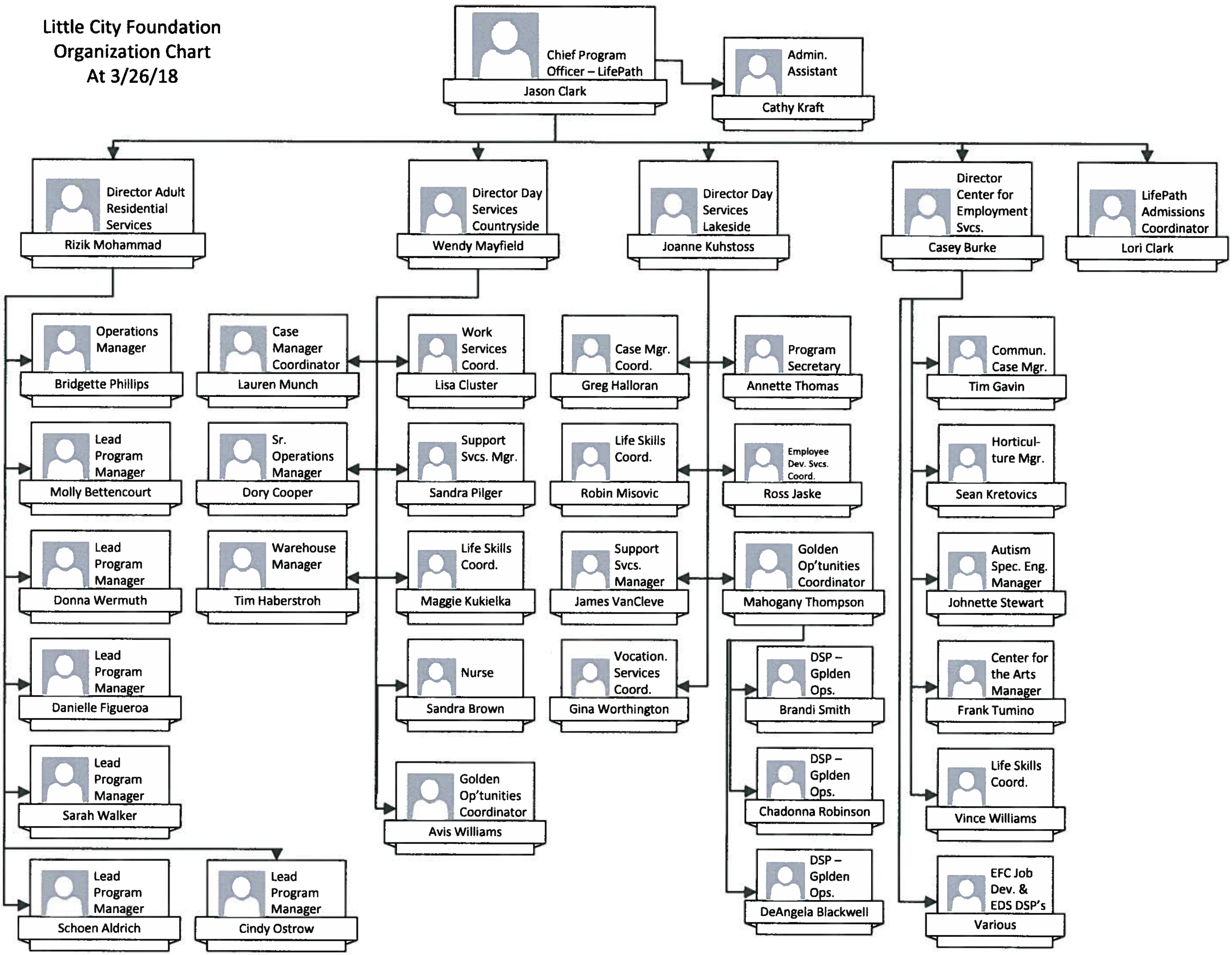
Little City Foundation
Organization Chart
At 3/26/18



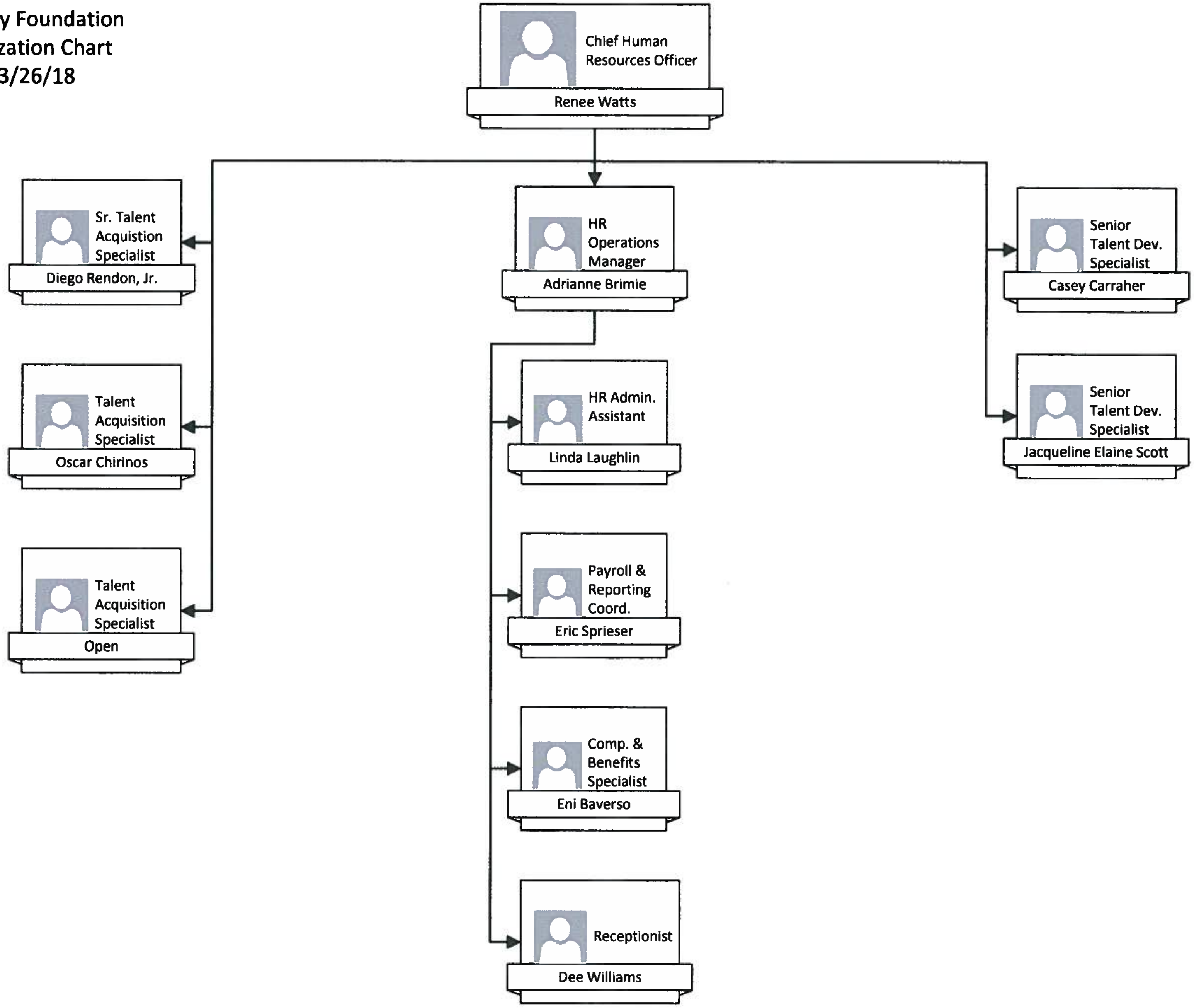
Little City Foundation
Organization Chart
At 3/26/18



Little City Foundation Organization Chart At 3/26/18



Little City Foundation
Organization Chart
At 3/26/18



Review of Applications

Applicants will be informed of the dates and times of the public hearings to be held in connection with the 2018-2019 Annual Action Plan including the consideration of CDBG grant applications.

