

**MINUTES
COMMITTEE-OF-THE-WHOLE
PRESIDENT AND BOARD OF TRUSTEES
VILLAGE OF ARLINGTON HEIGHTS
BOARD ROOM
MONDAY, JANUARY 13, 2020 7:30 P.M.**

BOARD MEMBERS PRESENT: President Hayes; Trustees: Baldino, Canty, LaBedz, Padovani, Rosenberg, Schwingbeck, Scaletta and Tinaglia

BOARD MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: Randy Recklaus, Village Manager; Charles Perkins, Director of Planning and Community Development; Nora Boyer, Housing Planner and Kim Peterson, Recording Secretary

SUBJECTS:

A. Inclusionary Housing Program

Other Business

Adjournment

President Hayes called the meeting to order at 7:30 PM. The Pledge of Allegiance was recited.

A. Inclusionary Housing Program

President Hayes advised that the Village Board will be discussing the possible drafting of an Inclusionary Housing Ordinance.

Mr. Recklaus advised that tonight's discussion will involve possible updates to the Village's Inclusionary Affordable Housing program. Arlington Heights is one of only seven communities in the entire Chicago Metro area, other than Chicago, that has any inclusionary or affordable guidelines or standards. In recent years, the Village has found that its current affordable housing standards have not been attainable based on today's real estate market. For almost every project, the Village has had to negotiate a different standard with developers, which diminishes the value of the current standard, and also leads to an inefficient process. Mr. Recklaus went on to explain that this is a very complex issue that not only impacts resident's ability to move to, live and remain in the community, but also impacts the value of land as well.

In 2019 the Board directed Staff to research and draft new standards and rules that reflect the values of the Village Board and the community, and are economically

feasible in today's development marketplace. This Fall, Village Staff presented a report on affordable housing to the Village Board and Housing Commission and both bodies discussed the report in September. Staff has since refined the concepts that further reflect input from both groups and has asked for input from the development community. The draft guidelines presented to the Board reflect these efforts. Mr. Recklaus explained how the goal tonight is to gain consensus on new standards that truly reflect the will of the Village Board and make future discussions with developers more streamlined and equitable. Mr. Perkins will be presenting the draft standards and highlighting the differences between Staff and the Housing Commission recommendations. Mr. Recklaus is hopeful that Staff will get feedback and direction from the Board regarding additional information or steps they would like Staff to take prior to considering an ordinance, and formalize these standards.

Mr. Perkins reviewed the definition of Inclusionary Zoning (IZ), which is a requirement that residential developments include some affordable units for people with low to moderate incomes, which may also include impact or linkage fees that some communities use. Mr. Perkins explained how more and more communities are adopting inclusionary housing policies nation-wide, and locally there are seven communities, including Arlington Heights, that have inclusionary housing ordinances or policies. Arlington Heights has had their current guidelines since 2008. In 1998, the Village Board adopted a policy to further affordable housing in the community. Last year, the Village Board asked Staff how they could refine the affordable housing guidelines. Subsequently, Staff reached out to the development community and non-profits and researched what other communities were doing. Staff then produced a report, which was reviewed by the Housing Commission and Village Board in September of last year. The Village Board directed Staff to draft an ordinance, which was then distributed to the Board in December. Staff promoted this draft ordinance on the Village's website and via social media, and invited the developers and non-profits to attend tonight's meeting.

Mr. Perkins reviewed the current guidelines and provided a snapshot of what is being proposed. Mr. Perkins next discussed the Inclusionary Housing Draft Ordinance, beginning with Section 7-1701 Purpose. This section talks about the types of developments that will be covered, the affordable units being set forth in perpetuity and the Fee in Lieu amount to be adjusted annually by the Consumer Price Index.

Mr. Perkins discussed Section 7-1704, which talks about the four types of developments that will be covered, including new single family dwellings, expansions to existing single family dwellings by 50% or more, new multi-family dwellings (both rent and for-sale) and senior residential communities (primarily independent living in senior communities. Mr. Perkins advised that Staff is proposing a \$3,500 linkage fee for single family dwellings (new teardowns and expansions of existing homes by 50% or more), as other communities have similar fees. The money collected from these fees would then go into the Arlington Heights Affordable Housing Trust Fund.

Mr. Perkins discussed Section 7-1707(a), Multi-Family Rental Developments, which the Housing Commission recommended that developments containing nine or fewer

units not be required to contain any affordable units. Staff recommended keeping with the current standard of five or fewer not being required to provide any affordable units. Staff does not object to the Housing Commission's recommendation if there is a linkage fee of \$7,500 per unit. Mr. Perkins referenced the Market Rate Rental Apartments and discussed the lost value per unit. Mr. Perkins advised that Staff is recommending staying with the 60% Area Median Income, which is currently in the Village's guidelines.

