Village of Arlington Heights
Housing Commission
Commissions Room 2nd Floor
Arlington Heights Village Hall
33 S. Arlington Heights Road
Arlington Heights, IL 60005
March 7, 2017
7:00 PM

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

A. Minutes 1/3/17

IV. REPORTS

V. OLD BUSINESS

A. Heart's Place Proposed Development (Vote)
B. Single Family Rehab Program
C. Group Home and Transitional Housing Program Update
D. FFY 2017 Annual Action Plan Including CDBG Budget

VI. NEW BUSINESS

A. Northwest Suburban Housing Collaborative - Health and Housing Initiative

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 1/3/17

Department: Planning & Community Development

ATTACHMENTS:

Description	Type
Minutes	Minutes

DRAFT

MINUTES OF A MEETING OF
THE ARLINGTON HEIGHTS HOUSING COMMISSION
HELD AT ARLINGTON HEIGHTS VILLAGE HALL
VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
January 3, 2017

IN ATTENDANCE:

Commissioners Present:	Mark Hellner	Namrita Nelson
	Will Delea	Alex Hageli
Commissioners Absent:	Karen Conway	Anisa Jordan

Guests: Richard Koenig, Housing Opportunity Development Corporation
Alex Pereira, UP Development
Scott Burns
Ed Liptak
Penny Liptak
Hugh Brady
Jessica Hotaling
Linda Waycie

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 Hellner, Nelson, Hageli, and Delea were present.

III. APPROVAL OF MINUTES
A motion was made by Chairman Hellner, seconded by Commissioner Nelson, to approve the minutes of the December 6, 2017 meeting with a few grammatical corrections. The motion carried unanimously.

IV. OLD BUSINESS
None

A. Single Family Rehabilitation Loan Program.
No new applications have been received.

B. Group Home and Transitional Housing Program Update

Ms. Boyer reported that the grant agreements for improvements of group homes owned by Clearbrook, Glenkirk, and Little City Foundation have been signed.

V. NEW BUSINESS

A. Heart's Place Presentation – UP Development

The Arlington Heights Housing Commission received a presentation by Mr. Richard Koenig, Executive Director of the Housing Opportunity Development Corporation (HODC), and Mr. Alex Pereira from UP Development. These organizations are jointly planning to build a 16 unit apartment building called Heart's Place. This project is proposed to be located toward the North end of Arlington Heights, about a block southeast of the intersection of Dundee and Arlington Heights Road on the same site as the earlier Boeger Place development which failed to receive Village approval several years ago due to the extents of the requested zoning variations. The proposed Heart's Place development has fewer units than the previous Boeger Place proposals and is expected to be more consistent with the Village's Zoning Code (i.e. require fewer, if any, variations). The proposed development is expected to include 16, two-bedroom, supportive housing units that will be available exclusively to people with disabilities. It falls into the Permanently Supportive Housing category and thus is intended to qualify for financing provided, at least in part, by the Illinois Housing Development Authority (IHDA).

The proposed development is being designed to provide affordable, permanent supportive housing. It is a "disability neutral" project in that residents may have any of a number of forms of disabilities including physical, mental, etc. The concept calls for the residents to be disabled and low-income, and residents would be required to pay 30% of their oncomes toward rent. The plan calls for the proposed building to include office and community space. It is expected that the Plan Commission application for this project will be submitted in mid-January. A preliminary application for financing is due to the Illinois Housing Development Corporation at the end of February. Similar buildings have recently been built in Glenview, Skokie, and Wheeling. Meyers Place in Mt. Prospect is another example of this type of housing.

The developers were asked about the demand for this type of housing. The response was that the market study indicates that there is a demand, and the other similar buildings in the area filled quickly.

The developers were asked about transportation services. The response was that there is a PACE bus on Dundee, and that they will work with transportation providers. There will be bike storage on-site, but because of the relatively small number of units, there will not be a van dedicated to the site. Residents are eligible for free Pace and CTA ride cards, township transportation services, and medical facility transportation services.

The information provided by the developer about the development stipulates that 10% of the units will be permanently affordable (as requested in the Village's inclusionary zoning toolkit for rental property), but the plan is that all of the units will be affordable and available to low income tenants. IHDA financing requires an affordability period of at least 30 years.

The Housing Commission members responded favorably to developer's response to the Village's Multi-Family Affordable Housing Policy. Based on the information received, the developer is willing to commit to establishing 10% of the units (i.e. 2 units) as permanently affordable and will provide these units in accordance with the Affordable Rental Housing Guidelines. The proposal as discussed goes beyond the minimum request that 10% of the units be affordable, and the developer intends that all of the units will be affordable and provided to low income person with disabilities. The units other than the 2 set aside as permanently affordable may be affordable for different lengths of time, and under different guidelines, depending on the sources of funding that are secured (ex. financing from the Illinois Housing Development Authority).

Mr. Koenig said that the developers were seeking a letter of support from the Housing Commission. Chairman Hellner observed that the development is appropriately named Heart's Place. He further noted that, as described, the proposed development meets the requirements of the Village's Affordable Rental Housing Guidelines. The Housing Commission responded favorably to the proposed project as described noting that the land in question has been vacant for over ten years, and perhaps more importantly because this project is very important and welcome because it would address the extreme shortage of housing for people who are low income and have disabilities.

The Housing Commission will consider the proposal further and move toward making a motion and recommendation to the Village Board after the formal development proposal (i.e. Plan Commission Application) is submitted to the Village and in light of any changes that may be made in the formal submittal.

Chairman Hellner said that he would work on some draft language for a motion (or letter of support, if appropriate) for the February Housing Commission meeting in anticipation of the formal Plan Commission application being submitted prior to the Housing Commission's February meeting. Mr. Koenig said that he would provide IHDA's recommended language.

Other Proposal:
Linda Waycie who was present to support the Heart's Place proposal stated that there is a group of 5 Arlington Heights churches in the area that are planning to meet with Village staff about potential sites for additional supportive housing in the Village.

B. CDBG Funding Strategy

Ms. Boyer said that the current CDBG program year is the last program year during which $150,000 will be used to pay the debt service on the bonds issued to finance the Senior Center. Therefore, different uses are being investigated by staff for the $150,000 in "freed-up" CDBG funds.