Vision and Goals of Arlington Heights' CDBG Program

The Village of Arlington Heights' CDBG program will provide a better quality of life for low/moderate-income residents through "bricks and mortar" projects and service activities. The Village's goals to achieve this vision:

- Make housing affordable, accessible and sustainable
- Improve public infrastructure
- Improve facilities
- Provide financial assistance for programs and services
- Conduct planning and administration activities

If you have any questions about program eligibility or the application form, please contact Nora Boyer at (847) 368-5214 or nboyer@vah.com.

Proposal Overview

Village of Arlington Heights Community Development Block Grant (CDBG) Program

Introduction

The U.S. Department of Housing and Urban Development's (HUD's) Community Development Block Grant (CDBG) program provides annual grants to entitlement communities to develop viable urban areas by providing decent housing, a suitable living environment, and by expanding economic opportunities – principally to benefit low-income persons. The allotment is based on the federal budget and a formula calculation. The funding amounts vary from year to year.

Entitlement communities develop their own programs and funding priorities, and must give maximum feasible priority to activities that either benefit low-income persons or aid in the prevention or elimination of slums and blight. Other activities may be carried out after the community certifies that they meet other community development needs with a particular urgency. Existing conditions must pose a serious and immediate threat to the health or welfare of the entire community in order to be declared as urgent. Activities that do not meet one of these broad national objectives may not be undertaken with CDBG funds.

Activities that can be carried out with CDBG funds include, but are not limited to: acquisition of real property, relocation assistance, building demolition, rehabilitation of residential and nonresidential structures, and construction/rehabilitation of public facilities and improvements such as streets, sidewalks, parks, and neighborhood centers. In addition, CDBG funds may be used to pay for public services and activities relating to energy conservation and renewable energy resources. Entitlement communities may also provide assistance to profit-motivated businesses to carry out economic development activities that can document that they primarily benefit low-income persons.

The types of activities that are generally ineligible include: improvements to buildings for the general conduct of government, political activities, direct income payments to individuals, and construction of new housing or other facilities offering 24-hour care. Potential applicants should note that public service funds are extremely limited. Grants of this type are usually of a supplemental nature to an existing program.

Application Materials

The application form on the pages that follow was developed to establish a uniform proposal for organizations requesting Arlington Heights' CDBG funds. Each question must be fully addressed, and further details of an applicant's operations may be attached. Please submit one (1) single-sided, signed original hard copy, and one (1) digital copy in a Microsoft Word or PDF format. Assemble your application with binder clips, paper clips, or rubber bands. No three-ring binders, report covers, or staples.

Submit hard copies of complete applications to:

Village of Arlington Heights
Department of Planning & Community Development
Attn: Nora Boyer, Housing Planner
33 S. Arlington Heights Road
Arlington Heights, IL 60005

Submit digital copies of complete applications to:

nboyer@vah.com

Application deadline:

Friday, April 13 at 5:00 p.m.
Proposals will not be accepted after this date and time.
Incomplete applications may be rejected.

Review of Applications

Applicants will be informed of the dates and times of the public hearings to be held in connection with the 2018-2019 Annual Action Plan including the consideration of CDBG grant applications.

Vision and Goals of Arlington Heights' CDBG Program

The Village of Arlington Heights' CDBG program will provide a better quality of life for low/moderate-income residents through "bricks and mortar" projects and service activities. The Village's goals to achieve this vision:

- Make housing affordable, accessible and sustainable
- Improve public infrastructure
- Improve facilities
- Provide financial assistance for programs and services
- Conduct planning and administration activities

If you have any questions about program eligibility or the application form, please contact Nora Boyer at (847) 368-5214 or nboyer@vah.com.

Application Summary Sheet

Arlington Heights Community Development Block Grant (CDBG) Program

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Name for Proposed Project or Service: **HVAC Upgrade to High Efficiency: Clearbrook Kennicott**

Project Location: 235 S. Kennicott Ave.

Amount of CDBG Funds Requested: $13,750.00 (For construction/rehab requests, include a 10% contingency amount) **Clearbrook will match 10% of total cost of project.**

Brief Description of Program or Project: Remove existing HVAC system and install new high efficiency HVAC system.

Contact Information

Organization Name: Clearbrook

DUNS (Dun and Bradstreet) Number: 10 218 0775
(A DUNS Number is required to receive federal funding)

Contact Name, Title: Michael Dalton, Director of Operations

Signature: Michael Dalton

The information on this application is accurate to the best of my knowledge. Inaccurate, missing, or misleading information may cause this application to be rejected.

Mailing Address 1: 1835 West Central Road

Mailing Address 2:

City, State, Zip: Arlington Heights, IL, 60005

Telephone Number: 847-385-5017

Fax Number: 847-870-7741

Email Address: midalton@clearbrook.org

Organization website: clearbrook.org

Application

Arlington Heights' Community Development Block Grant (CDBG) Program

All items must be addressed to receive any consideration for funding.

A. Program or Project

1. **Project Description**
   Describe the program or project for which funds are requested. Include the purpose or the program or project and clientele to be served. Explain any new or increased levels of service that would be provide by the organization if this program/project receives CDBG funding. If the project has several components, please prioritize the key elements of the proposal.

Clearbrook's Kennicott residence is one of Clearbrook's Community Integrated Living Arrangements (CILAs). By definition, a CILA is a living arrangement for adults (ages 18 and older) in a group home, family home or apartment where 8 or fewer unrelated adults with intellectual/developmental disabilities (I/DD) live under the supervision of a community developmental services agency. Specifically, the Kennicott CILA has a licensed capacity of (8) residents, all of whom are male. Kennicott is referred to as a 24-hour CILA as supervision is provided at all times when residents are present. A Qualified Intellectual Disabilities Professional (QIDP) is assigned to the CILA and is responsible for the coordination of the residents' services. The QIDP is present in the home during various week and weekend days. A community support team (CST) comprised of the resident, their family, nurses, other professionals and the CILA staff to identify and develop the desired/necessary services and supports.