Mr. Perkins discussed Section 7-1707(b)(1) Multi-Family Rental Developments Downtown (B-5 District) and explained how in September Staff proposed a three-tiered approach downtown, community-wide, and developments that have some sort of public assistance. For Multi-Family Rental Developments downtown, Staff is recommending that 7.5% of the total number of units be affordable. This objective can be achieved in a few ways, including voluntarily, which is unlikely, or a minimum of 5% of the units be affordable and the remaining 2.5% can be met by payment of a fee-in-lieu in the amount of \$25,000 per required affordable unit. The Housing Commission thought these numbers should be higher, 12.5% overall, 7.5% of units be affordable and 5% fee. Staff is looking for direction from the Board regarding these two scenarios and what they would prefer to see. Like the Housing Commission, Staff would like to see more affordable units, however they are concerned with these numbers going too high and potentially stifling development.

Mr. Perkins discussed Section 7-1707(b)(2), Market Rate Privately Funded Developments, community-wide, not in the downtown. The proposal requirements are 5% of total units must be affordable within the development. If the developer can demonstrate that it is not feasible, the fee would be \$75,000 for 10% of the total number of units. All of these fee scenarios would be based on an Area Median Income of 60%, with 30% of income going towards rent and costs. The Housing Commission concurred with this as well.

Mr. Perkins discussed Section 7 - 1707(b)(3) Multi-Family Rental Developments that have some sort of Public Assistance. Staff thought the percentage should be little higher and 10% of total units must be affordable, since they are receiving some sort of public assistance, with no fee in lieu option.

Mr. Perkins discussed Section 7-1708 Multi-Family For-Sale Developments, which Staff proposed a linkage fee of \$7,500 per market rate unit for five or fewer units. The Housing Commission recommended this linkage fee for nine or fewer units. For developments with ten or more units, the Housing Commission is recommending requiring no affordable units with a fee in lieu applied to 10% of total number of units in the development. This amount would be determined from a calculation to be devised by Village Staff that results in a fee amount that is proportional to the value of the development or units. Staff is also recommending requiring no affordable units with a fee in lieu of \$75,000 per market rate unit for 10% of the total number of units. Mr. Perkins suggested that the Housing Commission's recommendation is probably more equitable, however the challenge is at what point do you collect the fee and at what point do you make the calculation, as the majority of these fees are collected at the time the building permit is issued.

Mr. Perkins discussed Section 7-1709 Senior Residential Communities, which consists of mainly independent living facilities, as memory care, assisted living and nursing home facilities provide much more than just housing. Staff is recommending 5% affordable on-site units and if affordable units are not provided on-site the fee in lieu would be \$75,000 for each of 10% of the independent living units. No more than 55% of income should go towards monthly housing and service expenses (meals, transportation, laundry and other services).

Mr. Perkins discussed Section 7-1710 Developer Cost Offsets, including density bonuses, which would be provided at the discretion of the Village Board. No more than one market rate unit for each required affordable unit, although Staff would consider additional market rate units and no density bonus shall be provided for any affordable units for which a fee-in-lieu is paid. Staff also proposed some fee waivers for applicants that fully comply with providing on-site affordable units. Out-of-pocket fees or impact fees will not be waived. In addition, and at the discretion of the Village Board, the Village can choose to sell discounted parking permits to the affordable units in the downtown developments, in lieu of them providing on-site parking, if there is space available in the downtown Village parking garages.

Mr. Perkins discussed Section 7-1711 Integration of Affordable Housing Units within the development and explained how the exterior appearance should look similar to market rate units, although the interior components can be different, as long as they are contractor grade or higher. The developer can choose if they want these units to be smaller than market rate units, however they cannot be less than 75% of the gross floor area of market rate units.

Mr. Perkins discussed Section 7-1712 Alternative Contributions, which at the discretion of the Village Board, can allow a developer alternative methods to providing affordable units. The available alternatives are: providing off-site affordable units within ¼ mile of a Covered Development Project in the Downtown District or within ½ mile of a Covered Development Project in all other zoning districts and dedication of land and/or building to the Village or a non-profit organization to be used for an affordable housing development.

Mr. Perkins discussed Section 7-1713 Relief from Requirements, which provides a relief mechanism based on circumstance and hardship, whereby the developer can present their case and the Board could provide relief from some of these provisions.