It was pointed out that there will be a continued need for Community Integrated Living Arrangements (CILAs) for person with disabilities because of consent decrees requiring that the State of Ilinois reduce the number of disabled persons living in institutions.

C. Timber Court

Between Housing Commission meetings, information was sent to the members of the Housing Commission about the request from one of the affordable unit owners that the affordability requirements be removed so that he could sell his unit. Staff research revealed that Village Back and Trust is willing to make mortgage loans under the affordability requirements, except they are not able to do so because of at least one pending lawsuit involving the development. The Village is not a party to the lawsuit(s). Since the legal actions, rather than the availability of mortgage financing, is the impediment to selling the affordable units, the Village has denied the request that the affordability restrictions be removed.

VI. OTHER BUSINESS

It is expected that a resident will be approved for membership on the Housing Commission on January 3, 2017.

VII. ADJOURNMENT

A motion was made by Commissioner Nelson, seconded by Commissioner Delea, to adjourn the meeting. The meeting adjourned at 8:15 pm.

NEXT MEETING: Tuesday, February 7, 2017 7:00 pm

Item: Heart's Place Proposed Development (Vote)

Department: Planning & Community Development

ATTACHMENTS:

Description	Type
Staff Report	Report
Information	Exhibits

REPORT TO THE HOUSING COMMISSION

To:	Housing Commission
Prepared By:	Nora Boyer, Housing Planner
Meeting Date:	March 7, 2017
Date Prepared	March 2, 2017
Project Title:	Heart's Place
Address:	120 & 122 E. Boegger Drive

BACKGROUND INFORMATION

Petitioner:	Up Development
Address:	900 W Jackson Blvd, 2W Chicago, IL 60607

On January 3, 2017, the petitioner for the Heart's Place supportive housing development presented the proposed project to the members of the Housing Commission. At that time, the Housing Commission was not in a position to make a recommendation to the Village Board because the petitioners had not submitted their Plan Commission application.

Since that meeting, the petitions submitted their Plan Commission application for the project. The portions of the proposal that are relevant to affordable housing are being provided to the Housing Commission.

The proposed Heart's Place project is composed of 16 two-bedroom, rental units. According to the Villages Affordable Rental Housing Guidelines, new developments containing 16-25 units are asked to set aside 10% of the units as permanently affordable. Therefore, the required number of affordable units in the project is 2. The petitioners have agreed to provide 2 permanently affordable units in accordance with the Village's Affordable Rental Housing Guidelines. The petitioners go further and have stated that all 16 of the units will be affordable under the affordability guidelines required of their other anticipated sources of financing (i.e. Cook County's Section 8 program and the Regional Housing Initiative).

The project is consistent with the Village's *2015 – 2019 Consolidated Plan* goals in that it addresses Priority Need #3 "Other Special Housing/Non-Homeless Needs" under which the Village states that it "seeks to provide transitional and permanent housing with supportive services, or supportive services alone, to enable persons with special needs who are not currently homeless but require housing assistance to live healthily and as independently as possible in the community."

The petitioner has indicated that residents may also qualify under Priority Need #2 "Homelessness" in the Consolidated Plan under which the Village states that it "seeks to ensure that every person in the community has basic shelter every night and to ensure that person at-risk of homelessness have access to emergency shelter, transitional housing, and eventually obtain permanent housing." The petitioner has clarified that the housing provided is not emergency shelter or transitional housing.

The following recommendation deals only with the proposed affordable housing units and has no bearing upon decisions and recommendations regarding land use and zoning.

Recommendation

Because the Heart's Place proposed project addresses priority need areas expressed in the Village's *2015 – 2019 Consolidated Plan* and since the petitioner has committed to fully comply with the Village's Affordable Rental Housing Guidelines and provide all 16 units at affordable rates, staff suggests that the Housing Commission recommend approval of the affordable housing aspect of the Heart's Place proposed development to the Village Board.

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

Affordability and Project Rental Rates

Heart's Place
120-122 E. Boeger Drive, Arlington Heights

Heart's Place will provide 16 2-bedroom units of rental housing in the northwestern area of Arlington Heights. **In compliance with the local Housing Commission guidelines for buildings with 6-25 units, the project will provide a minimum of 10% of all units at rents deemed "affordable" per the Guidelines.** These 2 units will be maintained at affordable rents for tenants (subject to annual inflation and local Guideline updates) in perpetuity, and recorded by deed restriction for compliance.

We plan to pursue a variety of different financing mechanisms which will determine the final rental mix. First we will pursue the Illinois Housing Development Authority's Permanent Supportive Housing Development Program, to be complemented as necessary by low interest rate loans and grants. We hold expertise in these highly competitive programs, all of which would more than satisfy the local guidelines for affordability. Ideally, all of the units will be rented at affordable rates.

Proposed market rents are contemplated at $1298 per month for each apartment at Heart's Place. This figure is contingent on the development receiving an allocation of funds from the state, as well as project-based subsidies from other sources. Rental subsidies would ensure the tenants do not pay more than 30% of their income towards the rent. The maximum tenant contribution for a 2BR unit is $1,026. This rental figure is subject to change as the financing mix changes.

We understand the VAH commitment to the creation of affordable housing and respect the "fee in lieu" imposed on developers who cannot create viable solutions to house a diverse local population. We believe affordable housing is critical for the community and are committed to ensuring Heart's Place complies with the guidelines for a minimum of 10% of the units to be rented at affordable rates in perpetuity.

Comprehensive Plan and Demand for Housing

The 2015-2019 Consolidated Plan for the Village of Arlington Heights identified that 6,465 households in Arlington Heights, nearly 21% of all households in the Village, are cost burdened or severely cost burdened by their current housing. In addition, the Plan shows that low- and moderate-income and minority households, as well as households that include members living with disabilities, the frequency of housing problems is markedly higher than for the general population. Based on this reality, the Plan argues that

> Supportive housing needs of persons with disabilities depend on the nature of their disability. Due to the lack of new construction of market rate rental units since the 1980s, the Village is lacking market rate and affordable units for persons with physical disabilities. Based on telephone calls to the Village's Disabilities Services Coordinator, the number of owner units for person with physical disabilities is also insufficient.