The purpose of the CILA setting is to provide each resident with the supports needed to maximize their independence and engagement in their community. Examples of supports may include: money management, community mobility skills, housekeeping skills, food preparation and cooking skills, wardrobe maintenance and laundry skills, social, leisure and recreational skills, personal health skills to include medication management, and achieving a state of optimal wellness. Each resident chooses from an array of day services that result in their engagement in meaningful, full-time experiences that include opportunities for ongoing skill acquisition, volunteering, recreating, working, physical wellness, and participating in the life of the community. The process of discovery and a person-centered approach results in the development of individualized goals and objectives and the supports needed to achieve them. Participation in CILA services in not time-limited as "the money follows the person" in their choice of where they live.

New levels of service include developing specialized day services (i.e., aging adults with I/DD, adults with autism) and the development of new models of day service that are partnerships with communities and offer flexible scheduling.

2. Previous CDBG Funding

Has your organization received CDBG funds from the Village of Arlington Heights in any of the past 10 years? If yes, list the year(s), amount(s) and purposes of the funding. Include the project address if funds were used for the purchase or rehab of property or structures.

Year	Amount	Purpose and (if applicable) Address
2015	$13,000	Replace roof at 235 Kennicott Ave.
2016	$8,000	Replace driveway at 214 N. Dwyer
2017	$13,000	Remodel bathroom ADA at 1623 S. Princeton

B. Service Area

1. Provide a brief description your agency's service area.

Clearbrook's footprint extends to fifteen counties, the majority of which are served through supports provided in family homes to infants, toddlers, children and adults. The organization owns/operates facilities in Cook, Lake, McHenry and DuPage counties in the following communities*: Addison, Arlington Heights, Bensenville, Berkeley, Buffalo Grove, Carpentersville, Chicago, Crystal Lake, Deerfield, Downers Grove, Elk Grove Village, Evanston, Gages Lake, Glenview, Gurnee, Hanover Park, Hoffman Estates, Lake Bluff, Mt. Prospect, Mettawa (opening later this year), Northbrook, Northfield, Palatine, Park Ridge, Prospect Heights, Rolling Meadows, Schaumburg, Skokie, Waukegan, Wheeling, Wilmette.

*locations of the Community Integrated Living Arrangements/CILAs are in italics

2. Describe any additional criteria for the program or project.

All persons served by the program are at least eighteen (18) years of age, have been determined to have a developmental or intellectual disability, and are in need of an array of services and a supervised living arrangement. The client or guardian provides informed consent for participation in a CILA and agrees to participate in the development and implementation of the Individual Service Plan (ISP).

3. What facilities, services, or programs does the agency operate in Arlington Heights?

At this time, the following are located in Arlington Heights:

- Clearbrook's Administrative Office
- Clearbrook Program Building - housing CHILD Therapy Services, the Family and Community Autism Resource Room (FCARR) the offices for Community Living Services (CILA) and the offices for Community Employment Services (CES).
- Six (6) CILAs that are home to 32 adults with I/DD (27 men and 5 women).

4. Are there other agencies in the same service area that provide the same service? If so, what agency or agencies provide(s) similar services?

Within the northern suburbs, the following agencies provide CILA services for adults with I/DD: Glenkirk (based in Northbrook); American Residential Care (based in Schaumburg); Orchard Village (based in Skokie); Shore Community Services (Based in Skokie); and Lambs Farm (based in Libertyville operates campus-based residences). Of these, Clearbrook is the largest provider of CILA services, has the greatest presence in the service area, and provides the most expansive array of CILAs with regard to the needs of persons served.

C. Program/Project and Client Statistics

1. **Complete the following table for persons assisted by the specific program or project for which the agency is applying for CDBG funds. If the agency administers one type of service, complete the table for all persons assisted by the agency.**

	Total Persons Served	Total Arlington Heights Residents Served	Total Arlington Heights Residents Served with CDBG Funds
October 1, 2018 – September 30, 2019 (proposed)	8077	317	8
October 1, 2017 – present	8093	338	6

Income Limits	Household Size							
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Low/Moderate-Income	$44,250	50,600	56,900	63,200	68,300	73,350	78,400	83,450

NOTE: Household income is the total income of all household members 18 years old or older who contribute to the household. The extremely low, very low, and low income limits are based on Median Family Income, in which a householder has one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption.

2. **If your agency receives the CDBG funds for which you are applying, how many new or additional Arlington Heights residents could you serve in the 2018-2019 program year?**

0*
*This is based upon the licensed capacity of the Eastman CILA capacity of 8.Through attrition, this number would increase over time.

3. **Would this program exist without CDBG funding?**
   (Select one)
   ☒ Yes
   ☐ No

D. Staff for Funded Program

1. **Total number of staff employed by agency for this program:**

    a. Full-time 5

    b. Part-time 1

    c. Volunteers 0

2. **Provide the name of the staff member who will be coordinating the CDBG grant with the Village (i.e. completing reports, submitting invoices, monitoring visits, etc.):**

    Name, Title: Michael Dalton, Director of Operations

    Phone Number: 847-385-5017

    Email Address: midalton@clearbrook.org

3. **How long has the staff member identified above been with the agency?**

    20 Years

E. Fees and Funding Sources

1. **Describe any client fees collected and how they are used.*:**
   DHS 60 D CILA Funding and SS
   ** Any client fees collected must be used for program costs.*

F. Estimated Program/Project Budget for the Program Year

1. **Resources: Show all of the anticipated revenue (including the requested Village CDBG funds) that the agency anticipates using for this specific program or project during the 2018-2019 program year:**

Anticipated Resource	Total Anticipated Program/Project Recourses
2018-2019 VAH CDBG Grant Request	$
Section 108 Loan Guarantee	$
HOME Funds	$
ESG Funds	$
HOPWA Funds	$
Appalachian Regional Commission	$
Other Federal Funds	$ 84,954
State Funds	$ 333,389
Other Local Funds	
Private Funds	$
Program Income (client fees)	$
Other Funding Please Specify:	$
Total Anticipated Revenue for Program/Project	$

2. **Expenses. Indicate how CDBG funds are proposed to be used for the specific program or project during the 2018-2019 program year:**

Use of CDBG Funds	**Total Program or Project Expenses** (Column a.)	**Anticipated Amounts to be Spent for the Benefit of Arlington Heights Residents** (Column b.)	**Anticipated Amounts of Village CDBG funds to be Spent for the Benefit Low and Moderate Income Arlington Height Residents** (Column c.)
Payroll costs for direct client service hours	$	$	$ *
All other payroll cost	$	$	$0*
Other (non-payroll) direct client service costs Explain: HVAC Installation	$ 13,750	$ 13,750	$13,750
Other administrative and indirect client serve costs Explain:	$	$	$0*
If the agency expects that it would invoice the Village for CDBG funds on a per unit basis (per night of service, per enrollment fee, etc.), provide the totals on this line.	$	$	$ **
Totals (Columns a, b & c)	$ 13,750	$ 13,750	$ 13,750***

* Village CDBG funds may only be used for payroll costs for the hours that employees provided direct client services to CDBG-eligible low and moderate income Arlington Heights residents and for other direct benefits to CDBG-eligible low and moderate income Arlington Heights residents. Time sheets documenting staff hours and pay rates for direct client services hours and receipts will be required.