In conclusion, Mr. Perkins stated that it is extremely difficult to develop a specific set of standards to fit all possible developments and it is unrealistic to expect no dialogue or not to have negotiations on a case-by-case basis. Staff feels that a clearer more refined affordable housing policy or ordinance will help speed up these discussions and negotiations and let the development community know what is required. It is recommended that the Committee-of-the-Whole provide feedback and direction on any desired changes to the draft ordinance and authorize Staff to make such changes for the Village Board to review and/or refer to the Housing Commission for their review and then back to the Village Board.

President Hayes asked if any members of the Board had any general feedback before they began discussing the individual sections.

Trustee Tinaglia asked Mr. Perkins if it is Staff's recommendation that the Board move ahead with a full-fledged ordinance or if this should be thought of as more of a set of guidelines. Mr. Perkins stated that this draft ordinance is being proposed in Chapter 7 so that the Board can be more flexible on a case-by-case basis, as there is a relief section included, whereby a developer can present their unique hardship.

Trustee Scaletta asked Mr. Perkins what the difference is between the Area Median Income and the Arlington Heights Area Median Income, which Ms. Boyer stated that the Arlington Heights Median Income is somewhat higher than the Area Median Income, because of the diversity in the Chicago area. Trustee Scaletta asked why the Village would use the Area Median Income instead of the Arlington Heights Area Median Income, which Mr. Perkins explained how the Village follows the State requirement of maintaining 10% of the units in the community as affordable and they use the 60% Area Median Income as part of that calculation. The State uses the Joliet, Naperville Metro Area, which is actually a higher number than the Chicago area. Trustee Scaletta stated that this number is lower than Arlington Heights though. Trustee Scaletta asked Mr. Perkins what the average household income in the Metro Area is, which Mr. Recklaus stated it is \$89,000 for a four-person household. Trustee Scaletta then asked what the average household income is for Arlington Heights, which Mr. Recklaus stated that they did not have that information readily available, but could get it and report back. Trustee Scaletta explained how he is interested in knowing what the difference is between Arlington Heights and the region.

President Hayes asked if anyone on the Board had any questions or comments about Section 7-1701.

Trustee Rosenberg asked about the Trust Fund and what might be done with the money once the Fund reaches \$500,000, which Mr. Recklaus stated that Staff and the Board will have to have a separate conversation about this and come up with a list of potential programs and uses for the money. Trustee Rosenberg asked if there are other communities that have achieved the level of sufficiency in the Fund, and if there are, what have they done with the money. Ms. Boyer stated that some communities have used their funds for first time home buyer programs, or home rehab programs. Ms. Boyer explained how when the Trust Fund Task Force first met it was their goal that the funds be used to contribute to the development of permanently affordable units. Mr. Perkins stated that the Ordinance that was approved in 2013 set fourth criteria for the usage of these funds.

Trustee Padovani requested that when these programs are put together, they will include the "how to" to help residents take advantage of these funds. Mr. Perkins explained how the Housing Commission has discussed their desire to use funds for creating and maintaining affordable units. Trustee Padovani wants to be sure that it is clear to residents of Arlington Heights that this Trust Fund money is available for affordable housing and how to apply for it.

Trustee Tinaglia asked if the renovation of a single family home by 50% or more is new, which Mr. Perkins stated it is. Trustee Tinaglia asked if the linkage fee of \$3,500 pertains to these additions, which Mr. Perkins stated it does. Trustee Tinaglia asked if there are any benefits to this fee, which Mr. Perkins stated this was a suggestion for a fee to try and help offset the loss of an affordable single family units. Trustee Tinaglia believes the senior living facilities are getting off the easiest financially. Mr. Perkins stated the memory care, assisted living and nursing homes are basically exempt from providing affordable units, because of the high costs involved in maintaining these facilities. Trustee Tinaglia is afraid of some of these requirements, as he is concerned residents will do what they can to work around them or developers will opt to build different developments. Mr. Recklaus explained that one of the biggest factors contributing to the loss of affordable housing in this community is the teardown phenomenon. This teardown phenomenon is not all bad, as there is significant reinvestment in the community and the quality of the housing stock goes up, but it does contribute to the loss of affordability. This fee is not designed to be punitive, as it is small compared to the average sale price of a teardown. Mr. Recklaus explained how the Board has the right to reduce the fee or change the circumstances of the fee, if they so choose. Trustee Tinaglia thinks the Board needs to be careful with how far they take this.

President Hayes asked if anyone on the Board had any questions or comments about Section 7-1704.