The development team has a strong combined portfolio of supportive housing in the Chicago metro area and elsewhere in the Midwest region, and HODC is a recognized leader in the provision of service-rich housing options in the northern suburbs. Heart's Place draws from this wealth of experience and past successes to directly respond to the growing demand for affordable and supportive housing for persons with disabilities and facing the threat of homelessness in Arlington Heights, as identified in the Consolidated Plan. Heart's Place will provide 16 units targeted towards that population through the proven highly effective permanent supportive housing model.

The Consolidated Plan reports that the current waiting list for the Albert Goedke Apartments in Arlington Heights, which provides public housing for low income senior citizens and persons with disabilities, is 170 applicants long. The proposed 16 units of permanent supportive housing will contribute a long-term, permanent solution to the housing needs of many of the Village's most vulnerable residents.

In addition to helping fulfill the need for supportive housing in the Village, Heart's Place Apartments will help create the affordable housing the Village seeks according to the Village's Affordable Multi-Family Housing Policy which looks to expand housing opportunities for all members of the community. For a project of our size, the Policy specifies housing should be at least 12% affordable and serve the population with annual income at or below the 80% AMI level. Heart's Place exceeds both of these expectations creating 100% affordable housing for individuals and families at or below the 60% AMI level.

Heart's Place will be extending high-quality housing opportunities to some of the Village's most vulnerable residents. People with disabilities often have limited incomes, and often have no alternative other than to live in inappropriate settings. 100% of the apartments in Heart's Place will be income and rent restricted through deed and regulatory agreements. The units will be restricted to people at or below 60% of the area median income (AMI). Income limits (in percentage of AMI), contract rents, and corresponding income figures for the multiple AMI levels can be found in the tables below.

The developers anticipate that his project will be assisted by a rental assistance contract through the Regional Housing Initiative, which is a collaboration of many area county housing authorities. The contract will support Fair Market Rents (FMR) for the units by requiring that qualifying residents pay 30% of their individual income at any given time for rent and utilities. The rental assistance contract then pays the balance of the rent.

All of these compliance factors are layered together and monitored by the property manager and audited annually by the State.

Heart's Place # Units	AMI	Type	Contract Rent
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12	60%	2 bedroom	$1,298
4	30%	2 bedroom	$1,298
16			

Cook County Income Limits	1 PERSON LIMIT	2 PERSON LIMIT	3 PERSON LIMIT
AMI			
60%	$31,680	$36,180	$40,740
30%	$15,840	$18,090	$20,370

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DEVELOPMENT DEPARTMENT

January 16, 2017

Ms. Jessica H. Berzac
UP Development
900 West Jackson Boulevard, Suite 2W
Chicago, Illinois 60607

RE: Demand Analysis for Heart's Place in Arlington Heights, Illinois

Dear Ms. Berzac:

We are pleased to submit the following demand analysis for the proposed construction of Heart's Place in Arlington Heights, Illinois. The property will consist of 16 two-bedroom permanent supportive housing units targeting households with a disability and/or experiencing chronic homelessness. All units will be subsidized through the Housing Authority of Cook County's Section 8 and Regional Housing Initiative (RHI) programs and tenants units will pay 30 percent of income as rent, while supportive resident services will be coordinated by the Housing Opportunity Development Corporation (HODC).

There is very strong demand for supportive housing options from local target tenant groups. American Community Survey (ACS) disability data highlights nearly 3,000 qualified individuals in the Arlington Heights alone, while a deep secondary demand pool of income-qualified households also exists. The proposed two-bedroom layouts are very versatile and can accommodate a range of household sizes—particularly families, which remain underserved by the current supply of permanent supportive housing units in suburban Cook County—and the site will maintain good access to health care, recreation, and shopping options in the neighborhood.

The development partnership has been very successful in the past in coordinating local social service agencies to identify and meet the housing needs of these target tenant groups, and similar projects in the nearby communities of Mt. Prospect, Glenview, and Wheeling are all fully-occupied with lengthy waiting lists. Given these findings, we support your proposal. Development Strategies appreciates the opportunity to assist you with this analysis. Should you or your associates have any questions about the following report, please call. We will be glad to hear from you.

Yours very truly,

Brad Beggs, MAI
Illinois State Certified General Appraiser

Jake Narup
Analyst

TABLE OF CONTENTS

APPENDIX
- Assumptions and Limiting Conditions
- Certification
- Qualifications

PROJECT SUMMARY INFORMATION

DEVELOPER INFORMATION

The developer of the subject property will be:

UP Development
900 West Jackson Boulevard, Suite 2W
Chicago, Illinois 60607

Project Description:

