Village of Arlington Heights
Housing Commission
Virtual Meeting
Arlington Heights, IL 60005
March 2, 2021
7:00 PM

I. CALL TO ORDER

A. In response to the COVID-19 pandemic, this meeting is being held virtually, which permits the public to fully participate via their computers or using their phones.

To participate in the virtual meeting, please follow these instructions:
https://bit.ly/3uGPrpd

Individuals who wish to comment or ask a question on an item on the Agenda may either participate virtually or send an email to the Village at nboyer@vah.com. Please limit emails to 200 words or less. To be shared at the meeting, the email must be received by 3:00 p.m. on the day of the meeting.

II. ROLL CALL

III. APPROVAL OF MINUTES

A. Minutes 2/2/21

IV. REPORTS

V. OLD BUSINESS

A. Affordable Housing Trust Fund Discussion

VI. NEW BUSINESS

A. 310 Arlington Development Affordable Housing Plan
B. 425 Arlington Development Affordable Housing Plan

VII. OTHER BUSINESS

A. Rescheduling of Housing Commission's Regular Monthly Meeting Day

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.

Housing Commission
3/2/2021

Item: Minutes 2/2/21

Department: Planning & Community Development

ATTACHMENTS:

Description	**Type**
Minutes	Minutes

Draft

MINUTES OF A MEETING OF
THE ARLINGTON HEIGHTS HOUSING COMMISSION
VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
February 2, 2021

IN ATTENDANCE:

Commissioners Present:	Andrew Tripp	Ken Kiefer	
	David Miller	John Eggum	
Commissioners Absent:	William Delea	Jennifer Sweiss	Alex Hageli
Staff Present:	Nora Boyer, Housing Planner/Staff Liaison		

I. CALL TO ORDER

The meeting was called to order at 7:00 p.m.

II. Roll Call

The following Commissioners responded to roll: Tripp, Kiefer, Eggum, & Miller.

III. APPROVAL OF MINUTES

A motion was made by Commissioner Miller, seconded by Commissioner Eggum to approve the minutes of the November 17, 2021 meeting.
The motion was approved
Ayes: Tripp, Kiefer, Eggum, & Miller
Nays: 0.

IV. REPORTS

None

V. OLD BUSINESS

A. Rental Registration Program

Ms. Boyer said that she forwarded the information about the possible expansion of the rental registration and inspection program to staff. Staff is requesting more time to evaluate the information.

Commissioner Eggum suggested that his thoughts on the process for this would be to get staff feedback; for the Housing Commission to decide if it is something they want to develop; the Housing Commission would put something together (a document) – including addressing any differences with staff; and the Housing Commission would provide the document and recommendations to the Village Board. There was concurrence on this plan.

B. Single Family Rehab Program

Ms. Boyer reported that there are two active cases. One case has been approved by staff since it is under $10,000. It involves mold removal in a bathroom, replacing damaged kitchen vinyl flooring, and tile work in a second bathroom. The applicants for the second case have been determined eligible for the program and the scope of work is being developed.

C. Affordable Housing Trust Fund

Ms. Boyer explained that Village Board is asking the Housing Commission to recommend priorities for the use of Trust Fund monies and the process for making distributions. Staff provided a memo with table including categories of potential priorities that can be ranked as high, medium and low; and staff provided its rankings to serve as a starting point for the Commissioner's discussion. The Village Board has requested the Housing Commission's recommendations on priorities and process by the end of the summer (2021).

It was decided that there would be initial discussion about the priorities as presented in the tables. A line-by-line ranking could be done when there are more Commissioners present.

<u>Activity Type 1</u> Creation and preservation of Attainable Housing including, without limitation, new construction, rehabilitation and adaptive reuse.

Commissioner Miller stated that he looked at the priorities in terms of what would provide the most benefit from the largest number of people. He said that new construction of single-family homes would be a great benefit to a family but multi-family developments would have a greater impact on the community. He said that he had a leaning toward the thought of working with non-profit organizations.

Commissioner Keifer comments that he would agree with focusing on larger units and larger families. He likes that idea of preservation and reuse of buildings; although he could see saving some of the more affordable single-family homes. He said he is also supportive of group homes, supportive housing and transitional housing.

Commissioner Eggum sad that he agreed with a lot of what was said. He things that prioritizing non-profits makes sense, but would leave the door open for for-profit developers submitting a community minded project at possibly lower than typical returns. He said being open to for-profit developers seems fair since for-profit developers are making the payments that are deposited into the Trust Fund. He said that generally single-family home projects don't seem like the best use of funds. He is open to rehab projects and would be open to a townhome development situation. He agreed that because funds are limited, it is important to think about how to help the most people. Commissioner Eggum commented that there seems to be a high level of interest in the market for developing multi-family affordable housing in the new construction area, so it may be best to use the Trust Fund for other purposes.

Commissioner Tripp said that he was in agreement with the other Commissioners. He said that rental housing seems like the best place to concentrate, and nonprofit affordable housing developers may be a good target for partners.

Ms. Boyer said that staff did not place a high ranking on homeownership programs because the Village currently has a homeownership program from another source. Rental and preservation uses for the Trust Funds were highly ranked by staff.

Activity Type 2 Acquisition and disposition, including without limitation, vacant land, single family homes, multi-family buildings, and other existing structure that may be used in whole or in part to provide Attainable Housing

Ms. Boyer said that staff was open to the possibility of land acquisition if it would support a development, but it was not ranked as highly or a mixed-income project. She said that staff thought the Village could take a role in acquisition of multi-family rental buildings. She ranked rental assistance as low because those funds would not come back to the program for re-use.

Commissioner Miller said that money returning back in would be ideal and make the most impact with the funds.

Commissioner Eggum said that he did not think that land acquisition is the best use of funds unless there were some opportunity such as through the Cook County Land Bank where vacant property could be brought into the Village for development

Commissioner Keifer said that he is families with the type of land acquisition (land bank) referred to by Commission Eggum but was uncertain if there would be enough opportunity of this type to make it a priority. He said that he would prioritize homebuyer assistance a little more – to bring younger and other new households into the Village and would rank this as a high priority.

Commissioner Tripp concurred with the other Commissioners.

Activity Type 3 Payments for costs incurred in connection with administering the Housing Trust Fund

Ms. Boyer stated that staff ranked costs for administering the Trust Fund (at 5-15%) as high. Some municipalities contract out some of this administration. Predevelopment costs when working work a non-profit were also ranked high. Predevelopment costs for for-profits was ranked lower.

Commissioner Eggum stated that direct costs for administering the Trust Fund make sense as long as this doesn't mean spending a large amount on consultants. He said that he is adverse to using Trust Fund monies for predevelopment costs since qualified development partners should have the capacity to fund these costs themselves. He said he would not be opposed to the Village paying a proportional cost of these costs at the end of a completed project. His concern was paying for predevelopment costs and the project not advancing to completion.