Trustee Scaletta asked if a homeowner would be able to get away with adding onto their home a little bit at a time, to stay under the 50% threshold and avoid paying the \$3,500 linkage fee. Mr. Perkins stated most likely yes, as there would not be a mechanism to track this work. Trustee Scaletta is concerned with residents having to make decisions about moving within Arlington Heights versus staying in their home and adding on, because of this additional fee. In addition, Trustee Scaletta is concerned with those who rent or own market rate developments having to pay extra to subsidize those units that are deemed affordable, especially when it comes to senior housing. Mr. Perkins understands Trustee Scaletta's concerns with the linkage fee for home additions that are 50% or more, as the intention of this fee was not designed to penalize homeowners, but to help add a little bit of money to the Trust Fund because the property will no longer be considered affordable. Mr. Perkins stated if the Board does not concur with the 50% provision, it could come out. Trustee Scaletta is not comfortable with charging fees to residents and continually adding to this Fund without knowing exactly how it is going to be used to increase affordable housing in Arlington Heights.

President Hayes asked what the Board would like to with the provision in 7-1706 that deals with additions to single family homes by 50% or more and the associated \$3,500 linkage fee. Does the Board want to leave it the way it is, modify it, or take it out?

Trustee Rosenberg asked Mr. Perkins why Staff did not take into account how much money a homeowner/builder put into building a home when they provided the linkage fees for single family units justification chart. Mr. Perkins stated that Staff just looked at teardown scenarios and only provided the purchase price prior to the

new build and the new list price following the new build. Trustee Rosenberg asked if other communities have this linkage fee, which Mr. Perkins stated two other communities, Highland Park and Lake Forest, have a \$10,000 demolition fee. Trustee Rosenberg stated that he is not really crazy about this fee.

Trustee Canty is in favor of the \$3,500 linkage fee, as she believes this is a small fee to pay for privilege of being able to buy a home that somebody could have lived in at an affordable rate, tear it down and put up a larger home in its place. Trustee Canty encourages homeowners who want to add on more than 50% to find a new larger home and allow someone else the opportunity to buy into Arlington Heights.

Trustee Schwingbeck is not a big fan of this provision, as he feels there are many homeowners who want to add onto their home because they like the neighborhood and want to stay where they are and not look for a new home in Arlington Heights. Trustee Schwingbeck does not believe we should discourage this type of activity. Trustee Schwingbeck is in favor of affordable housing but not when it comes to single family homes.

Trustee Padovani agrees with Trustee Schwingbeck and is not in favor of the linkage fee for single family expansions, however he is in favor of the linkage fee for teardowns. Trustee Padovani is not comfortable with homeowners having to pay a fee to expand their own home. Trustee Padovani thinks the wording in the definition of Senior Residential Community in the Draft Ordinance needs to be changed, as the way it currently reads it includes independent living, assisted living, memory care, Alzheimer's care and nursing homes. Trustee Padovani believes the definition should exclude assisted living, memory care, Alzheimer's care and nursing homes, which Mr. Perkins suggested the definition can be modified.

President Hayes indicated that he was struggling with 1706 as well. President Hayes stated he understands the philosophy behind it, but thinks Trustee Padovani's solution makes the most sense and does address the primary concerns about teardowns raised by Trustee Canty, therefore he would like to see a linkage fee for a complete teardown but not for a renovation. Mr. Perkins asked if it is the consensus of the Board to remove item b under Section 7-1704 and modify 7-1706.

Trustee LaBedz does not like the idea of people being forced to move to another neighborhood just because they want a bigger house, as most people add onto their homes because they want to stay in their neighborhood. Trustee LaBedz feels a complete teardown is a different situation and is more comfortable with a linkage fee for that.

Trustee Baldino completely agrees with Trustee LaBedz, as this is really targeted at teardowns. Trustee Baldino asked Mr. Perkins how many teardowns have there been, which Mr. Perkins replied 26 in 2018 and 23 in 2019 (through mid-November). Trustee Baldino believes this would be a significant contribution to the Trust Fund.

Trustee Scaletta does not agree that additions to an a single family home should

qualify for this linkage fee, but also does not want a developer to come in and purchase a smaller single family home and put an addition twice the size of the original home to avoid the \$3,500 teardown linkage fee. Mr. Perkins stated that this does happen, therefore Staff would need to clarify the definition of a "teardown".

Trustee Scaletta asked if a developer wanted to build a senior residential building with 10 units, they would have to pay \$35,000 to the Trust Fund. Mr. Perkins indicated that the developer would have to pay \$37,500. Trustee Scaletta thinks that the Village is not sending a clear message, as they want developers to come in and provide senior living communities, yet in order to do so, they will have to put more money into the Trust Fund.

President Hayes believes there is enough direction from the Board on 1704 and 1706, to move onto 1707.