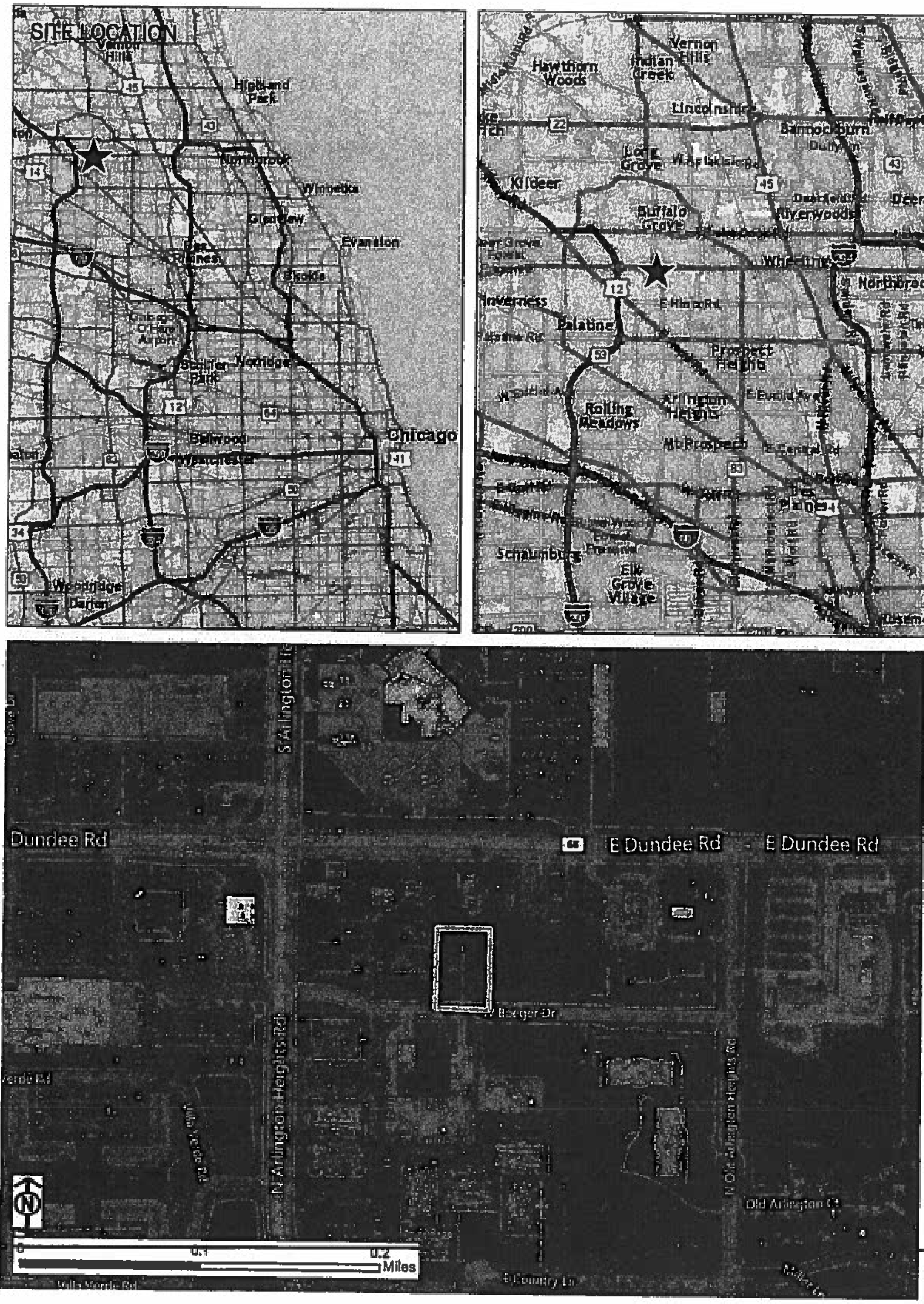
The subject of this demand analysis is the proposed Heart's Place, a new 16-unit permanent supportive housing development to be constructed at 120 East Boeger Drive in Arlington Heights, Illinois, that will be reserved for households with disabilities or experiencing chronic homelessness. Four units will be restricted to households earning below 30 percent of Area Median Income (AMI) and the remaining twelve units will be restricted at 60 percent of AMI.

The project will be partially funded by IHDA through the Low-Income Housing Tax Credit program. A Section 8 HAP contract administered by the Housing Authority of Cook County and the Regional Housing Initiative will subsidize all 16 units, while supportive housing services will be coordinated by the Housing Opportunity Development Corporation (HODC).

LOCATION

The site is located near the northern Arlington Heights near the boundary of neighboring Buffalo Grove. Boeger Drive is immediately east of North Arlington Heights Road—a primary north-south thoroughfare—and just south of East Dundee Road—a primary east-west thoroughfare and commercial corridor. Surrounding uses include several fast food restaurants, an orthodontic office, an auto care center, and a radio station. The site is within two miles of routes 53 and 83 and is easily accessible from across the northern portion of Cook County.

The following page includes a map illustrating the site's location.


SITE LOCATION
Vernon Hills
Highland Park
Northbrook
Winnetka
Glenview
Evanston
Skokie
Chicago
Hawthorn Woods
Indian Creek
Lincolnshire
Bannockburn
Long Grove
Kildeer
Buffalo Grove
Riverwoods
Wheeling
Inverness
Palatine
Prospect Heights
Rolling Meadows
Arlington Heights
Schaumburg
Elk Grove Village
Dundee Rd
E Dundee Rd
E Dundee Rd
S Arlington Heights Rd
N Arlington Heights Rd
N Old Arlington Heights Rd
0
0.1
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Miles

APARTMENT DETAILS/RENT SCHEDULE

The subject will contain 16 two-bedroom units. Four units will be available to tenants earning less than 30 percent of AMI, and twelve units available to households earning less than 60 percent of AMI. Because of the HACC and RHI subsidies, proposed rents will exceed LIHTC maximum gross rents, but tenant contributions at 30 percent of income will fall below the rent limits. The proposed unit mix is summarized in the following table.

Heart's Place

PROPOSED UNIT MIX

Unit Type	Total Units	Average Unit Size	Contract Rent	Proposed Rent/SF	Utility Allowance	Gross Rent	LIHTC Max Gross Rent
30% AMI							
2-BR/1-Ba	4	980 SF	$1,298	$1.32	$0	$1,298	$519
60% AMI [1]							
2-BR/1-Ba	12	980 SF	$1,298	$1.32	$0	$1,298	$1,039

All units will be supported by an HACC, RHI, or other subsidy and tenants will pay no more than 30% of income towards rent

The landlord will pay for all utilities including water, sewer, trash, gas heat and hot water, and electricity. The proposed two-bedroom units will range in size from 809 to 1,190 square feet, averaging 980 square feet. These layouts are very versatile and can accommodate a range of household sizes, particularly families, which remain underserved by the current supply of permanent supportive housing units in Cook County.

DEMAND/AFFORDABILITY

LOCAL DEMAND FROM QUALIFIED HOUSEHOLDS

Data from the American Community Survey (ACS) provides insight into the incidence of a number of disability types in the market. While reliable data is not available at the municipal level, the incidence of disabilities at the county level can be applied to Arlington Heights' population to provide an estimate of the number of individuals that would be qualified for the proposed units. This data is provided by age group, but we have focused our analysis on adults aged 64 and younger. Disabled adults above the age of 64 are likely to pursue alternative housing accommodation in assisted living or skilled nursing facilities.

The population distribution by age and implied disability ratios for Arlington Heights are summarized in the following tables.