Commissioner Miller said that he looked at these costs as costs that the Village might incur if it wanted to work on a concept and a development team would be selected to work on that concept. Commissioner Eggum suggested that the Village may be able to get some of those services free of charge from professionals who are already involved with the Village on commissions, etc.

Commissioner Tripp agreed that the Village should be cautious about predevelopment costs but is somewhat more receptive for a non-profit entity.

Priority Populations
Ms. Boyer said that most of the priorities were discussed during the development of the Inclusionary Zoning discussion. She said that larger families were prioritized due to feedback from non-profits that there is a lack of housing units for large households.

Commissioner Eggum said that that seems reasonable given that affordable units in development that have been seen lately. This could be re-evaluated from time to time which is a reason for better data on rental housing in the Village

Commissioner Tripp said the priorities accurately reflects what was discussed with respect to the ordinance.

Commission Keifer agreed and liked the emphasis on larger households.

Forms of Assistance
Ms. Boyer said that staff leaned toward loans under various terms rather than grants so that funds could be returned and reused. This was the case for for profit and nonprofit with more interest in 0% interest loans for nonprofits.

Commissioner Miller said that he leaned more toward the non-profit developers and loans over grants with a little more favorability for nonprofits. Commissioner Eggum and Commissioner Tripp agreed.

Commissioner Keifer commented that we would not want to discourage for-profit developers. At this stage everyone is welcome.

Commissioner Eggum suggested guidelines that for-profit developers are welcome but projects funded by the Trust Fund are to be community project that maximize the use of the funds for the benefit of communities.

Commissioner Miller said that there may even be some benefit to for-profits that may be in a better position to come in, but he agreed that the point that the if Trust Funds are involved that community benefit is important.

Commissioner Tripp added that it may be appropriate to use Trust Fund monies for a for profit or nonprofit developer who is trying to meet the affordable housing guidelines but is having trouble doing so. Commission Miller thought that the more likely process is that the Village be proactive in seeking a development, and less likely to be reactive to a developer.

Other Consideration
To be discussed later possibly as part of evaluating RFPs.

Public Comment on Trust Fund
Ms. Boyer said that she received request from some people from the public who wanted to describe a project they have been working on. This has not been made public before. Since the development

is not on the agenda, the commissioners were asked to only listen to the proposal and not ask questions or deliberate on the proposal. The developer was informed in advance about this concern, and they can be ask to be put on an agenda in the future.

Jordan Bartel introduced himself as from a nonprofit owner, manager and developer of affordable housing called Full Circle Communities. They work mainly in the Chicago area doing small to large developments including housing for seniors, veterans, families, etc. They reinvest funding into projects for supportive services at the housing. The concept for Arlington Heights has been worked on the NW Suburban Task Force. The concept is a 31-unit multi-family rental building of supportive housing (housing and supportive services). It would be targeted to veterans and persons with disabilities at 60% and 30% of area median income. There is always on-site staffing. There would be amenity spaces like community room, computer room. They are working on submitting for IHDA financing in the fall. They are working on getting the concept more refined and getting community support. They have some grant funds from some other sources. He commended the Village for having a Trust Fund and the Inclusionary Housing Ordinance. It shows the recognition to the need for affordable housing and commitment to make ti happen. He said this type of funding is important because it helps with financing and it also makes their IHDA application more competitive. He recommended that the Village try to coordinate its Trust Fund process and schedule with IHDA's process. This would help make the Trust Fund have an even bigger impact.

Linda Waycie said she chair of the AH Faith in Cation Team which is made up of seven churches in Arlington Heights. This team brought support for Heart's Place supportive housing which is a small building so the group is looking to help with a larger supportive housing development in Arlington Heights. She stressed that a Trust Fund contribution would help with the score for IHDA funding. She said the need for this type of housing is very great. She told a story about residents benefitting from this types of housing.

Mr. Moens said went back to the priority populations and senior and elderly households. He commented on the Village Board taking senior housing out of the Inclusionary Housing Ordinance. He commented that the Village has missed out on two senior developments having affordable units so far. He asked if the Trust Fund is going to compensate for not getting affordable units through the Ordinance. He asked if a very high priority could be put on seniors. Ms. Boyer responded that it is not meant to compensate necessarily. Senior housing has been a priority and it is being added to the Trust Fund guidelines which does not have priority populations. Mr. Moens asked if there is a possibility of putting senior housing back in the Inclusionary Zoning Ordinance. Ms. Boyer said that could be perhaps done at a later time. Commissioner Eggum commented that the combination of housing and services in senior communities is why it was excluded at this time. He said that the Ordinance if fresh enough that the HC is not ready to make discreet recommendations on changes to the Ordinance at this time.

Mary Vickers commented the developments being talked about are probably on the southern part of town and that the amount of high-density units on the south part of town should be evaluated including how more multi-family units would affect the involved school districts. She commented that schools serving the south end of the Village already have higher proportions of low-income students.

Laurie Grainawie commented she is part of the NW Housing Task Force that serves as a catalyst for supportive housing. She discussed the great need and waiting lists of supportive housing. Her son waited 4 years for a unit in Meyers Place in Mt. Prospect. She said she is also involved with the League of Women Voters of Arlington Heights that is supportive of supportive housing. She said that she understands the priority for larger families but also prioritizes seniors and persons with disabilities that tend to be small households.

Brian Larson commented that raised issue of regarding large households. He said that it was commented that there are a lot of smaller apartments but they are often not accessible. He asked that more mobility accessibility be considered as being needed and commented that senior often need mobility accessible units.

Melissa Cayer recommended removing the Village food and beverage tax. She also suggested having mixed income levels in an area

George Motto said he is a member of the Senior Citizens Commission and Chairman of the Age Friendly Communities Initiative. He mentioned that a senior survey was done. He said the some were dismayed by the removal of senior housing from the Ordinance, but he understands. He said he is encouraged by the Trust Fund because senior often need housing and services and Village involvement may be needed to bring that about. Under the Age Friendly Communities Initiative, there will be priorities for a communication center and senior housing. He said they hope to open communications among the involved commissions, and he likes the idea of proactively seeking the kind of housing the fits our needs.

Jerri Wasser from Reclaim Northwest Suburbs would like to senior periodized and age in place programs so people can stay in their homes. He said that nonprofits should have priority for loans over for profit developments. She said that it would be interesting to look into the community land trust. Idea. She asked about how the Village determines where the needs in the community are. Commissioner Eggum said that the priorities were taken from the Inclusionary Zoning discussions. The Housing Commission has been talking about how to get more robust data on housing needs. Ms. Wasserman suggested a community survey for how to used the Trust Fund in addition to taking public comment at this meeting.