Trustee Rosenberg expressed his concern with collecting all of this money and not knowing the purpose of where it is all going. Mr. Perkins explained that the Board's first priority is to adopt an ordinance. Once an ordinance is adopted, the Board will then need to develop guidelines to implement the ordinance, and then lastly develop criteria for the Trust Fund. Trustee Rosenberg is concerned with the Village becoming a landlord. Mr. Perkins stated that Staff would be looking at other non-profit agencies that can do this. Mr. Recklaus advised Trustee Rosenberg that he is correct in that more money will be put into the Fund without having an exact plan, which needs to be a separate conversation. The Board can choose to defer collecting this money, but the Village will miss out on additional revenue by doing this.

Mr. Recklaus asked President Hayes if he is correct in stating that the Board is not comfortable with charging a linkage fee for expansion of existing homes, but there is interest in charging the \$3,500 fee for true teardowns, which President Hayes said yes.

President Hayes asked Mr. Perkins to move on to Section 7-1707 (a). Mr. Perkins explained how this section covers the development threshold of when the provisions kick in. The current guidelines indicate that five or fewer units are exempt and six or more units, either provide units or pay the fee. Staff recommended keeping with the current guidelines, whereas the Housing Commission recommended nine or fewer units being exempt and ten or more units, provide units or pay the fee. Staff does not object to the Housing Commission recommendation of requiring a linkage fee, as it equates to a level playing field. Mr. Perkins stated that Staff is looking for direction from the Board regarding which threshold to include.

Trustee LaBedz prefers to go with the Housing Commission's recommendation.

Trustee Scaletta asked if the Housing Commission is recommending nine or fewer or nine or more. Mr. Perkins stated that it is nine or fewer with no actual units to be included, but they would pay a linkage fee of \$7,500 per unit. The next Section would be 10 or more units that would be required to provide units or pay the fee. Trustee Scaletta asked what would happen if a developer wanted to provide one

affordable unit, would they still be required to pay the linkage fee for that unit, which Mr. Perkins indicated they would. Mr. Recklaus stated that the Board could always offer a developer relief from the linkage fee if they chose to voluntarily provide an affordable unit.

Trustee Padovani agrees with Trustee Scaletta's idea to allow a developer the opportunity to voluntarily offer an affordable unit and not incur the linkage fee. In addition, Trustee Padovani, like Trustee LaBedz, prefers the Housing Commission's recommendation of nine or fewer units.

Trustee Tinaglia asked what the cost would be for someone to come in and build nine units, which Mr. Perkins stated it would be \$7,500 per unit. Trustee Tinaglia then asked what it would cost to build eight units, which Mr. Perkins replied \$7,500 per unit. Trustee Tinaglia clarified that everyone is subject to this linkage fee for developments of this size, which Mr. Perkins stated that is correct.

Trustee Scaletta asked if it is possible for someone to build an eight unit residential community for seniors. Mr. Perkins thinks this is unlikely but it could happen and Staff would have to determine if it would fall under the senior residential at 5% requirement if they are providing all of the services. Trustee Scaletta asked if a residential community has to provide meals, which Mr. Perkins stated they typically do. Trustee Scaletta asked if a building that is built for those 65 and over is considered a senior residential community. Mr. Perkins stated this would be a market rate apartment.

Trustee Schwingbeck asked if there have been many developments of nine units or fewer built in town. Mr. Perkins stated there are quite a few of these developments in the downtown area and near Mariano's and thinks there will be more of these developments built in the future. Trustee Schwingbeck asked Mr. Perkins if he thinks a developer who is looking to build a smaller development with six or seven units might just head down the street to Mount Prospect to avoid paying this fee. Mr. Perkins stated that it is hard to say, that is why Staff proposed a more modest fee. Recklaus indicated that this is a matter of preference for the Board. These numbers were set based on the value of the \$75,000 fee required for the larger developments and a way to level out the playing field. Mr. Recklaus stated the Board can do whatever they would like with these numbers. Trustee Schwingbeck thought the intention was for the Board to focus on the larger developments and not these smaller projects. Mr. Perkins believes that adjustments will need to be made as these provisions are being implemented.

Trustee Tinaglia has some concerns with the size of this number and proposed a linkage fee of \$3,500 instead for these developments.

President Hayes asked if there was a general consensus from the Board for the Housing Commission's recommendation of nine or fewer units and a \$3,500 linkage fee, which there was.

President Hayes asked Mr. Perkins to move onto Section 7-1707 (b). Mr. Perkins stated that this provision is for 10 or more units in the downtown area only. Staff is

recommending 7.5% of the units be affordable with a minimum of 5% on site and the remaining 2.5% can be met by payment of a fee-in-lieu in the amount of \$25,000. If the developer does not provide any affordable units, the fee would be \$75,000 per unit for 10% of the total number of units. The Housing Commission is recommending a higher fee of \$100,000 and higher percentage thresholds.