Age Distribution Comparison

Age Cohort	Arlington Heights	
Total 2016 population:	76,120	
0 - 4 (Pre-school)	3,839	5%
5 - 17 (K-12)	12,083	16%
18 - 24 (College Age)	5,369	7%
25 - 34 (Early Workforce)	8,443	11%
35 - 49 (Family Years)	14,836	19%
50 - 64 (Empty Nesters)	16,888	22%
65 - 74 (Seniors)	7,372	10%
2016 Median Age	43.8	

© ESRI, 2017

Disability Ratios (Ages 18 to 64)

Disability	Arlington Heights	
Total population:	45,536	
Hearing	565	1.2%
Vision	688	1.5%
Cognitive	1,462	3.2%
Ambulatory	1,940	4.3%
Self-Care	692	1.5%
Independent Living	1,371	3.0%
Total	**3,661**	**8.0%**

Distribution based on county-level data; *American Community Survey 2010-2014*

Though individual disability rates range from 1.2 percent (hearing difficulty) to 4.3 percent (ambulatory difficulty), many individuals have disabilities in multiple categories, resulting in an overall disability rate of eight percent for those aged 18 to 64 in Arlington Heights.

Heart's Place will be disability neutral, and able to accommodate residents with a number of types of disability types. However, it will lack the on-site staff support to accommodate individuals with a self-care disability, which is defined as "having difficulty bathing or dressing". Excluding these 692 individuals lowers the overall disability rate to 6.5 percent, which represents qualified demand of approximately 2,969 individuals in Arlington Heights.

Additional support will be derived from homeless or near homeless households. According to 2016 HUD data, the suburban Cook County Continuum of Care (CoC IL-511) identified 571 households currently residing in emergency shelters or transitional housing. This includes approximately 136 households with at least one adult and one child. This subpopulation has an average household size of 2.9 persons—too large for the studio and one-bedroom units common among many existing supportive housing communities, but well-suited for the proposed layouts of Heart's Place.

Affordable Rent Analysis

We have included a secondary demand analysis identifying the number of households in Arlington Heights that are income-qualified for the proposed community. To qualify for the tax credit units, incomes of tenants must fall below 30 percent and/or 60 percent AMI for Cook County as established by HUD.

IHDA Demand Analysis

The capture rate is defined by IHDA as "the percentage of low income households needed to achieve stabilized occupancy" and is calculated by dividing the number of the proposed affordable units by the total number of income/age eligible households in the market area.[1] We have calculated the number of income-qualified households on the following pages.

The Section 8 and RHI contracts will cover all of the property's units. In this scenario, essentially any household earning less than $41,580 (the maximum income for a two-bedroom unit at 60 percent AMI for Cook County) would be eligible to live at the subject. While some tenants may have some form of income or assistance, a minimum income of zero is used to analyze demand.

We have summarized the maximum allowable LIHTC rents, the proposed rents, and the income ranges by unit type and income level in the following table.

Rent and Income Analysis

Unit Type	Average Household Size	2016 Max. Gross Rent	Utility Allowance	Maximum Affordable Rents (Net)	Proposed Contract Rents	Proposed Gross Rents	2016 Minimum Income	2016 Maximum Income
30% AMI								
2-BR	3.0	$519	$0	$519	$1,298	$1,298	$0	$20,790
60% AMI								
2-BR	3.0	$1,039	$0	$1,039	$1,298	$1,298	$0	$41,580

To quantify demand for the property, we must first determine the number of households that are qualified by income to live at the property. ESRI has provided income estimates of the number of households in the Arlington Heights, which we have summarized in the following table.

Primary Market Area - Households by Income

Household Income	2016 Estimate	
Total households:	31,461	
Less than $15,000	1,812	6%
$15,000 - $24,999	1,841	6%
$25,000 - $34,999	2,039	6%
$35,000 - $49,999	3,487	11%
$50,000 - $74,999	5,391	17%
$75,000 - $99,999	4,317	14%
$100,000 - $149,999	5,800	18%
$150,000 or more	6,774	22%
Median HH Income	$80,388	

Based on data from the previous table and the income ranges established for each unit type, we have determined that there are 7,222 households that earn less than $41,580. Of these, 2,878 households are eligible for 30 percent AMI units.

[1] The definitions of the penetration rate and capture rate are often interchangeable and switched, depending on the agency involved. For instance, the National Council of Housing Market Analysts defines the capture rate as, "the percentage of age, size, and income qualified renter households in the primary market area that the property must capture to achieve the stabilized level of occupancy."

We have summarized the capture rate calculation in the following table.

IHDA Capture Rate Calculations

	30% AMI Units	*60% AMI Units*	*Total Demand*
ESRI Estimate of 2016 Qualified Households	2,878	7,222	7,222
Total Units	4	12	16
Indicated Capture Rate (Units ÷ Qualified HHs)	**0.1%**	**0.2%**	**0.2%**

By using the IHDA methodology for calculating capture rates, the project has an overall capture rate of 0.2 percent. IHDA guidelines suggest that a capture rates up to five percent are reasonable for projects that are not age-restricted to seniors. Thus, the very low capture rates for the subject suggest that there is substantial demand for affordable rental housing. In the unlikely scenario that the property stops serving a targeted tenant base with disabilities, these figures indicate the property would continue to be successful as traditional affordable housing.

DETAILED DEMAND ANALYSIS

To more accurately determine the capture rate for households that would be interested in renting units at the subject, we will eliminate homeowners from the field of potential renters and make an additional adjustments for household size. Further, we have determined that 75 percent of the units will be rented by households within the Arlington Heights, so only these units will be used in the capture rate calculations.

Renter Household Ratio

We start by subtracting the portion of renters that are not necessarily in the market for rental housing similar to the subject, as well as those that already own a home. According to 2016 ESRI estimates, approximately 24 percent of the households in Arlington Heights area are renters. However, given the cost of home ownership in the area, low-income households are much more likely to rent. Approximately 45 percent of households qualified for 30 percent AMI units rent, while 40 percent of those qualified for 60 percent AMI units rent.

Household Size Ratio

As the subject will offer only two-bedroom units, not all households will be willing to rent the units due to their household size. While a two-bedroom unit could accommodate an individual, we have focused on households of two to four persons, which comprise 62 percent of all households in Arlington Heights.

Market Area Ratio

We have estimated that 75 percent of the demand for the subject property will come from the village of Arlington Heights, with the remaining 25 percent coming from other parts of Cook County. Therefore, the capture rate calculations for the primary market area are based on twelve of the subject's 16 units.