Commissioner Eggum suggest that the Village talk to someone at IHDA to get a better understanding of their process and how coordinate with them for the best use of the Trust Fund. Ms. Boyer said that she will contact IHDA.

VI. NEW BUSINESS – None

VII. OTHER BUSINESS

VIII. ADJOURNMENT

A motion was made by Commissioner Eggum, seconded by Commissioner Keifer to adjourn the meeting. Ayes: Tripp, Eggum, Keifer, & Miller. Nays: none

Next meeting Tuesday, March 2, 2021 7:00 pm
An alternative meeting day will be discussed for the future.

Housing Commission
3/2/2021

Item: Affordable Housing Trust Fund Discussion

Department: Planning & Community Development

ATTACHMENTS:

Description	Type
Affordable Housing Trust Fund	Exhibits

MEMORANDUM

To: **Chairman and Members of the Housing Commission**
From: **Nora Boyer, Housing Planner**
RE: **Affordable Housing Trust Fund – Priority Activities and Process**
Date of Meeting: **March 2, 2021**
Prepared: **February 23, 2021**

The continuation of the discussion of priorities is on the agenda for the virtual Housing Commission meeting on March 2, 2021.

A summary of the discussion of the priorities from the February 2, 2021 Housing Commission meeting may be found in the minutes of the February 2nd meeting.

To this memorandum, I am attaching the memorandum from the February 2, 2021 Housing Commission meeting and the staff priority rankings. As stated at the February meeting, the staff rankings are provided as a jumping off point the Housing Commission's to develop its rankings. They are provided for the benefit of the Housing Commissioners who were not able to attend the February 2nd meeting.

Please have your own rankings available for discussion at the virtual March 2, 2021 Housing Commission meeting.

Recommendation:

It is recommended that the Housing Commission rank the above activities, priorities, and other considerations individually and bring those rankings to the March 2, 2021 Housing Commission for discussion. After completion of this consensus-building process, the Housing Commission will be asked to move forward to refine the process for the Trust Fund.

MEMORANDUM

To:	**Chairman and Members of the Housing Commission**
From:	**Nora Boyer, Housing Planner**
RE:	**Affordable Housing Trust Fund – Priority Activities and Process**
Date of Meeting:	**February 2, 2021**
Prepared:	**January 28, 2021 (v. 3)**

Background

In 2013, the Village Board approved the creation of the Arlington Heights Affordable Housing Trust Fund. The purpose of the Arlington Heights Affordable Housing Trust Fund (Village Code Chapter 7, Sections 1201-1208) "is to address the attainable housing goals, policies and programs of the Village Board by….providing sustainable financial resources to address the Attainable Housing needs of Eligible Households in Arlington Heights; and preserving and producing dedicated Attainable Housing."

Revenue into the Trust Fund may come from several sources specified in the Trust Fund Ordinance. To date, the revenue into the Trust Fund has come from the sale of the Village's tax-exempt bond cap and fees in lieu of affordable housing units paid by multi-family housing developers.

In 2020, the Village Board approved and Inclusionary Housing Ordinance that formalized the Village's affordable housing unit and fee-in-lieu requirements.

Previously, the Housing Commission recommended that funds be built-up in the Trust Fund to around $500,000 before making any allocations for eligible activities. The current balance in the Trust Fund January 26, 2021 was $453,814.85.

The Affordable Trust Fund ordinance provides general statements (see next section) concerning activities that are eligible for Trust Fund allocations and an abbreviated process for activity approval. Now that funds have accumulated into the Trust Fund, the Village Board has asked staff the Housing Commission to make recommendations regarding uses and process for the Trust Fund. These recommendations are due to the Village Board by late summer 2021.

Trust Fund – Activity Types:

According to Village Code, the use of Housing Trust Fund resources shall be limited to supporting, in whole or in part, one or more of the following Eligible Activities:

1. Creation and preservation of Attainable Housing including, without limitations, new construction, rehabilitation, and adaptive reuse;

2. Acquisition and disposition, including without limitation, vacant land, single family homes, multi-unit buildings, and other existing structures that may be used in whole or part to provide Attainable Housing;

3. Payments for costs incurred in connection with administering the Housing Trust Fund. No costs shall be reimbursed except pursuant to a written agreement between the Village and any third-party approved by the Village to administer a program or a funded program.

In order to facilitate the Housing Commission's discussion of specific uses of the Affordable Housing Trust Fund, staff is presenting options that may be ranked by the Commissioners as High, Medium, or Low.

ACTIVITY TYPE 1: Creation and preservation of Attainable Housing including, without limitation, new construction, rehabilitation and adaptive reuse			
FOR-PROFIT Developer Activities			
High	Medium	Low	**HOMEOWNERSHIP** Activities:
			New construction of single-family homes
			New construction of multi-family units
			Preservation/Rehabilitation of existing single-family homes
			Preservation/Rehabilitation of existing multi-family units
			Adaptive Reuse of existing structures
			RENTAL Activities
			New construction of single-family homes
			New construction of multi-family units
			Preservation/Rehabilitation of existing single-family homes
			Preservation/Rehabilitation of existing multi-family units
			Adaptive Reuse of existing structures
NOT-FOR-PROFIT Developer Activities			
High	Medium	Low	**HOMEOWNERSHIP** Activities:
			New construction of single-family homes
			New construction of multi-family units
			Preservation/Rehabilitation of existing single-family homes
			Preservation/Rehabilitation of existing multi-family units
			Adaptive Reuse of existing structures
			RENTAL Activities
			New construction of single-family homes
			New construction of multi-family units
			Preservation/Rehabilitation of existing single-family homes
			Preservation/Rehabilitation of existing multi-family units
			Adaptive Reuse of existing structures
			New construction of group homes or supportive housing
			New construction of transitional housing

ACTIVITY TYPE 2: Acquisition and disposition, including without limitation, vacant land, single family homes, multi-family buildings, and other existing structure that may be used in whole or in part to provide Attainable Housing			
High	Medium	Low	
			Land acquisition for affordable housing development (ex. Community Land Bank or Community Land Trust)
			Land acquisition for mixed income housing development
			Acquisition/disposition of single-family homes
			Acquisition/disposition of multi-family buildings
			Acquisition/disposition of housing to be used as group homes or supportive housing
			Acquisition/disposition of housing to be used as transitional housing
			Homebuyer assistance (ex. down payment assistance program)
			Tenant based rental assistance (rent subsidies to landlords for low/mod income households)
			Project based rental assistance (monthly rent subsidies to make units affordable)
			Other

ACTIVITY TYPE 3: Payments for costs incurred in connection with administering the Housing Trust Fund			
High	Medium	Low	
			Costs incurred in connection with administering the Housing Trust Fund (5 – 15% is typical)
			Payment for costs of consultant services for concepts, architectural services, or other pre-construction services
			Costs associated with working with a non-profit partner to develop concepts or other pre-construction work.