** Explain the per unit costs here:

*** This amount should total be the same as the 2018-2019 Village CDBG grant request.

3. **Will any funds be used for research and development?**
(Select one)
☐ Yes
☒ No

If so, please specify how funds will be used.

4. **Does your agency receive more than $750,000 in federal funds?**
(Select one)
☒ Yes
☐ No

G. Performance Measurement Systems

1. Project Objectives

Please check one of the following to identify the specific objective of the program or project for which CDBG funds are being requested.
(The selection should reflect the purpose of your agency's proposed program.)

☐ *Creating a Suitable Living Environment*
This objective relates to activities that are intended to address a wide range of issues faced by low//moderate-income persons, from physical problems with their environment, such as poor quality infrastructure, to social issues such as crime prevention, literacy, or elderly health services. Includes activities that are designed to benefit communities, families, or individuals, by addressing issues in their living environment.

☐ *Providing Decent Housing*
This objective focuses on housing activities whose purpose is to meet individual family or community housing needs. It does not include programs where housing is an element of a larger effort to make community-wide improvements, since such programs would be more appropriately reported under Suitable Living Environments.

☐ *Creating Economic Opportunities*
This objective applies to activities related to economic development, commercial revitalization, or job creation.

2. Project Outcomes

Please check one of the following for the outcome of the specific program or project for which CDBG funds are being requested.
(The selection should reflect the result your agency would like to accomplish.)

☒ *Availability/Accessibility*
This outcome applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low/moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the basics of daily living available and accessible to low/moderate-income people where they live.

☐ *Affordability*
This outcome applies to activities that provide affordability in a variety of ways to low/moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care. Affordability is an appropriate objective whenever an activity is lowering the cost, improving the quality, or increasing the affordability of a product or service to benefit a low-income household. Example #1: A low interest loan program might make loans available to low/moderate-income microenterprise businesses at 1% interest, which is far below the market rate. This program lowers the cost of the loan, enabling entrepreneurs to start businesses. As a result, the program makes financing more affordable. Example #2: A subsidized day care program that provides services to low/moderate-income persons/families at lower cost than unsubsidized day care.

☐ *Sustainability*
This outcome applies to activities that are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low/moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

H. Other Information

1. **The following documents must be included with your application:**

All Applications:

- ☒ Copy of your organization's submitted 2017 Illinois Charitable Organization Annual Report Form AG990-IL* *(This is a two-page document. Please do not submit the federal form.)*
- ☒ The agency's current overall budget.
- ☐ The current budget for the program project for which CDBG funds are being requested (no applicable for new programs of projects.
- ☒ Agency's most recent completed audit (electronic copy only is required)
- ☒ Proof of non-profit determination
- ☒ Organizational chart

Other documents such as program brochures may be provided at the option of the applicant.

Construction/Rehabilitation, Applications Only:

- ☐ Proposed construction/rehabilitation schedule. Please note that construction/rehabilitation projects should be completed by August 1, 2019, if possible. Funding availability may be extended to September 30, 2019 due to weather or other unavoidable delays.

  Please note that Village staff will contact the applicant to make an appointment for a tour of the proposed construction/rehabilitation project.

- ☐ Cost of Design Assistance: Please provide a cost estimate for the project, if applicable.

All projects must conform to Village of Arlington Heights codes and ordinances. Buildings must conform to zoning and property standards to be considered for funding.

Projects may be subject to Federal Labor Standards and Davis-Bacon Act prevailing wages, which should be taken into account when estimating the project costs. Applicants are encourage to submit at least one cost estimate from a knowledgeable contractor with the application. Three cost estimates are encouraged. Ask the contractors to make recommendations to provide additional short-term construction and/or long-term maintenance cost savings. Review the estimates, select a project cost, add a minimum 10% contingency, and then add that amount to the total project cost on the Application Summary Sheet. An official Request for Proposals may be required for each grantee prior to grant award.

Public Service, Applications Only, if applicable:

- ☐ If applicable, provide a copy of the program or project fee scholarship or schedule (ex. sliding scale schedule that determines the amount of CDBG-funded assistance received based on the client's income).

PROPOSAL # 6871-R

PAGE: 1 OF: 1

Arrow Flow Co.

MECHANICAL/ ELECTRICAL CONTRACTORS
845 N. DILLON DR. WOOD DALE, 60191
E-MAIL: lou@arrowflow.net
PH: (630) 616-6201 FAX: (630) 616-6216

Customer Name: CLEARBROOK ATTN: JOSE TEJEDA	Proposal Date: APRIL 12, 2018	Terms: NET 30
Customer Street Address: 1835 W CENTRAL RD ARLINGTON HTS. IL 60005	Project Street Address: 235 KENICOTT ARLINGTON HTS , ILL	
Customer Zip:	Project Zip:	
Customer Phone: 847 870 7711 X 5312	Project Phone: 847 385 5312	
Customer FAX 847 385 7279	Proposal Requested By:	

ALL MATERIAL IS GUARENTEED TO BE AS SPECIFIED. ALL WORK SHALL BE COMPLETED IN A WORKMANLIKE MANNER ACCORDING TO STANDARD PRACTICES. ANY ALTERATION OR DEVIATION FROM SPECIFICATIONS BELOW INVOLVING EXTRA COSTS WILL BE EXECUTED ONLY UPON WRITTEN ORDERS, AND WILL BECOME AN EXTRA CHARGE OVER AND ABOVE THE ESTIMATE. ALL AGREEMENTS ARE CONTINGENT UPON STRIKES, ACCIDENTS OR DELAYS BEYOND OUR CONTROL. OWNER IS TO CARRY FIRE, TORNADO, AND OTHER NECESSARY INSURANCE. OUR WORKERS ARE FULLY COVERED BY WORKMEN'S COMPENSATION INSURANCE

Itemized Description

HVAC UPGRADE AT ABOVE REFERENCED LOCATION AS FOLLOWS:

REMOVE AND LEGALLY DISPOSE OF EXISTING FURNACE, AIR CONDITIONING UNIT, EVAPORATOR COIL, AND REFRIGERANT LINESET.
FURNISH AND INSTALL 1) YORK/GUARDIAN 80,000 BTU 95% EFFICIENT FURNACE IN PLACE OF EXISTING.
PROVIDE NEW TRANSITIONS TO EXISTING DUCTWORK AND RE-CONNECT TO EXISTING CONTROL WIRES, GAS PIPING AND ELECTRICAL WIRING.
CONNECT TO EXISTING FLUE PIPING.
FURNISH AND INSTALL 1) YORK/GUARDIAN 2-TON AIR CONDITIONING CONDENSING UNIT IN PLACE OF EXISTING.
FURNISH AND INSTALL 1) 2-TON CASED EVAPORATOR COIL ON NEW FURNACE AND CONNECT TO EXISTING DUCTWORK.
FURNISH AND INSTALL NEW COPPER REFRIGERANT LINE-SET AND CONNECT TO EQUIPMENT.
CONNECT NEW AIR CONDITIONING UNIT TO EXISTING ELECTRICAL AND CONTROL WIRING.
FURNISH AND INSTALL 1) NEW PROGRAMMABLE DIGITAL SETBACK THERMOSTAT.
START UP EQUIPMENT AND CHECK OPERATION.