Our detailed capture rate calculations are summarized in the following table.

Summary of Demand from Income-Qualified Households

	30% AMI Units	*60% AMI Units*	*Total Demand*
ESRI Estimate of 2013 Qualified Households	2,878	7,222	7,222
Renter Household Demand	45%	40%	41%
Household to Size Ratio	62%	62%	62%
Qualified Renter Households	803	1,791	1,836
Units Serving Income Group	4	12	16
Demand from Primary Market Area	75%	75%	75%
Units Serving Primary Market Area	3	9	12
Indicated Capture Rate (Units ÷ Qualified HHs)	**0.4%**	**0.5%**	**0.7%**

Given the small number of proposed units, detailed capture rates remain very low. The capture rate for 30 percent units is 0.4 percent, while 60 percent units generate an overall capture rate of 0.5 percent. The project's overall capture rate is 0.7 percent, highlighting significant demand for affordable housing.

Overall Housing Need

The target tenant pools identified above will be further supplemented by referrals from HODC and partner social service providers such as WINGS, the Kenneth Young Center, and Alexian Brothers. The development partnership has been very successful in the past in coordinating these groups to identify housing needs within the community and advance a viable product to meet them.

HODC recently opened Axley Place, a similar 13-unit permanent supportive housing community in nearby Glenview (six miles southeast) in late 2016. The community includes a combination of one-, two-, and three-bedroom units and was fully-occupied upon completion. HODC capped the Axley Place waiting list at 100 applicants—nearly ten applicants for each unit—and Mr. Koenig indicated that a large number of additional households showed interest in applying. This represents a waiting period of several years for most qualified households, and highlights only a fraction of the demand for housing of this type.

UP Development has also completed several similar projects targeting tenants with mental disabilities. Myers Place awas the first supportive housing development of this type completed in the northwest suburbs in 2013 and is located in neighboring Mt. Prospect. Demand has been overwhelming since its completion. Upon opening the application window approximately 150 submissions were made in the first several hours, essentially filling the property immediately. The waiting list was reopened in 2015 for a brief period, reaching its maximum length of 50 applicants within one hour. A second property, PhilHaven, opened in Wheeling in late 2016. Several hundred families attempted to apply the first day applications were accepted, with the waiting list for some unit types closing within four hours.

CONCLUSIONS

Heart's Place will create 16 two-bedroom permanent supportive housing units serving low-income disabled and homeless households. There are very few affordable housing options in Arlington Heights and neighboring communities, and no affordable facilities in the village that provide services for the targeted tenant base. The general demand for any type of affordable housing in Arlington Heights remains largely unmet, as evidenced by a very low capture rate of 0.2 percent under IHDA's methodology for calculating demand, and ACS data highlights nearly 3,000 qualified disabled individuals in the village.

The development team has had success in the past in meeting the supportive housing needs of the target group in other suburban Cook County communities. The property's coordination with local social service agencies will provide a significant number of supplementary tenant referrals, and the proposed two-bedroom layouts will accommodate larger households that have been historically ill-suited to studio and one-bedroom permanent supportive housing units. Overall, the project will have no negative impact on existing subsidized and market rate properties in the area and will be an asset to the community while filling an existing housing gap.

VIII. Appendix

1. Assumptions and Limiting Conditions
2. Certification
3. Qualifications

ASSUMPTIONS AND LIMITING CONDITIONS

This economic analysis and study of housing needs is subject to the following limiting conditions and assumptions:

1. Information provided by various secondary sources is assumed to be accurate. However, this information cannot be guaranteed or construed to represent judgments by the consultant. Such information and the results of its application by the consultant are subject to change without notice.

2. The future course of the Cook County economy is based on our current understanding of the market and representations made to us. The future course of residential development is difficult to predict and our forecast is subject to change, although we deem our projections as reasonable given current information available.

3. We have analyzed the current economic conditions in the primary market area and have taken them into consideration in making our projections. However, should the local, regional, or national economies suffer a major recession or depression, this will have a material effect on our projections.

4. Our analyses, opinions, and conclusions were prepared in conformance with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, of which Brad Beggs is a member.

CERTIFICATION

Development Strategies understands that this demand analysis is to be submitted to the Illinois Housing Development Authority (IHDA) and we certify that IHDA may rely on the data included in this document in its review of competing tax credit and financing applications. We agree to answer any questions regarding this report and our knowledge of the development proposal from IHDA staff and commissioners.

Development Strategies certifies that, to our knowledge and understanding:

- All information and procedures used to establish the study were from factual data and prepared in a professional manor.
- Development Strategies meets IHDA's requirements for professional services firms, including registration with the Illinois Department of Revenue to conduct business in Illinois, adequate insurance coverage, business tenure, and knowledge and experience in preparation of market studies for affordable housing projects using federal, state, and local funding.
- Development Strategies is a member of the National Council of Housing Market Analysts.
- Neither Development Strategies nor any of its employees has any direct or indirect identity of interest with any member of the sponsor's development team.
- Neither Development Strategies nor any of its employees has any direct or indirect ownership interest in the project.
- Our fee for preparation of this study does not rely in any way on the recommendations contained herein.
- No undue pressure or collusion with our client or its representatives exists in the findings and determination of the report.
- We have personally inspected the market area of the proposed development, including the site of the proposed development and each of the competitive properties.

Development Strategies, Inc.

Brad Beggs, MAI

Jake Narup

JAKE NARUP

Real Estate & Policy Analyst

EDUCATION

Master of Urban Affairs,
Saint Louis University,
St. Louis, MO, 2013

Bachelor of Arts, Sociology and Political Science, University of Illinois, Champaign, IL 2011

CAREER SUMMARY AND BACKGROUND

Jake's experience is based in neighborhood development and outreach, where his work has focused on creating cohesive communities through resident empowerment. He works with the research team on various projects that include demographic and economic analyses, market research, and other research assignments.

Jake has been involved in a variety of projects including market studies, economic impact analyses, corridor studies, feasibility analyses, and various other projects. Prior to joining Development Strategies, Jake worked as a university research assistant in public policy, contributing to various neighborhood development initiatives in the city of St. Louis. Previously, he was a staffer in a community organizing office performing research and community outreach duties to assess the health impacts of environmental pollution in low-income neighborhoods.