Other considerations for uses of the Trust Fund:

PRIORITY POPULATIONS: For Trust Fund Activities			
High	Medium	Low	
			Senior/Elderly: Households with at least one household member ___ years of age or older
			Veterans: Households in which one or more persons is a military veteran
			Disabled: Households in which one or more persons 18 years of age or older is severely disabled
			Small Households: Unit sizes appropriate for 1 – 3 persons
			Large Households: Unit sizes appropriate for 4+ person
			Current Arlington Heights Residents
			Employees of Arlington Heights Businesses
			Other

FORMS OF ASSISTANCE: To be provided through the Trust Fund			
FOR-PROFIT DEVELOPER assistance to create more affordable units or make units affordable to lower income levels			
High	Medium	Low	
			Predevelopment costs (ex. feasibility studies, design)
			Grants
			Zero or low interest loans
			Deferred zero or low interest loans
			Forgivable loans
			Long term (ex. 99 year) lease of Village owned property
			Grants to non-profit developers to make units more affordable
			Zero or low interest loans to private, for-profit developers to make units more affordable
			Long term lease (ex. 99 years) of property purchased by the Village
NOT-F**OR-PROFIT** DEVELOPER assistance to create more affordable units or make units affordable to lower income levels			
High	Medium	Low	
			Predevelopment costs (ex. feasibility studies, design)
			Grants
			Zero or low interest loans
			Deferred zero or low interest loans
			Forgivable loans
			Long term (ex. 99 year) lease of Village owned property
			Grants to non-profit developers to make units more affordable
			Zero or low interest loans to private, for-profit developers to make units more affordable
			Long term lease (ex. 99 years) of property purchased by the Village

OTHER CONSIDERATIONS			
High	Medium	Low	
			Leveraging of other funds
			Sustainability (Green/LEED)
			Proposals to provide units lower than maximum income eligibility (ex. affordable to 30% or 50% AMI rather than 60% AMI for rental)

It is recommended that the Housing Commission rank the above activities, priorities, and other considerations individually and bring those rankings to the February 2, 2021 Housing Commission for discussion. Staff will also bring its rankings to the Housing Commission meeting. After completion of this consensus-building process, the Housing Commission will be asked to move forward to refine the process for the Trust Fund.

Staff Trust Fund Priority Rankings
February 2, 2021

ACTIVITY TYPE 1: Creation and preservation of Attainable Housing including, without limitation, new construction, rehabilitation and adaptive reuse			
FOR-PROFIT Developer Activities			
High	Medium	Low	**HOMEOWNERSHIP** Activities:
		X	New construction of single-family homes
		X	New construction of multi-family units
	X	X	Preservation/Rehabilitation of existing single-family homes
		X	Preservation/Rehabilitation of existing multi-family units
		X	Adaptive Reuse of existing structures
			RENTAL Activities
		X	New construction of single-family homes
X			New construction of multi-family units
		X	Preservation/Rehabilitation of existing single-family homes
X			Preservation/Rehabilitation of existing multi-family units
	X		Adaptive Reuse of existing structures
NOT-FOR-PROFIT Developer Activities			
High	Medium	Low	**HOMEOWNERSHIP** Activities:
		X	New construction of single-family homes
		X	New construction of multi-family units
		X	Preservation/Rehabilitation of existing single-family homes
		X	Preservation/Rehabilitation of existing multi-family units
		X	Adaptive Reuse of existing structures
			RENTAL Activities
		X	New construction of single-family homes
X			New construction of multi-family units
		X	Preservation/Rehabilitation of existing single-family homes
X			Preservation/Rehabilitation of existing multi-family units
X			Adaptive Reuse of existing structures
	X		New construction of group homes or supportive housing
	X		New construction of transitional housing

ACTIVITY TYPE 2: Acquisition and disposition, including without limitation, vacant land, single family homes, multi-family buildings, and other existing structure that may be used in whole or in part to provide Attainable Housing			
High	Medium	Low	

		X	Land acquisition for affordable housing development (ex. Community Land Bank or Community Land Trust)
		X	Land acquisition for mixed income housing development
		X	Acquisition/disposition of single-family homes
X			Acquisition/disposition of multi-family buildings
X			Acquisition/disposition of housing to be used as group homes or supportive housing
	X		Acquisition/disposition of housing to be used as transitional housing
	X		Homebuyer assistance (ex. down payment assistance program)
		X	Tenant based rental assistance (rent subsidies to landlords for low/mod income households)
		X	Project based rental assistance (monthly rent subsidies to make units affordable)
			Other

ACTIVITY TYPE 3: Payments for costs incurred in connection with administering the Housing Trust Fund			
High	Medium	Low	
X			Costs incurred in connection with administering the Housing Trust Fund (5 – 15% is typical)
X			Payment for costs of consultant services for concepts, architectural services, or other pre-construction services
X			Costs associated with working with a non-profit partner to develop concepts or other pre-construction work.

Other considerations for uses of the Trust Fund:

PRIORITY POPULATIONS: For Trust Fund Activities			
High	Medium	Low	
X			Senior/Elderly: Households with at least one household member ___ years of age or older
X			Veterans: Households in which one or more persons is a military veteran
X			Disabled: Households in which one or more persons 18 years of age or older is severely disabled
	X		Small Households: Unit sizes appropriate for 1 – 3 persons
X			Large Households: Unit sizes appropriate for 4+ person
X			Current Arlington Heights Residents
X			Employees of Arlington Heights Businesses
			Other

FORMS OF ASSISTANCE: To be provided through the Trust Fund			
FOR-PROFIT DEVELOPER assistance to create more affordable units or make units affordable to lower income levels			
High	Medium	Low	
		X	Predevelopment costs (ex. feasibility studies, design)
		X	Grants
	X		Zero or low interest loans
	X		Deferred zero or low interest loans
	X		Forgivable loans
	X		Long term (ex. 99 year) lease of Village owned property
			~~Grants to non-profit developers to make units more affordable~~
X			Zero or low interest loans to private, for-profit developers to make units more affordable
	X		Long term lease (ex. 99 years) of property purchased by the Village
NOT-F**OR-PROFIT** DEVELOPER assistance to create more affordable units or make units affordable to lower income levels			
High	Medium	Low	
	X		Predevelopment costs (ex. feasibility studies, design)
	X		Grants
X			Zero or low interest loans
X			Deferred zero or low interest loans
X			Forgivable loans
	X		Long term (ex. 99 year) lease of Village owned property
	X		Grants to non-profit developers to make units more affordable
			~~Zero or low interest loans to private, for-profit developers to make units more affordable~~
X			Long term lease (ex. 99 years) of property purchased by the Village