President Hayes concurs with Staff's justification for the lower fee to not stifle development and prefers to see the \$75,000 fee.

Trustee LaBedz agrees with President Hayes, as she does not want to see developers scared away. If developers are scared away, there is no affordable housing or any money going into the Trust Fund.

Trustee Canty asked President Hayes if he concurs with all of Staff's recommendations, which he stated he does. Trustee Canty concurs with the \$75,000 fee, but agrees with the Housing Commission's higher percentages.

Trustee Padovani agrees with the \$75,000 fee and Staff's recommendations.

Trustee Baldino agrees with the \$75,000 fee for 10% of the total number of units but has a problem with the 7.5% recommendation, even though there is precedent with this percentage and Block 425.

Trustee Scaletta is concerned if the Village sets this threshold too high there will be problems with developments.

Trustee Tinaglia is concerned that developers will either pass on these costs to their renters/owners or the project will just get dropped. Trustee Tinaglia concurs with Staff's recommendations.

Trustee LaBedz asked if these provisions would apply to a condo building that converts to rental. Mr. Perkins advised that this proposal only applies to new multi-family residential development.

Trustee Scaletta asked if this proposal would apply to an existing development where there would be offices on the bottom and converted residential units on the top. Mr. Perkins stated this would apply if new units were being added. Trustee Scaletta asked Mr. Perkins if Staff talked to any lenders about how this would impact their ability to approve loans. Mr. Perkins stated Staff talked to developers, but not lenders. Trustee Scaletta stated that he is disappointed that Staff did not reach out to any lenders to get feedback on these proposals.

President Hayes asked for a show of hands for those in favor of Staff's recommendations in the blue numbers for 1707(b)(1). President Hayes indicated there was a consensus with an understanding of the positions of Trustees Canty and Baldino.

President Hayes asked Mr. Perkins to move on to Section 7-1707 (b)(2). Mr. Perkins advised that this section covers Multi-Family Rental Developments in all

zoning districts other than B-5. Mr. Perkins stated that for 10 or more units, 5% must be on-site affordable units and if the developer demonstrates that they cannot reasonably provide these units, the fee will \$75,000 for 10% of the units. Staff and the Housing Commission made the same recommendation.

President Hayes asked the Board if there were any comments or questions, which there were none. The Board agreed to carry through Section 7-1707, ten or more units along with the \$3,500 linkage fee.

President Hayes asked Mr. Perkins to move onto Section 7-1707(b)(3). Mr. Perkins advised that this section covers Multi-Family Rental Developments in all zoning districts that have some form of public assistance. Mr. Perkins stated that for 10 or more units, 10% of the units must be on-site affordable, with no fee in lieu option.

President Hayes asked if there were any objections to these recommendations, which there were none.

President Hayes asked Mr. Perkins to move onto Section 7-1708. Mr. Perkins advised this section covers Multi-Family For-Sale Developments, with a linkage fee of \$3,500 per market rate unit, at the Board's request. Staff is recommending 10% of the units at \$75,000 per unit for developments with 10 or more units and the Housing Commission is recommending a more proportional approach, which would be more fair, but more complicated to develop and implement. Staff would be willing to draft a proposal if given direction from the Board.

President Hayes advised that it would be his preference to come up with some calculation/equation, as it would be fairer.

Trustee Scaletta asked if this calculation would result in a fee higher than \$75,000. Mr. Perkins stated that it would depend on the sale price of the unit. The intent of the Housing Commission is if the units are smaller, the fee would be lower, if the unit is more expensive, the fee would be higher. Staff would have to figure out what this percentage would be. Mr. Recklaus advised the other factor is figuring out what the sale price is, as this calculation would be done before the property is sold.

Trustee Scaletta stated that although he appreciates the fairness of this recommendation, he is concerned with possibility of getting into a situation where the Village cannot collect this fee because the developer is not able to sell some of the units. Trustee Scaletta thinks the Village is better off taking a flat fee, than trying to get involved in the percentages of the sale.

Trustee Tinaglia thinks Trustee Scaletta is 100% accurate on this, as one unit might be less desirable than another. Trustee Tinaglia thinks there could be some thresholds with different price ranges and different fees associated with these price ranges, similar to permit fees. Mr. Perkins suggested Staff could create two or three tiers with a cap, so nobody would be paying an exorbitant amount of money. Trustee Tinaglia asked if Staff is using 80% AMI and not 60% AMI, which Mr. Perkins stated yes they are using 80% AMI for for-sale products, which is what the State uses. Trustee Tinaglia asked if in general the Village uses 80% AMI for for-

sale and 60% AMI for rentals, which Mr. Perkins stated yes. Trustee Tinaglia stated that the idea of perpetuity scares him and wonders if there is a window that this applies to for rental units.