TOTAL LABOR AND MATERIAL $5,375.00

OPTION A
IN LEIU OF YORK EQUIPMENT, FURNISH AND INSTALL 1) TRANE 80,000 BTU 95% EFF. FURNACE AND A TRANE 20-SEER MATCHING 2-TON AC UNIT.
TOTAL MATERIAL AND LABOR FOR 20-SEER TRANE EQUIP............................$12,356.00
ALL EXISTING DUCTWORK IS ASSUMED TO BE ADEQUATE FOR AIRFLOW, ANY ALTERATIONS REQUIRED TO EXISTING DUCTWORK TO BE ADDITIONAL AT QUOTED AT TIME OF INSTALLATION.

LABOR AND MATERIAL FURNISHED BY ARROW FLOW CARRIES ONE YEAR WARRANTY.
THIS PROPOSAL SUBJECT TO MATERAIL SURCHARGES AT TIME OF ACCEPTANCE.
MANUFACTURERS WARRANTY ON EQUIPMENT.
CERTIFICATE OF INSURANCE AVAILABLE UPON REQUEST.
PERMIT COST ADDITIONAL, IF REQUIRED.

ACCEPTANCE OF PROPOSAL- *THE ABOVE PRICES, SPECIFICATIONS, AND CONDITIONS ARE SATISFACTORY AND ARE HEREBY ACCEPTED. YOU ARE AUTHORIZED TO DO THE WORK AS SPECIFIED. PAYMENT WILL BE MADE AS OUTLINED ABOVE. CUSTOMER AGREES TO PAY ARROW FLOW CO A SERVICE CHARGE OF 2% PER MONTH ON PAST DUE INVOICES. CUSTOMER AGREES TO PAY ARROW FLOW CO. ALL ATTORNEY FEES,EXPENSES, AND COSTS WHICH MAY BE INCURRED BY ARROW FLOW CO. IN COLLECTING PAST DUE AMOUNTS OWED.AT ANY TIME AN ACCOUNT BECOMES PAST DUE; ARROW FLOW CO. RESERVES THE RIGHT TO IMMEDIATELY TERMINATE ANY WORK OR FURTHER SUPPLY OF MATERIALS TO CUSTOMER WITHOUT PRIOR NOTICE. ARROW FLOW CO. CLOSELY MONITORS PAST DUE AMOUNTS TO DETERMINE WHETHER MECHANICS LIENS SHOULD BE FILED OR WHETHER OTHER PROMPT ACTION SHOULD BE TAKEN TO PROTECT OUT FINANCIAL INTERESTS.*

DATE: ______ TITLE:_______ SIGNATURE_______________

Item: Arlington Downs Affordable Housing Component

Department: Planning & Community Development

ATTACHMENTS:

Description	Type
Arlington Downs	Exhibits

MEMORANDUM

TO: Randy Recklaus, Village Manager

FROM: Charles Witherington-Perkins
Director of Planning and Community Development

DATE: August 22, 2018

SUBJECT: Arlington Downs Affordable Housing Proposed PUD Amendment PC #18-010

As you are aware, Arlington Downs Development team has submitted a Planned Unit Development (PUD) Amendment, which has been reviewed and recommended for approval by the Plan Commission and the Housing Commission. A portion of the Planned Unit Development includes construction of a five story 263 residential apartment building in partnership with CA Ventures.

The Planned Unit Development petition, along with the Housing Commission recommendation on affordable housing was originally scheduled for review by the Village Board at an August meeting, however was deferred to allow additional discussions with the developer regarding the inclusion of affordable units. As a result of the Village Board's discussion during approval of the 4 North Hickory apartment building, Board members expressed a strong desire to have affordable units included in future developments or a combination of affordable units and fee in lieu of providing such units. As a result of this desire by the Village Board, Staff included a provision in the recommendation to the Housing Commission for Arlington Downs, that consideration be given to providing affordable units in their development.

Summary of Discussion with Arlington Downs Developer

After Plan Commission review of the Arlington Downs PUD Amendment, Staff requested the developer consider adding affordable units into the residential component of their plan. The developer has expressed concern over lost rental income in providing affordable units, which in turn impacts future market value of the development. As a result, the developer initially suggested including seven affordable units in the development, instead of providing the fee in lieu of. Staff felt this was too low and responded accordingly. The developer then responded that they would like to fall under the original Housing Commission recommendation for affordable units dating back to 2012 and provide 9 affordable units and if the Village wished to have the additional 4 units included, the Village could pay $100,000 per unit. Earlier this week, Staff met again with the developer and the developer has agreed to provide 9 affordable units within the development, plus pay a fee in lieu of at $25,000 per unit for the 4 units, or $100,000 into the Affordable Housing Trust Fund. This will then meet the 13 unit requirement from the original 2012 PUD.

Application of Affordable Housing Policy

Since the Affordable Housing Guidelines were developed they have been applied to 8 developments. Some have provided actual units and others exempt for some portion and/or paid a fee in lieu of providing units. Each project has been reviewed and recommended by the Housing Commission. The most recent amount negotiated at $25,000 per unit in lieu of would be the highest the Village has received to date. The following is a quick summary as follows:

Timber Court, for sale units received a density increase in return for providing 14 affordable units out of 72 units total. The Village paid $100,000 in road improvements.

Arlington Downs original approval (including One Arlington) first 300 units 0% after that 5% affordable or fee in lieu. Second phase has not commenced yet.

Arbor Lane, for sale, 2 affordable units required, payment in lieu provided in the amount of $15,189 per unit. $30,378 has been paid into the trust fund.

Park View, rental, 7 units out of 45 units provided as affordable. Project funded through low income tax credits.

Lexington Town Homes, for sale, 8 units required out of 48 units. Fee approved at $15,312 per affordable unit not provided or $2,500 per unit spread across all units. Development is under construction.

CA Ventures, rental, 80 units proposed, 12 affordable units required, fee proposed $25,000 per affordable unit or a total of $300,000 or $3,750 spread across all units. The development was not approved.

4 North Hickory, rental, 11 units required out of a total 76 units, fee proposed $25,000 per affordable unit or $275,000 total or $3,666 spread across all units.

Arlington Downs amendment Phase II, rental, Housing Commission approved, 39 affordable units required out of 263 units, $25,000 per affordable unit or $975,000 or $3,707 spread across all units or a combination of affordable units and fees with a strong recommendation that some affordable units be provided.

<u>Issues and Analysis</u>
In the several meetings that we have had with the developer in analyzing this request, three major components have been evaluated:

1. The cost of providing an affordable unit.
2. The financial impact on the development project.
3. The amount of fee in lieu of.

Cost of providing an affordable unit:
In evaluating the cost of providing the actual affordable units, we evaluated the 4 N. Hickory project, Arlington Downs, and an existing apartment building that is currently for sale and listed on Loop Net. The following is a summary on an average per unit basis for 4 North Hickory and 810 E. Shady Way and actual unit basis for Arlington Downs.