OTHER CONSIDERATIONS			
High	Medium	Low	
X			Leveraging of other funds
	X		Sustainability (Green/LEED)
X			Proposals to provide units lower than maximum income eligibility (ex. affordable to 30% or 50% AMI rather than 60% AMI for rental)

Housing Commission
3/2/2021

Item: 310 Arlington Development Affordable Housing Plan

Department: Planning & Community Development

ATTACHMENTS:

Description	**Type**
310 Arlington Development - Staff Report	Board or Commission Report

Staff Report to the Housing Commission

To:	The Chairman and Members of the Housing Commission
From:	Nora Boyer, Housing Planner
Re:	310 Arlington - Affordable Housing Plan Housing Guidelines
Report Prepared:	February 25, 2021
Meeting Date:	March 2, 2021

Background

310 Arlington is an affordable housing project proposed to be located at 310 W. Rand Road at the southeast corner of Rand Road and N. Chestnut Avenue. The developer's Affordable Housing Plan (attached) indicates the following about the proposed project:

- Current condition of property: Vacant land; 2.2 acres
- Type of housing proposed: New construction; multi-family
- Total number of units: 40
- Number of affordable units: 40
- Number of market rate units: 0
- Unit mix: 20 one-bedroom/one-bath (690 sf); and 20 two bedroom/two bath (910 sf)
- Affordability levels: 32 units to be affordable at 60% of area median income (AMI); 8 units to be affordable at 30% of area median income (AMI)
- Rents
    - 8 one-bedroom units affordable at 30% AMI: $384/month
    - 12 one-bedroom units affordable at 60% AMI: $871/month
    - 20 two-bedroom units affordable at 60% AMI: $1,047/month
- Affordability period: 30 years

Also attached are the developer's responses to questions posed by staff. This supplement:

- Provides locations of other Housing Trust Group and Turnstone Development Projects
- Indicates that the anticipated public sources of funding are: Illinois Housing Development Authority (IHDA) 9% tax credits; and a $1 million dollar Cook County HOME loan
- The developer is not applying for IHDA supportive housing financing and there is no plan to provide supportive services at this project
- Provides the staffing plan
- Describes the tenant selection process
- Explains the source of the maximum monthly rent amounts

Inclusionary Housing Requirement

<u>Number of Required Affordable Units</u>:

In August 2020, the Village Board approved the Village's Inclusionary Housing Ordinance. Since this development is proposed to be publicly assisted, the affordable housing requirement is found at Section 7-1707(b)(3) of the Ordinance:

> "All Zoning Districts – Publicly Assisted Development. The affordability requirement is that 10% of the total number of units in the development must be affordable on-site units. There is no fee-in-lieu option for publicly assisted development."

- Number of Affordable Units required by the Inclusionary Housing Ordinance: <u>4</u>

Affordability Period
According to Section 7-1701 of the Inclusionary Housing Ordinance, the affordable units created under this Ordinance shall be affordable in perpetuity.

- Required affordability period as per the Inclusionary Housing Ordinance for the 4 units: in perpetuity

Maximum Rents
Section 7-1707(c) provides that the maximum gross rent for affordable units created under the ordinance, including a utility allowance for utilities not provided with the rent, shall be the gross rent affordable to households with annual incomes at 60% of area median income as devoting no more than 30 percent of their gross income to monthly housing expenses as calculated annually by the Illinois Housing Development Authority based on number of bedrooms in the unit. The current (2020) IHDA rent limits at 60% of AMI are $1,023 for a one-bedroom unit and $1,228 for a two-bedroom unit.

The rents proposed by the developer 95% off the IHDA maximum rent limits. IHDA Low Income Housing Tax Credit financing requires a utility allowance.

- Maximum rents for the 4 units required as per the Inclusionary Housing Ordinance: IHDA rents for applicable unit size at 60% of AMI less a utility allowance.

Preference
The Village's Inclusionary Housing Guidelines include preferences for tenancy of the affordable units provided under the ordinance for (not in an order of priority): veterans, persons with disabilities, Arlington Heights residents who have resided in Arlington Heights for at least the past two years, and people who are employees of an Arlington Heights business or organization.

According to the developer, the Illinois Housing Development Authority financing they hope to secure required the following preferences:

1. Existing tenant transfers based on household size or the need for an accessible unit
2. Applicants displaced from an urban renewal area
3. Applicants displaced as a result of a governmental action
4. Applicants displaced as a result of a major disaster
5. Veterans

The developer also plans to have 8 units which are reserved for referrals from Illinois' Statewide Referral Network program. These units must be held for 30 days so the state can send referrals. If no referrals qualify for occupancy, then a waiver is requested and the unit is rented in a manner consistent with all other units.

The developer states that they "must incorporate IHDA's mandated waitlist preferences as stated above but additional pre-approved preferences are allowed. A preference for veterans is already required by IHDA and a preference for persons with disabilities is one which the developer will comply with and customarily does in other projects.

The developer states they have "no issue complying with the residency and local working preferences; however, HUD approval is required before it can be instituted. Once HUD and IHDA confirm that establishing such a preference will not be in direct conflict with the Affirmative Fair Housing Marketing Plan, approval should be received."

The developer has also stated that they “will submit a request for residency and local working preferences to HUD and IHDA to demonstrate the need for the preferences. Once approved, they will be put into effect immediately. Additionally, the developer can work with the Village to find the most effective outlets for advertising and marketing so that local residents are aware of the new development.”

Recommendation

It is recommended that the affordable housing component of 310 Arlington meet the following conditions:

1. Two 2 actual affordable one-bedroom and 2 actual affordable two-bedroom units be provided (10% of all units).

2. Maximum gross rent for the four (4) affordable units created under the ordinance, including a utility allowance for utilities not provided with the rent, shall be the gross rent affordable to households with annual incomes at 60% of median income for the Chicago-Joliet-Naperville-area as calculated annually by the Illinois Housing Development Authority based on number of bedrooms.

3. The income eligibility standard for the affordable units is to be 60% of the Area Median Income (AMI) for the Chicago-Joliet-Naperville area, adjusted for household size, as updated annually by HUD.

4. Preference for tenancy for the four (4) affordable units shall be given in compliance with the Inclusionary Affordable Housing Guidelines.

5. The developer shall submit a request for residency and local working preferences to HUD and IHDA in order to seek approval to incorporate Arlington Heights’ Inclusionary Housing Ordinance tenant preferences in the tenant selection for this development.