President Hayes asked Mr. Perkins if he is going to come up with some tiered approach that would make this fee fairer, which Mr. Perkins stated yes. President Hayes asked the Board if there is any objection to this, which there was none.

President Hayes asked Mr. Perkins to move onto Section 7-1709. Mr. Perkins advised that this section covers Senior Residential Communities, which will be defined a little bit more in the actual ordinance. There will be no affordable units or fee in lieu of units required for memory care, assisted living or nursing home facilities because of all the care they provide. Senior independent living units will be required to have 5% affordable on-site units. If the developer is unable to provide this, there will be a \$75,000 fee for 10% of the units.

Trustee Scaletta stated that he is really struggling with the senior residential community, as the Village is saying they really want residents to be able to downsize and still live in the community, yet seniors are being asked to provide additional funding for their living expenses to offset the affordable units in that community. Trustee Scaletta is concerned that these requirements will make it too difficult for seniors to live in Arlington Heights. Mr. Perkins advised that without some sort of provision like this, there will not be any affordable senior units for independent living. Mr. Perkins advised if the Board does not like this provision in this Section, it could be removed. Mr. Recklaus stated that Staff wants developers to come in and build apartment buildings and single-family homes and does not want these fees to have a negative impact on investment. In addition, Staff did not look at senior independent living any different than any of the other developments.

Trustee LaBedz advised that not all seniors want to move into these senior independent living developments, as often times they just want to live in a home. Mr. Perkins agrees that everyone has their own housing preferences, although independent senior living is a growing trend in the country. Trustee LaBedz indicated that micro-apartments are also a growing trend.

Trustee Schwingbeck asked if a community like the Moorings wanted to add 20 homes, they would fall into this category, which Mr. Perkins stated that is correct. Trustee Schwingbeck does not think of the Moorings as an inexpensive, affordable community. Mr. Perkins corrected himself by saying that this provision would not apply to the individual villas at the Moorings, it would however apply to an independent apartment building that would be built on their property, where they provide meals, transportation and other services.

Trustee Baldino asked why there is a disconnect between the number of units that are required and the number of units that are paying a fee in lieu of if they don't provide any. Mr. Perkins advised that they are trying to have more of an incentive for the units to actually be provided in the development.

President Hayes asked for a show of hands of all of those in favor of leaving this

provision in as written. Only four Trustees raised their hands, therefore President Hayes asked for all of those in favor of omitting this provision to raise their hands. Five Trustees raised their hands, which was the consensus.

President Hayes asked Mr. Perkins to move onto Section 7-1710. Mr. Perkins advised this section covers Developer Cost Offsets, including Density Bonuses, Fee Waivers and Downtown Parking Requirements. President Hayes asked if there were any comments or objections to the way this was written.

Trustee Tinaglia believes this section is the most important, because without this, none of it works. Trustee Tinaglia commended Staff and the Housing Commission for coming up with these ideas and suggested the more incentives, the better the projects will be and the better chance the Trust Fund will grow.

President Hayes concurred with Trustee Tinaglia.

Trustee Scaletta agrees with everything Trustee Tinaglia said, except for the Downtown Parking Requirements. Trustee Scaletta does not believe the Village can afford to provide the additional parking out of the Village garages. The parking structures need to be maintained, and if the monthly parking fee is reduced for some, the maintenance costs will just be passed along to the others who park in the downtown. Trustee Scaletta does not want to send a message to the developers that they might be able to utilize our garages for additional parking, when they need to provide parking on-site. Trustee Scaletta asked for some clarification regarding the waiver of the permit fees. Mr. Perkins explained that there is a cap of 50% for the waiver of permit fees.

Trustee Canty thanked Staff for this provision, as it really promotes what the Board is trying to do, which is to encourage and reward developers for providing these units.

Trustee Padovani shares Trustee Scaletta's concern with the affordable housing units using parking permits in the existing downtown garages, as developers are currently being asked to have self-parking projects. Trustee Padovani is concerned that the existing garages are already full. Mr. Perkins advised that this provision is discretionary and is subject to the availability of parking in these garages.

President Hayes asked Mr. Perkins to move onto Section 7-1711. Mr. Perkins advised that this section allows the affordable units to be a little different. The units can be smaller, as long as they are not less than 75% of the market rate units and not less than the minimum zoning code requirement. The interior components can be different, as long as they are contractor grade.