Arlington Downs	9 Units	$ 1,418,023	$ 157,558 /per unit
4 N. Hickory (*TIF assisted*)	76 Units	$19,200,000	$ 252,631 /per unit
810 E. Shady Way	40 Units	$ 6,300,000	$ 157,500 /per unit

Source: Loop Net, Developers

Based upon the above summary analysis, it appears reasonable that the actual cost to construct or acquire units would be around $160,000 per unit and above or $1.4 million plus for 9 units.

Loss of Developer Income:
The developer provided a confidential analysis of projected lost income to their development by providing the nine affordable units. Their analysis assumed an average rent of $2,390 per unit for market rate units versus an average rent of affordable units of $1,076 or a reduction in revenue of approximately $1,314. This results in lost income according to the developer of approximately $140,000 annually for the nine units. They have indicated that this lost revenue results in a loss of value for potential future sale. It should be pointed out that there may be the opportunity for certain housing voucher programs through Cook County or others that would help reduce is gap slightly. The developer further has indicated that the total estimated lost revenue for providing the nine units over eight years is equal to paying the fee in lieu of upfront. Of course by providing the actual units, the lost revenue continues during the life of the project.

Fee in lieu of Amount:
Staff looked at the fee in lieu of for the remaining four units and feel that the $25,000 fee that has been agreed upon with 4 N. Hickory and by the Housing Commission for the recent Arlington Downs amendment would be appropriate.

<u>Summary</u>
In summary, Staff believes that providing nine affordable units in this development is a good approach and it would cost at least $1.4 million or more to acquire or construct nine new units elsewhere in the community. In addition, obtaining the $25,000 fee for 4 units to go into the affordable Housing Trust Fund, makes this a good proposal to provide accommodation of affordable units and fee in lieu of.

<u>Recommendation</u>
It is recommended that the Village Board accept from the developer the following:

a). Inclusion of 9 affordable units to remain affordable in perpetuity with comparable mix and size of units to the development.

b). Payment of $25,000 fee for 4 units in lieu of providing actual units.

Staff is seeking preliminary feedback from the Village Board, in advance of this item being placed on the Village Board agenda for September 4, 2018.

Attachments:
1. Arlington Downs Affordable Housing – Developer Proposal 8/20/18 Memo
2. Housing Commission Motion, June 12, 2018
3. Staff Report to Housing Commission, June 12, 2018

C:
Housing Commission
Bill Enright: Deputy Director of Planning and Community Development
Sam Hubbard: Development Planner
Nora Boyer: Housing Planner

CW-P:lmp

Memorandum

To: Charles Witherington-Perkins, Director of Planning & Community Development
Bill Enright, Deputy Director of Planning & Community Development
Sam Hubbard, Development Planner

From: Nora Boyer, Housing Planner

Re: Arlington Downs Affordable Housing - Developer Proposal Monday 8/20/18

Date: August 21, 2018

Original Requirement - 2012
5% of units or $100,000 per affordable unit not provided
263 unis x 5% = 13 units
13 x $100,000 = $1,300,000

June 2018 Housing Commission Motion
15% of units be affordable or $25,000 per affordable unit not provided
263 x 15% = 39 units
39 units x $25,000 = $975,000

Value of Units as per Developer 8/20/18
$55,000,000 total development cost divided by 283,135 sf (418,520 – 135,385 for the garage = 283,135) residential unit space = $194.25 per square foot

Developer Proposal
9 Affordable units

Size	Number	Average Square Footage	Value Per Unit at $194.25 sf	Total
Studio	2	500	$97,125 each	$194,250
One-Bedroom	4	750	$145,687 each	$582,748
Two-Bedroom	3	1,100	$213,675 each	$641,025
Three-Bedroom	0	1,300	$170,833 each	$0
Total	9	na	na	$1,418,023

$1,418,023 value of the 9 units + $25,000 each for the 4 units not provided = $1,518,023

Staff Report to the Housing Commission

To: The Chairman and Members of the Housing Commission
From: Nora Boyer, Housing Planner
Re: Hickory & Kensington Mixed Use Development
Affordable Housing Assessment
Report Prepared: April 9, 2018
Meeting Date: April 17, 2018

Neri Architects, PC has proposed a mixed use development including 76-units of rental housing in the Hickory & Kensington area.

Under the *Arlington Heights Affordable Housing Rental Program Guidelines*, when a multi-family development is composed of 15 or more units, the developer is to set 15% of the units aside as affordable housing. Under the Village guidelines, the developer has the option to pay a fee-in-lieu or providing the affordable units at a rate of $75,000 per affordable unit not provided.

The number of affordable units called for at the proposed Hickory & Kensington development is 11 (75 units x .15 = 11 (rounded). At the fee-in-lieu amount of $75,000 per unit, the total fee-in-lieu due if the 11 affordable units are not provided in the development is $825,000 (11 units x $75,000/unit = $825,000).

Background
The Village began formulating its policies regarding the inclusion of affordable units in multi-family developments in 2006. Since then, the Housing Commission has discussed the appropriate amount to assess when a developer chooses not to include the affordable units called for by the Village's policy. Originally, the fee-in-lieu of providing affordable units was $100,000 per affordable unit not provided, but in 2014, the amount was reduced to $75,000 per affordable unit not provided.

Since the adoption of the Village's affordable multi-family policies, the policies have resulted in the following recommendations:

1) A for-sale multi-family developments included 21 deed-restricted affordable units (20%) of the total number of units that was approved by the Village Board;
2) A rental project where 5% of the units will be affordable if more than 300 units are constructed that was approved by the Village Board;

3) Two rental projects in which a minimum of 15% of the units will be affordable (a total of 8 affordable units that was approved by the Village Board;
4) Two for-sale, townhome developments resulting in fees-in-lieu payments to be deposited into the Affordable Housing Trust Fund that was approved by the Village Board;
5) A fee-in-lieu of affordable units for 13 rental units not provided at $25,000 per affordable unit not provided (agreed to by the developer but the development was ultimately not approved by the Village board).

Fee-in-Lieu of Affordable Units – Hickory & Kensington

With respect to the Hickory and Kensington development, rather than including the 11 affordable units in the development, the developer has offered a fee-in-lieu amount of $25,000 for each of the 11 affordable units not provided for a total of $275,000 (11 units x $25,000 = $275,000).

Fee-in-Lieu of Providing Affordable Housing Units

	Number of affordable units called for as per the Village policy	Amount of fee-in-lieu as per the Village policy	Total fee-in-lieu agreed to by the developer	Total fee-in-lieu per affordable unit not provided	Amount of the fee-in-lieu when spread across all of the units in the development
Hickory & Kensigton 76 apartments	11	11 x $75,000 = $825,000	$275,000 (proposed)	$25,000 (proposed)	$3,3620 (proposed)

Recommendation

Staff recommends that the Housing Commission recommend to the Village Board approval of the following:

1. Approval of the proposed fee-in-lieu of providing affordable units at the Hickory & Kensington development of $25,000 per affordable unit not provided at the time of issuance of a building permit. As currently proposed, 11 required affordable units x $25,000 = $275,000.

2. If the Village Board approves the $25,000 fee-in-lieu amount for the Hickory & Kensington development, it is also recommended that the Housing Commission

recommend that the fee-in-lieu of providing affordable housing units as stated in the *Arlington Heights Affordable Housing Rental Guidelines* be changed from $75,000 to $25,000.