6. The developer shall comply with the Village’s Inclusionary Housing Ordinance and Guidelines.

7. The developer shall submit an annual report concerning compliance with the affordable housing program by March 1 of each year in a form as determined by the Village and in compliance with all other elements of the guidelines.

310 Arlington Affordable Housing Plan
Housing Trust Group

The subject development site is currently a vacant, unimproved, 2.2-acre parcel of land situated between the existing Arlington Plaza commercial center and the four-story Stonebridge Apartments development.

The proposed development at 310 Arlington Heights (the "Development") will include a new-construction multifamily building with approximately 45,000 square feet and containing forty (40) affordable housing units and zero (0) market rate. The project will provide eighty (80) surface parking spaces (2 spaces per unit). The main entry and community space portion of the building is situated to interface with Rand Road. This element will be four (4) stories in height. The residential units' portion of the building is designed to extend parallel to and set back from Chestnut.

The proposed unit mix entails twenty (20) one-bedroom / one-bathroom units and twenty (20) two-bedroom / two-bathroom units. The units are stacked to provide an efficient floor layout that helps maximize on-site open space and designed to be 15% larger than the minimum Illinois Housing Development Authority (IHDA) minimum standards. The development is designated to serve families, with thirty-two (32) of the units set-aside for families earning 60% AMI or below and eight (8) of the units set-aside for families earning 30% AMI or below.

There are two different bedroom types being offered in the development. Bedroom 1A is a one-bedroom one bathroom with 690 gross square feet. Bedroom 2A is a two-bedroom two bathroom with 910 gross square feet.

The eight (8) one-bedroom units designated for the 30% AMI will be priced at three hundred eighty-four dollars ($384.00) a month. The other twelve (12) one-bedrooms at 60% AMI will be priced at eight hundred seventy-one dollars ($871.00) a month. The twenty two-bedroom units which are all at 60% AMI will be priced at a thousand forty-seven ($1,047.00) a month.

All forty (40) units provided by 310 Arlington will be for affordable housing. These units will remain affordable for the next thirty (30) years subject to a land use restriction agreement that will be recorded against the land. The finishes throughout the development will be the same for each unit and the construction schedule and phasing is not applicable. As there is only one building and will have all units completed as part of the CO process.

HTG

February 24, 2021

Nora Boyer
Housing Planner/Planner II
Village of Arlington Heights
33 S. Arlington Heights Road
Arlington Heights, IL 60005

RE: 310 Arlington – Consolidated Questions for Housing Commission

1. Please provide names, locations, and descriptions of projects that the Housing Trust Group and/or Turnstone Development have developed that are most similar to the programing and use of the proposed development at 310 W. Rand Road.

   Housing Trust Group projects are in Florida. Turnstone Development has Illinois based developments. All developments are multifamily rental housing for "low income" families and seniors. See Exhibit A for development experience lists.

2. What are the anticipated funding sources for this development? Will the development either:
   - Apply for funding under the IHDA's Permanent Supportive Housing (PSH) Development Program, or;
   - Be defined as "Permanent Supportive Housing" per the definition from IHDA?

   The Development funding sources will be Illinois Housing Development Authority 9% tax credits and soft loans and a One million dollar Cook County HOME loan.

   The Development will not be applying for funding under the IHDA's Permanent Supportive Housing (PSH) or be defined as Permanent Supportive Housing.

3. Are there any requirements from your funding sources that would require the provision of on-site supportive services?

   No.

4. Please list any supportive services that would be offered on the site. If none are known at this time, are there plans to offer supportive services at some point in the future? If so, please provide a general description of the potential services or examples of what these likely services could be.

   Not Applicable. There is no plan for this.

5. Are there any conditions associated with the intended sources of financing that would require participation or actions on the part of the Village (other than zoning actions and construction permits)?

   There would be no involvement required of the Village outside of the zoning and permits.

6. Please describe the plan for on-site maintenance, management, counseling and any staff. What is each person's primary duties and what hours will they be on-site?

   The building will have a property manager and maintenance technician on-site Monday through Friday. The property manager will be responsible for compliance with IHDA regulations, tenant relations, rent collection, and overall management of building operations. The maintenance technician will address maintenance related issues, walk the building, complete work orders, clean the building and interact with vendors and contractors as required. The property manager will be on-site from 10am to 4pm and the maintenance technician will be on-site from 8am to 3pm. An afterhours emergency answering service will be available so staff can respond immediately to any issues that occur when they are offsite.

7. Please provide details on your tenant selection criteria and screening requirements for residents.

   Tenant selection criteria include a credit check and background check. Credit and background checks will be obtained as required by Cook County's Just Housing Ordinance. Previous landlords will also be contacted. Certain criminal history, such as sex offender registration, will result in the applicant's immediate rejection. Applicants with no credit are required to have a lease guarantor. Income levels must meet AMI requirements and the applicant's monthly income must be greater than 3x rent.

8. **Are there any requirements from your funding sources that impact tenant selection?**

   Yes. The Illinois Housing Development Authority requires that we have the following preferences:

   1. Existing tenant transfers based on household size or the need for an accessible unit;
   2. Applicants displaced from an urban renewal area;
   3. Applicants displaced as a result of a governmental action;
   4. Applicants displaced as a result of a major disaster;
   5. Veterans.

   The Development will also have units which are reserved for referrals from Illinois' Statewide Referral Network program. These units must be held for 30 days so the state can send referrals. If no referrals qualify for occupancy, then a waiver is requested, and the unit is rented in a manner consistent with all other units.

9. **How will the developer comply with the Inclusionary Zoning tenant preferences as stated in the Inclusionary Zoning Guidelines?**

   The developer must incorporate IHDA's mandated waitlist preferences as stated above but additional pre-approved preferences are allowed. A preference for veterans is already required by IHDA and a preference for persons with disabilities is one which the developer will comply with and customarily does in other projects. The developer has no issue complying with the residency and local working preferences; however, HUD approval is required before it can be instituted. Once HUD and IHDA confirm that establishing such a preference will not be in direct conflict with the Affirmative Fair Housing Marketing Plan, approval should be received.

10. **Will and how will the tenant selection process prioritize the affordable housing needs of local (Village and nearby vicinity) resident?**

    Yes, the developer will submit a request for residency and local working preferences to HUD and IHDA to demonstrate the need for the preferences. Once approved, they will be put into effect immediately.

11. How and on what basis were the maximum month rents reported in the Affordable Housing Plan calculated?

    The rent numbers are 95% of the max allowable for Illinois Housing Development Authority 2020 limits. Tenants will be responsible for paying their electric bill, which they will be given an utility allowance off the rent to cover. All other utilities will be paid for by the property and no allowance given off rent.