EXPERIENCE

Market Studies

- Examine the feasibility of various proposed Low Income Housing Tax Credit (LIHTC) developments and/or rehabs in many states throughout the country including Missouri, Illinois, Pennsylvania, California, Michigan, the District of Columbia, and others.
- Compile demographic and housing data for market reports, including the creation and organization a database for affordable housing complexes in the St. Louis region.
- Examining the feasibility for potential residential and mixed-use development by gathering and analyzing data for sites in the St. Louis, Chicago, and Kansas City regions.
- Assessing market support for the reuse of the historic National Maritime Building in Manhattan, New York as a mixed-use medical facility.

Economic Impact Analysis

Data collection and research modeling economic impacts for the remediation and redevelopment of the River City Business Park, a brownfield site located in St. Louis, Missouri.

Neighborhood Plans

Provide market analysis and strategies, as well as economic strategies to help revitalize neighborhoods and districts.

Corridor Plans

Data collection and analysis for the future development of several nodes and neighborhoods in Kansas City, Missouri and Kansas, City, Kansas. Analysis of demographic and income projections, rental housing , for-sale housing, office space and retail demand.

Appraisals

Contributed to appraisals of newly built or rehabilitated multi-family and mixed-use properties in many cities including St. Louis, Chicago, Pittsburgh, Detroit, Kansas City, Los Angeles, Milwaukee, and others.

BRAD BEGGS MAI

Principal, Vice President

EDUCATION

Master of Business Administration
Washington University
Olin School of Business, 1991

All coursework completed and examinations passed for Master of Construction Management
Washington University
Sever Institute of Engineering

Bachelor of Arts, Architecture
Washington University
School of Architecture, 1990

REGISTRATIONS

Appraisal Institute, MAI

Certified General Real Estate Appraiser
- *Georgia 362070*
- *Illinois 153001237*
- *Indiana CG40500281*
- *Kentucky 4879*
- *Michigan 1201074684*
- *Minnesota 40428193*
- *Missouri RA2973*
- *Ohio 2014004574*
- *Pennsylvania 4146*
- *Tennessee 4616*
- *Wisconsin 1928-10*

Temporary license status in several states

PROFESSIONAL MEMBERSHIPS

Appraisal Institute (MAI)

CIVIC ACTIVITIES

Habitat for Humanity of St. Louis
- *Board of Directors, 2011 - Present*
- *Project Development Committee*
- *Real Estate Committee Chairman*

CAREER SUMMARY AND BACKGROUND

Brad is principal-in-charge of Development Strategies' real estate consulting division and also leads the firm's appraisal practice. With education in architecture, business, and construction management—in addition to 25 years' tenure with Development Strategies—he brings a high level of expertise and credibility to each project.

He is a recognized expert in real estate valuation and has provided testimony in a variety of cases where the accurate value of property has been an issue. The valuations provided for these cases are easy to defend, as Brad uses his experience and the resources of Development Strategies to build a strong case for his conclusions.

His knowledge of the national real estate market has been a valuable asset that the firm has used in many consulting assignments. Brad has conducted or lent his experience to a wide variety of appraisals, market analyses, feasibility studies, highest and best use analyses and other projects requiring economic research and data analysis. He is an approved appraiser and market analyst for many lending institutions, state and local housing agencies, and the United States Department of Housing and Urban Development (HUD).

Brad acknowledges the great value and efficiency technology affords our industry and he is responsible for ensuring Development Strategies' computer network and information systems assist our professionals in making the best use of their time and resources. He was instrumental in creating a full time staff position for a Geographic Information Systems (GIS) professional who now assists with nearly every project handled by the firm.

EXPERIENCE

Brad has been involved with various market and investment value appraisal assignments of multifamily residential, commercial, industrial, and institutional properties, including vacant land as well as mixed-use projects, primarily in the Midwestern United States. He is recognized as an expert in the field of affordable, mixed-income, mixed-use, and market rate housing and has completed work on projects throughout the United States.

He is actively involved in the following types of projects:

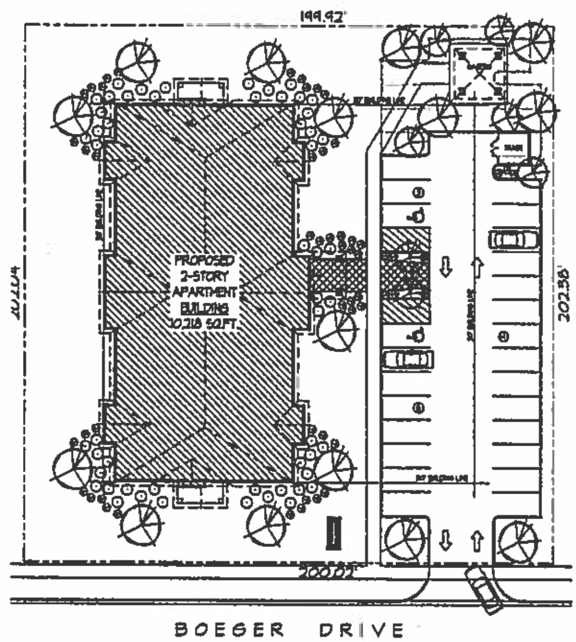
- Expert testimony given in federal court, circuit court, and numerous depositions and condemnation hearings regarding issues of value. Non-testimony assistance provided in a number of additional court cases
- Valuations involving low-income housing and historic tax credits, grants, and favorable financing
- Valuation and commentary on value methodology provided for real estate tax appeal cases
- Market studies, rent comparability studies, and repositioning analyses for Section 8 and other deeply subsidized housing projects
- Market and feasibility analyses, including focus group discussions and surveys, for various single-family and multiple-family housing developments in urban, suburban, and small town settings
- Market and investment value appraisals of Choice Neighborhood and HOPE VI public housing redevelopment projects in many cities
- Market analysis and redevelopment plans for numerous mixed-use districts including retail, office, hotel, and residential uses
- Hotel market studies and appraisals
- Valuation of special use properties, including schools, museums, sports facilities, concert halls, theatres, churches, etc.
- Highest and best use analysis and development strategies for a wide variety of properties in all types of locations

HOUSING
OPPORTUNITY
DEVELOPMENT
CORPORATION

UP Development, LLC

Heart's Place – Arlington Heights, IL

Heart's Place will be a new construction apartment building at 120 & 122 E. Boeger Drive in Arlington Heights, IL. This is the same site as the previously IHDA-approved Boeger Place (2010 LIHTC Award), which was denied by the Village Board due to requested variances, specifically for parking reductions and increased density. Now re-designed as a small, family permanent supportive housing development, Heart's Place will be a 16-unit apartment building targeted towards people living with disabilities and needing access to services. The first floor will be a mixture of ancillary residential spaces including offices, laundry and a community room. The unit mix will include two bedroom apartments of various sizes and targeted to different referral lists, all qualified as supportive households (please see project timeline and details on the next page).