Staff Report to the Housing Commission

To:	The Chairman and Members of the Housing Commission
From:	Nora Boyer, Housing Planner
Re:	Arlington Downs– Response to Affordable Housing Policy
Report Prepared:	June 12, 2018
Meeting Date:	June 12, 2018

<u>Original Affordable Housing Requirement</u>

In 2012, the Housing Commission approved a recommendation to the Village Board with respect to the application on the Village's affordable housing policy to the Arlington Down development (Attachment A). That recommendation was approved by the Village Board and included in the conditions of approval for the Planned Unit Development (PUD).

In 2012, the Arlington Downs development was discussed as having two phases:

<u>Phase I</u>: The redevelopment of the (former Sheraton Hotel) tower; and
<u>Phase II</u>: All other components of the Planned Unit Development (PUD).

The 2012 affordable housing conditions exempted the tower (former Sheraton Hotel) from the Village's affordable housing requirements.

The 2012 conditions provide that for Arlington Downs Phase II:

- Phase II is exempt from the affordable housing requirements if 300 or fewer residential units are developed in Phase II.
- The affordable housing requirements apply to <u>all</u> residential units in Phase II (including the first 300 units) if more than 300 residential units are included in Phase II.

If more than 300 residential units are included in Phase II, then:

- 5% of all units in Phase II must be affordable;
- Fees in lieu of providing affordable units may be paid at a rate of $100,000* per affordable unit not provided; or
- A combination of affordable units and fees at the rate of $100,000* per affordable unit not provided is permissible.

** $100,000 per affordable housing unit not provided was the fee in lieu amount stated in the Village's Affordable Rental Housing Guidelines. The fee was changed in 2014 to $75,000 per affordable unit not provided based upon 15% of the units being affordable.*

Proposed Amendment to the PUD

The developer at Arlington Downs is proposing several amendment to the Arlington Downs PUD including the following changes with regard to residential units:

- The developer proposes detailed plans for approval of a 263 rental component (referred to by the developer as ADR II); and
- The developer proposes a concept for a 180 senior building (referred to by the developer as ADR III) to be detailed and approved at a later date.

Combined, 443 units are planned. Therefore, the 300 unit threshold for applying the affordable housing requirement in what was referred to in 2012 as Phase II is met.

According to the 2012 conditions of approval, the affordable housing requirement applied to ADR II results in the following:

263 total proposed units x 5% = 13 affordable units
13 affordable units x $100,000 = $1,300,000
or an equivalent combination of affordable units and fees

Developer's Current (2018) Affordable Housing Proposal

The developer is proposing to change in the affordable housing requirement for Phase II from that which was approved in 2012. The developer proposes that:

- 15% of units be affordable;
- The fee in lieu of providing affordable units be set at a rate of $25,000 per affordable unit not provided; or
- An equivalent combination of affordable units and fees at a rate of $25,000 per affordable unit be provided.

For ADR II, the calculation would be:

263 units x 15% = 39 affordable units
39 affordable units x $25,000 = $975,000
or an equivalent combination of affordable units and fees

Provision of Units

Some Village Board members recently stated they would like to see actual units provided. Members of the Housing Commission have also expressed that they prefer that affordable housing units be included in developments rather than that developer pay the fees. The Housing Commission should discuss the minimum number of affordable units it recommends be included in Phase II and specifically in ADR II.

Analysis

The developer's current proposal calls for 39 affordable units (rather than 13) which is consistent with the Village Board and Housing Commission's goal to encourage affordable units rather than the payment of fees.

Further, the developer's affordable housing proposal is consistent with the affordable housing requirements recommended by the Housing Commission for the Sigwalt Apartments and the Hickory Kensington Apartments. Those two developments were the same general type of development – rental units in multi-family housing buildings.

Recommendation

It is recommended that the Housing Commission recommend to the Village Board that for ADR II and future proposals at the Arlington Downs Development (all redevelopment except the redevelopment of the existing One Arlington tower building):

1. Require that 15% of the residential units (39 affordable units in ADR II) be allocated as affordable units in perpetuity. The developer may elect to pay a fee in lieu of providing the affordable housing units at a rate of $25,000 affordable unit not provided; or may provide an equivalent combination of affordable units and fees in lieu of affordable units. However, a minimum number of affordable units shall be provided and maintained in perpetuity.

2. Prior to Plan Commission staff will work with the developer on an acceptable housing fee payment schedule. Fee in lieu payments shall be made no later than the issuance of the first Certificate of Occupancy and incorporated as a condition of approval.

3. If fees are paid and the developer later decides to provide affordable units instead, they may receive refunds of the fees paid in accordance with the following:

   a) Refunds may only occur within a specified time period say 6 months or certainly no more than 12 months from issuance of the first certificate of occupancy;

   b) If funds are available in the amount of the requested refund in the Trust Fund; and

   c) Excluding the minimum number of affordable units provided.

4. ~~Within 18 months of the approval of the PUD or issuance of any building permits with respect to residential units in Phase II of the project, the developer, in consultation with the Village, shall develop a specific affordable housing plan consistent with the affordable housing requirements approved by the Village Board and included in the PUD approval. During this period, the developer may discuss any reasonable modifications to the proposal with the Village once the financing and economics of the Phase II project are more defined~~.

5. The base rental rate shall be set at the HUD Fair Market Rent for Cook County as established annually by the U. S. Department of Housing and Urban Development. If the developer is participating in an affordable housing program that is approved by the Village (such as a

government-sponsored program, program for veterans, etc.), the eligibility guidelines and rent structure of the approved affordable housing program would apply.

6. The developer shall submit an annual report concerning the affordable housing program by January 31 of each year, in a form as determined by the Village.

~~7. The developer shall retain the option to include all or a portion of the approved number of affordable units in Phase I under the conditions described above provided that an affordable housing plan acceptable to the Village shall be adopted prior to the issuance of permits for residential units in Phase I.~~

Attachment A

Arlington Downs
Housing Commission Recommendation
January 2, 2012

A MOTION WAS MADE BY COMMISSIONER WHITE AND SECONDED BY COMMISSIONER MILLER TO RECOMMEND THE FOLLOWING AFFORDABLE HOUSING REQUIREMENTS TO THE VILLAGE BOARD WITH RESPECT TO THE PROPOSED ARLINGTON DOWN DEVELOPMENT:

1. Require that 5% of the residential units in the Phase II of the development (i.e. excluding the former Sheraton Hotel building) be allocated to affordable units:

Total Units Range	Affordable Housing	Percentage
0 – 300	0 units	0%
301 – 375	15 to 19 units	5%
376 – 400	19 to 20 units	5%
401 – 425	20 to 21 units	5%
426 – 450	21 to 23 units	5%
451 – 470	23 to 24 units	5%

   The developer may elect pay a fee in lieu of providing the affordable housing units at $100,000 per unit, or do a combination of providing affordable units and paying the fee in lieu of units.
2. The base rental rate shall be set at the HUD Fair Market Rent for Cook County as established annually by the U. S. Department of Housing and Urban Development. If the developer is participating in an affordable housing program that is approved by the Village (such as a government-sponsored program, program for veterans, etc.), the eligibility guidelines and rent structure of the approved affordable housing program would apply.