Sincerely,

HTG ILLINOIS DEVELOPER, LLC,
a Florida limited liability company

Matthew Rieger, Manager

Exhibit A

Housing Trust Group Experience List

Project Name	Address	Municipality	Unit Number	Completion Date
Pine Run Villas	5212 Sunset Trail Lake Worth, FL 33463	Lake Worth, FL	63	7/1/2013
Village Place	720 NE 4th Avenue Fort Lauderdale, FL 33304	Fort Lauderdale, FL	112	11/1/2014
Whispering Palms	601 16th Avenue SE Largo, FL 33771	Largo, FL	63	11/1/2015
Valencia Grove	551 Huffstetler Drive Eustis, FL 32726	Eustis, FL	144	11/1/2016
Courtside Apartments	1700 NW 4th Avenue Miami, FL 33136	Miami, FL	84	11/1/2016
Wagner Creek	1501 NW 13th Court Miami, FL 33125	Miami, FL	73	1/1/2017
Freedom Gardens	1130 South Main St. Brooksville, FL 34601	Brooksville, FL	96	8/1/2017
Park at Wellington	4369 Sunray Drive Holiday, FL 34691	Holiday, FL	110	8/1/2017
Park at Wellington II	4370 Sunray Drive Holiday, FL 34691	Holiday, FL	110	3/1/2018
Hammock Ridge	8274 Omaha Cir Spring Hill, FL 34606	Spring Hll, FL	104	4/1/2018
Covenant Villas	601 Covenant Drive Belle Glade, FL 33430	Belle Glade, FL	144	5/1/2018
Arbor View	3100 N SR 7 Margate, FL 33063	Margate, FL	100	6/1/2018
Princeton Park	13105 SW 248th Street, Princeton, FL	Princeton, FL	150	12/1/2018
Douglas Gardens V	709 SW 88 Avenue Pembroke Pines, FL 33025	Pembroke Pines, FL	110	5/1/2019
Freedom Gardens II	290 Revere Road Brooksville, FL 34601	Brooksville, FL	94	2/1/2019
Twin Lakes Estates, Phase I	501 Hartsell Avenue Lakeland, FL 33801	Lakeland, FL	100	5/1/2019
Heron Estates Sr	2014 W 17 Court Riviera Beach, FL 33404	Riviera Beach, FL	101	7/1/2019
Hammock Ridge II	8234 Omaha Circle Spring Hill, FL 34606	Spring Hill, FL	92	5/1/2019
The Addison	702 6th Avenue E Bradenton 34208	Bradenton, FL	90	7/1/2019

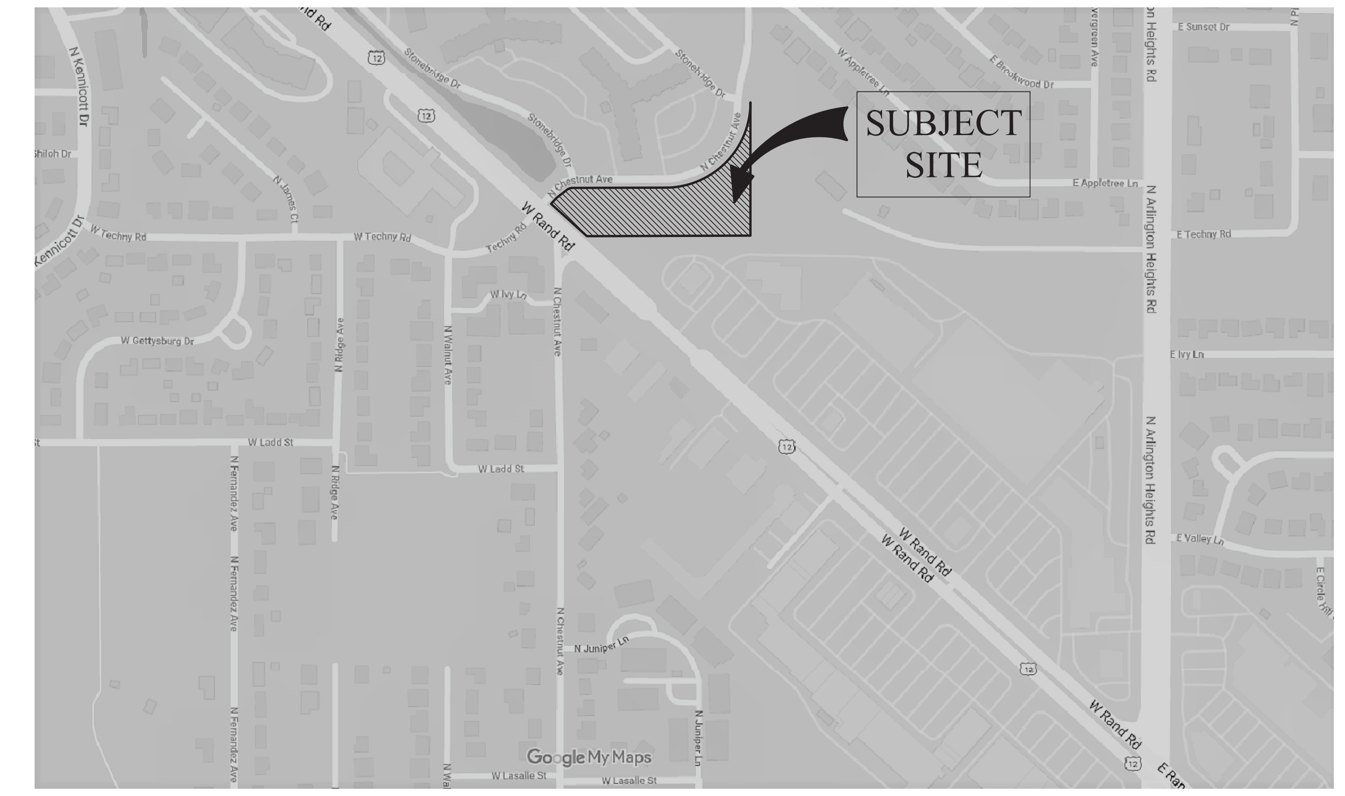
Turnstone Development Corporation Experience List