The Project site has been vacant for many years, is located in a well-established mixed-use area and is conveniently located near many public and private amenities. The surrounding area incorporates multi-family developments, commercial uses, recreational areas and public schools along West Dundee Road, a major roadway in the area. Additional amenities within walking distance include retail stores, restaurants, a bank, and a pharmacy, in addition to parks, schools, and healthcare facilities. Arlington Heights offers many opportunities for employment in multiple sectors likely to have wages consistent with affordable housing, such as retail, service, manufacturing, and hospitality.

Heart's Place residents will have access to a full spectrum of supportive services, including case management, life & parenting skills, and employment support, that are individually tailored to their needs and designed to encourage independent living. Services will be offered through a network of community-based service providers under the coordination of the Housing Opportunity Development Corporation ("HODC"). HODC has many years of experience partnering with supportive services agencies throughout the north and northwest suburbs including Thresholds, WINGS, Catholic Charities, CEDA Northwest, Center of Concern, Journeys, Kenneth Young Center, Alexian Brothers, TLS for Veterans, Access Living and others. HODC has a reciprocal relationship with many of these agencies for tenant referrals and the provision of on-site services for residents at its residential developments, which ensures that residents have access to the programs and services they need to remain independent.

HOUSING OPPORTUNITY DEVELOPMENT CORPORATION

UP Development, LLC

This project is a strong candidate for IHDA's new Permanent Supportive Housing Development Program, a new program created to fund small supportive housing projects that are not a good fit for Tax Credit funding. This new program recognizes the realities and needs of communities such as Arlington Heights, where there is a serious deficit of supportive housing but the development size is limited by the largely built-out nature of the community. Heart's Place was thus carefully re-designed to meet the state's requirements, the goals of the Arlington Heights community, and the needs of the vulnerable populations it will serve.

Project details:

Timeline

PUD & IHDA Applications	February 2017
Closing / Start Construction	Summer 2017
Begin Marketing / Lease-up	Spring 2018
Finish Construction	Summer 2018
100% Occupancy	Winter 2018

Building height	24'-6"
Number of stories	Two
Number of units	16
Tenancy structure	Rental
Green features & Sustainable design	- Enterprise Green Communities 2015 Certification - HERS rating of 75 or lower

HOUSING OPPORTUNITY DEVELOPMENT CORPORATION

UP Development, LLC

Plan Commission
Village of Arlington Heights
33 S. Arlington Heights Road
Arlington Heights, IL 60005

RECEIVED
FEB 14 2017
PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT

Re: PUD proposal for Heart's Place – 120 W. Boeger Dr. & 5 W. Dundee Rd.

February 10, 2017

Dear Members of the Plan Commission,

Please accept the enclosed materials as our submittal for a PUD proposal for the Heart's Place development, to be located on the adjoining lots at 120 W Boeger Dr (PIN 0308100054) and 5 W Dundee Rd (PIN 0308100053).

Heart's Place will be a 16-unit, Permanent Supportive Housing apartment building for people living with disabilities and in need of supportive services, to be developed using competitive low-interest loans and grant funds from the Illinois Housing Development Authority. As you know, the Village Board denied the requested variances for a different supportive housing project in 2010, with the majority of the Board comments relating to density and parking variances. As the land has remained vacant in the years since, the project is now redesigned to eliminate those variances and the current building scope and program design are tied very closely to the Village's goals. Demand for Heart's Place is expected to far surpass the limited number of units represented in this proposal, as evidenced in the market study as well as seen in our shared leasing experiences of similar developments.

In response to several non zoning related questions raised in the Plat & Subdivision committee, please see below:

1. **What is the target population of Heart's Place?**
   Heart's Place will be a disability-neutral Permanent Supportive Housing (PSH) development. That means that residents considered for Heart's Place will include adult family members or individuals with any sort of disabling condition (physical, developmental, or mental) that is serious enough to cause a disability, but not so serious as to require institutional or supervised living. A variety of household compositions – including parents with children, related adults, unrelated 'roommates', and persons that require live-in assistance – will be considered.

HOUSING OPPORTUNITY DEVELOPMENT CORPORATION

UP Development, LLC

2. **Will Heart's Place house homeless individuals?**
   Heart's Place will not provide emergency shelter or transitional housing for the homeless. As a PSH development, and in accordance to Priority Need #3 identified in the Consolidated Plan, it will enable persons with special needs who are not currently homeless to live healthily and as independently as possible. Additionally, in accordance to Priority Need #2, Heart's Place will work with referral agencies and service providers to provide permanent homes to households in the community who are at risk of homelessness or were formerly homeless.

   HODC is proud to partner with Wings, Pads and other well respected area agencies on this project, all of whom will have access to units for tenant referrals.

3. **What security measures will be provided within the property?**
   Heart's Place will have security cameras in all common areas, both inside and outside. Management staff, maintenance staff, case managers and service providers will be present at the site during business hours to provide management, maintenance, and supportive social services as needed.

Thank you for this opportunity to bring much-needed affordable and supportive housing to Arlington Heights. Please accept this invitation to tour either a HODC or UPD permanent supportive housing development in advance of the public hearing. Our shared experience is that individuals who are not familiar with the product type are very impressed with a tour and opportunity to meet residents who have benefited so greatly from a municipal commitment to those with special needs. We look forward to receiving your comments and answering any questions that may be pending about the project.

Sincerely,

Richard Koenig
Executive Director
Housing Opportunity Development Corporation