3. Within 18 months of the approval of the PUD or issuance of any building permits with respect to residential units in Phase II of the project, the developer, in consultation with the Village, shall develop a specific affordable housing plan consistent with the affordable housing requirements approved by the Village Board and included in the PUD approval. During this period, the developer may discuss any reasonable modifications to the proposal with the Village once the financing and economics of the Phase II project are more defined.

4. The developer shall submit an annual report concerning the affordable housing program by January 31 of each year, in a form as determined by the Village.

5. The developer shall retain the option to include all or a portion of the approved number of affordable units in Phase I under the conditions described above provided that an affordable housing plan acceptable to the Village shall be adopted prior to the issuance of permits for residential units in Phase I.

The motion was approved unanimously.

Item: Housing Commission Budget Report

Department: Planning & Community Development

ATTACHMENTS:

Description	**Type**
Budget	Exhibits

Village of Arlington Heights

33 South Arlington Heights Road
Arlington Heights, Illinois 60005-1499
(847) 368-5000
Website: www.vah.com

July 16, 2018

Mr. Alex Hageli, Chair
Housing Commission
206 S. Gibbons Avenue
Arlington Heights, IL 60004

Dear Mr. Hageli:

The Village has begun preparation for the **2019 Budget** (January 1, 2019 – December 31, 2019), and we request your Board or Commission's participation.

Budgeting is an important public policy process. The demand for services competes for limited resources available. The prioritization and allocation of funds is the overall responsibility of the Village Board assisted by the recommendations of the Village Manager and the input received from the Village's Boards and Commissions, as well as the citizens of Arlington Heights.

Your General Fund budget ceiling for 2019 is $1,300. This means that you should make every effort to submit a budget at or below this amount.

The following are enclosed for your use in preparing your budget submissions:

- Form for summarizing your budget request;
- Copy of your 2018 budget for your reference;
- Budget Calendar outlining the process for preparing, reviewing and adopting the 2019 budget.

Your budget submission is due no later than **Monday, August 13, 2018**. As always, staff liaisons stand ready to assist you. If you have any questions or should circumstances be such that your Board or Commission needs additional time, please call Budget Coordinator Kevin Baumgartner at 847-368-5502 or email him at kbaumgartner@vah.com. Your participation in this important process is appreciated.

Sincerely,

Randall R. Recklaus

Randall R. Recklaus
Village Manager

RECEIVED
JUL 16 2018
PLANNING & COMMUNITY
DEVELOPMENT DEPARTMENT

c: Nora Boyer, Administrative Contact
c: Kevin Baumgartner, Budget Coordinator

VILLAGE OF ARLINGTON HEIGHTS

BOARDS & COMMISSIONS 2019 BUDGET REQUESTS

Name of Board or Commission: HOUSING COMMISSION

Chair: ALEX HAGELI

	2016 Actual	2017 Actual	2018 Adopted Budget	2018 Estimated Actual	2019 Proposed Budget	Accounts
CONTRACTUAL SERVICES:						
Postage	$2	$1	$100			101-1011-502.22-05
Photocopying	0	0	100			101-1011-502.22-15
COMMODITIES:						
Publications (subscription to on-line foreclosure data service)	575	575	600			101-1011-502.30-01
Other Supplies (marketing of programs)	0	0	500			101-1011-502.33-05
OTHER CHARGES:						
Rental Housing Assistance Program Grant	12,268	0	0			101-1011-502.40-05
TOTAL EXPENDITURES	**$12,845**	**$576**	**$1,300**	**$0**	**$0**	

VILLAGE OF ARLINGTON HEIGHTS

BOARDS & COMMISSIONS 2018 BUDGET REQUESTS

Name of Board or Commission: HOUSING COMMISSION

Chair: ALEX HAGELI

	2014-15 Actual	2016 Actual	2017 Adopted Budget	2017 Estimated Actual	2018 Proposed Budget	Accounts
CONTRACTUAL SERVICES:						
Postage	$2	$2	$100	$100	**$100**	101-1011-502.22-05
Photocopying	27	0	100	100	**100**	101-1011-502.22-15
COMMODITIES:						
Publications (subscription to on-line foreclosure data service)	575	575	600	575	**600**	101-1011-502.30-01
Other Supplies (marketing of programs)	0	0	500	500	**500**	101-1011-502.33-05
OTHER CHARGES:						
Rental Housing Assistance Program Grant	14,501	12,268	0	0	**0**	101-1011-502.40-05
TOTAL EXPENDITURES	**$15,105**	**$12,845**	**$1,300**	**$1,275**	**$1,300**	

BUDGET CALENDAR
For Preparation of 2019 Budget
(January 1, 2018 – December 31, 2018)

DATE	DAY	ACTIVITY
March - June, 2018	–	Capital Improvement Program (CIP) and five-year projections prepared.
June 11, 2018	**Monday**	Committee-of-the-Whole reviews Comprehensive Annual Financial Report.
June 15, 2018	Friday	Board considers motion stemming from June 11 Committee-of-the-Whole meeting regarding the Comprehensive Annual Financial Report.
June 15, 2018	Friday	CIP, Operating Fund Overview/Recommended 2019 Budget Ceilings and Proposed 2018 Property Tax Levy released to Village Board for discussion at June 27 Committee-of-the-Whole meeting.
June 25, 2018	**Monday**	Committee-of-the-Whole reviews CIP and discusses the Operating Fund Overview/ Recommended 2018 Budget Ceilings.
July 2, 2018	Monday	Board considers any motions stemming from June 25 Committee-of-the-Whole meeting regarding the recommended 2019 Budget Ceilings and CIP.
July 13, 2018	Friday	Budget worksheets are forwarded to departments. Departments prepare detailed budgets.
August 13, 2018	Monday	Department budget requests and projections due.
Aug 13 – Sep 7, 2018	–	Finance Department compiles departmental budget submissions.
September 7, 2018	Friday	First draft of 2019 Budget forwarded to Village Manager, Budget Team and all departments for review.
Sep 12 – Sep 14, 2018	–	Departments meet with Village Manager and Budget Team.
Sep 17 – Oct 25, 2018	–	Final draft of 2019 budget prepared.
October 26, 2018	Friday	Release final draft of 2019 Budget to Village Board.
November 14, 2018	**Wednesday**	**1st Budget Meeting** – AH Memorial Library, Budget Overview, Budgets for Board of Trustees, Integrated Services, HR, Finance, Building Services, Planning & Community Development, and Police
November 15, 2018	**Thursday**	**2nd Budget Meeting** – Budgets for Metropolis Theater, Legal, Health & Human Services, Engineering, Public Works, Water & Sewer, Parking Operations, Fleet Services, Fire, and Boards & Commissions
November 20, 2018	**Tuesday**	**3rd Budget Meeting** – If needed
November 21, 2018	Wednesday	Notice of Public Hearing on 2019 Budget published in newspaper.
December 3, 2018	**Monday**	Board approves 2018 Tax Levy and Abatement Ordinances. Public Hearing on 2019 Budget. Approval of 2019 Budget at formal meeting.