President Hayes asked if the Board had any comments or objections.

Trustee Scaletta asked if any unit in a building can be affordable, which Mr. Perkins said they could. Some builders choose not to differentiate the size of the units. It is really up to the discretion of the developer. Trustee Scaletta stated that his understanding of the Village's objective is to integrate the affordable units into the

buildings and not identify them as affordable. Mr. Perkins advised that this was an approach to try and help offset some of the developer's costs, and not shift the burden onto the market rate units. In addition, Mr. Perkins advised that Staff does not want all of the units concentrated in one area. They would be dispersed throughout the building. Mr. Recklaus explained how Staff wanted to provide a variety of tools to assist in the negotiation process.

President Hayes stated that he likes how Staff is providing the developers some options.

President Hayes asked Mr. Perkins to move onto Section 7-1712. Mr. Perkins advised that this section covers Alternative Contributions. Mr. Perkins advised that a number of communities have a provision that allows a developer to provide a different method of providing units. The available alternatives include, donating a lot of land for a non-profit to build a building or building another building within a development that they have, with some parameters. Any alternative proposal would be considered on a case-by-case basis and approved at the discretion of the Village Board.

Trustee Canty stated that she is incredibly uncomfortable with this provision, as it suggests the Village wants to create affordable housing buildings and affordable housing neighborhoods that are separate and distinct. Trustee Canty does not feel it is needed, considering all of the other options developers are given. Trustee Canty stated that she does not feel like this is the message the Board is trying to send and it would be her preference to remove this option entirely.

Trustee Scaletta agrees with Trustee Canty and advised that he would like all of these units integrated into our community.

President Hayes asked the Board if they had any objections to omitting 7-1712, which there were none.

President Hayes asked Mr. Perkins to move onto Section 7-1713, which is the final section. Mr. Perkins advised that this section covers Relief from Requirements. Mr. Perkins explained how Staff felt it necessary to have a relief mechanism, whereby a developer could submit a written request explaining their hardship and the Board could evaluate it.

President Hayes asked if the Board had any comments on this Section, which they did not. President Hayes advised that the Board now has to decide the next step in the process.

Ms. Boyer informed the Board that the Housing Commission requested to see the Draft Ordinance, as they have an interest in participating in the process. President Hayes stated he did not have a problem with the Housing Commission seeing the Draft Ordinance in its final form, as they were such an integral part of the process. In addition, President Hayes stated he would love to have everyone on the same page when the final ordinance is ready for Board approval.

Trustee Scaletta asked if there was a reason why the Board did not recommend this to go before the Economic Alliance, as they are heavily involved in economic development. Mr. Recklaus advised that Staff was really just looking at this as a housing issue, but the Board could choose to involve any commission.

President Hayes asked the Board if they had any objections to sending the Draft Ordinance back to the Housing Commission, which there were none.

President Hayes asked Mr. Perkins about involving developers in the next hearing, which Mr. Perkins indicated he had already emailed all of the developers Staff reached out to in June and July and informed them of tonight's meeting and will invite them again. President Hayes advised that these developers are also welcome to attend the Housing Commission meeting and the Village Board meeting. In addition, Mr. Perkins indicated the non-profit groups that Ms. Boyer reached out to were also invited to tonight's meeting.

President Hayes asked if there was anyone in the audience that wanted to address the Village Board.

Keith Moens, Arlington Heights resident, stated that he thought there were many good ideas that came out of the joint Board meeting at the library with the Village Trustees on Saturday, particularly the slow but increasingly diverse community in Arlington Heights. Mr. Moens indicated that the Board has the opportunity to signal to the world that Arlington Heights is an inclusive community, by passing the most inclusive Affordable Housing Ordinance in the entire Chicagoland area. Mr. Moens suggested the Village could do a better job of telling the people who are below the median income that they are welcome in our town. Mr. Moens recommended the Board send this ordinance back to the Housing Commission to build a stronger, more inclusive ordinance.

Peg Lane, Arlington Heights resident, stated that she felt the process of tonight's meeting was confusing, as the consensus is not part of the Board's process and it shouldn't be assumed that there is consensus.

Tom Mezza, Arlington Heights resident, indicated that his girlfriend, who is African-American has not always felt welcome in Arlington Heights, due to the lack of diversity. Mr. Massari stated that he is against giving preference for affordable housing units to Arlington Heights residents, as the Village should want to get people from outside the community to move here to increase the diversity.

Other Business

None

Adjournment

Trustee Scaletta moved, seconded by Trustee Padovani, to adjourn the meeting at 10:02 p.m. Upon a voice vote, the motion passed unanimously.