Project Name	Address	Municipality	Unit Number	Completion Date
Victory Center of Park Forest SLF	101 Main Street	Park Forest, Illinois-Cook County	95	2/1/2000
Victory Center of River Oaks SLF	1370 Ring Rd	Calumet City, Illinois-Cook County	109	5/1/2002
Hunter-Pheasant Ridge Family Housing	9200 Hunter Dr	Orland Hills, Illinois-Cook County	176	4/1/2006
4040 Lindenwood Family Housing	4040 Lindenwood Dr.	Matteson, Illinois-Cook County	11	11/1/2002
Project Opportunity	Suburban Cook County	Scattered sites suburban -Cook County	5	7/30/2008
Morton Grove Senior Housing	9016 Waukegan Rd	Morton Grove, Illinois- Cook County	56	9/1/2004
Residences at Carriage Creek Senior Independent Living	Sauk Trail and Butterfield Rd.	Richton Park, Illinois-Cook County	60	8/1/2005
Thomas Place Senior Independent Living	Patriot Blvd and Lake Ave	Glenview, Illinois-Cook County	144	9/1/2006
Poplar Creek Village Senior Independent Living	2250 Golf Rd	Hoffman Estates, Illinois-Cook County	121	5/1/2007
Wisdom Village Senior Independent Living	12445 S. Morgan	Calumet Park, Illinois-Cook County	70	9/1/2007
Thornwood Apartments Family Housing	19440-19460 Chicago Heights - Glenview Road	Chicago Heights, Illinois-Cook County	232	12/1/2006
Riverdale Senior Apartments	335 W 138th St	Riverdale, Illinois-Cook County	0	2/1/2011
Summit Senior Apartments	7460 W. 63rd Place	Summit, Illinois-Cook County	0	10/1/2011
Country Club Hills Wellness Center	4411 W. Gatling Blvd.	Country Club Hills, Illinois-Cook County	77	9/1/2012
Whistler Crossing	13711 S Lowe Ave	Riverdale, Illinois-Cook County	130	8/1/2008
Wisdom Village of Northlake	33 S Wolf Rd.	Northlake, Illinois-Cook County	71	10/15/2016
Thorncreek Senior Living	410 E. Margaret St.	Thornton, Illinois - Cook County	46	3/12/2016
Landings at Belle Meadows	3200 Belle St.	Alton, Illinois - Madison County	60	8/1/2017
Barrington Horizon	1418 S. Barrington Rd.	Barrington, Illinois - Cook County	51	8/1/2006
Wisdom Village of Northlake II	56 E North Ave.	Northlake, Illinois-Cook County	50	1/15/2020
Flax Meadow Townhomes	216-244 Flax Drive	Highland, Illinois - Madison County	32	10/7/2020
Grandview Senior Residences	835 West Division	Marine, Illinois - Madison County	24	8/31/2022
Residences of Crystal Lake	355 Station Drive	Crystal lake, IL - McHenry County	60	6/16/2020


Rand Connector Parkway
Stonebridge of
Arlington Heights
Autumn Travel
NORTH
Waverly Inn Memory
Care Community
ComEd Substation
N Chestnut Ave
W Rand Rd
Techny Rd
JD's Q & Brew
Takeout • Delivery
Shiny Nails
Foot Nirvana
Community Threads
Thrift store
Arlington
Performance Center
W Ivy Ln
W Ivy Ln
N Chestnut Ave
N Chestnut Ave
W Rand Rd
Just Tires
Tire shop
N Walnut Ave
N Walnut Ave
N Walnut Ave
12
12
Raceway Carwash
& Detail Center
Car wash
Americas Flooring Store
Flooring store
W Rand Rd
Sun Shui
Takeout • Delivery
Yelena Levitin
MD, FACS

PRELIMINARY SITE PLAN

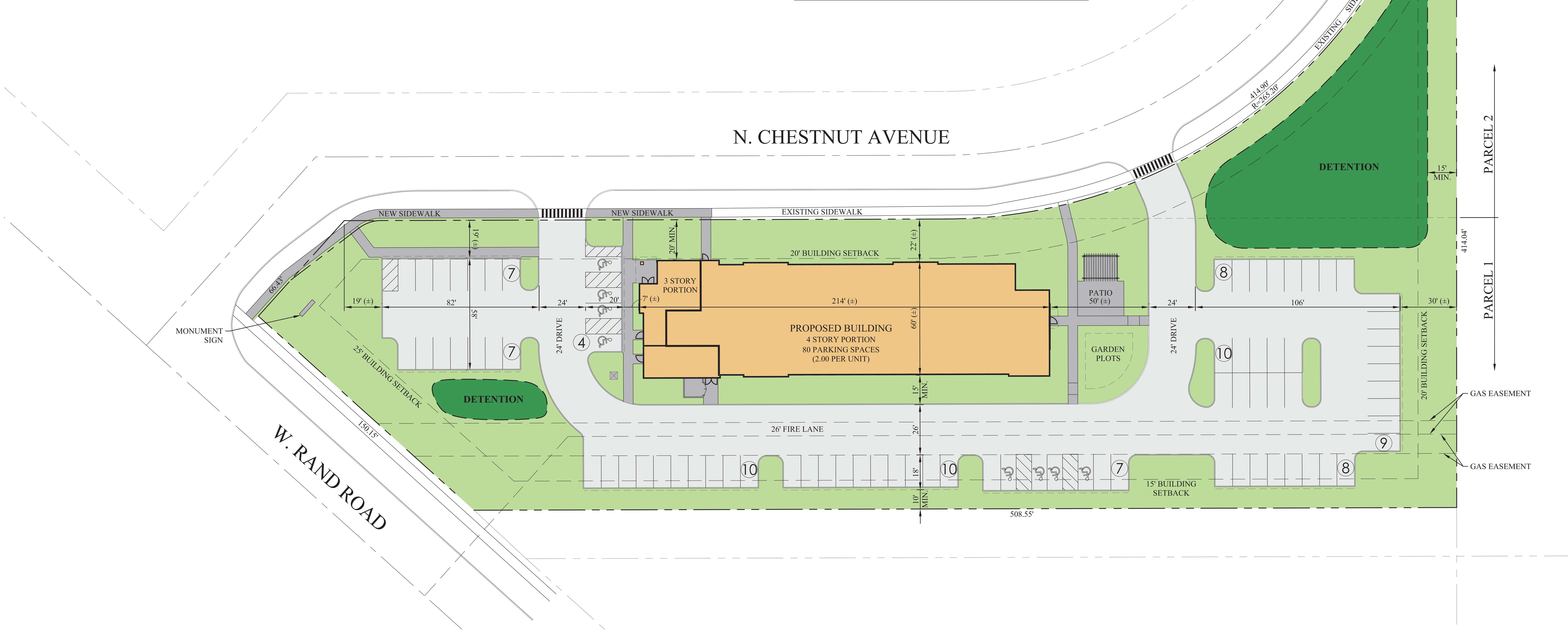
PROPOSED APARTMENTS
310 W. RAND ROAD
ARLINGTON HEIGHTS, IL
JANUARY 04, 2021



LOCATION MAP

0 500' 1000'

PROJECT AREA SCHEDULE		
PARCEL 1	86,305 SF /	1.981 AC
PARCEL 2	15,008 SF /	0.345 AC
TOTAL	101,313 SF /	2.326 AC



0 15' 30' 60'

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DD57 0121

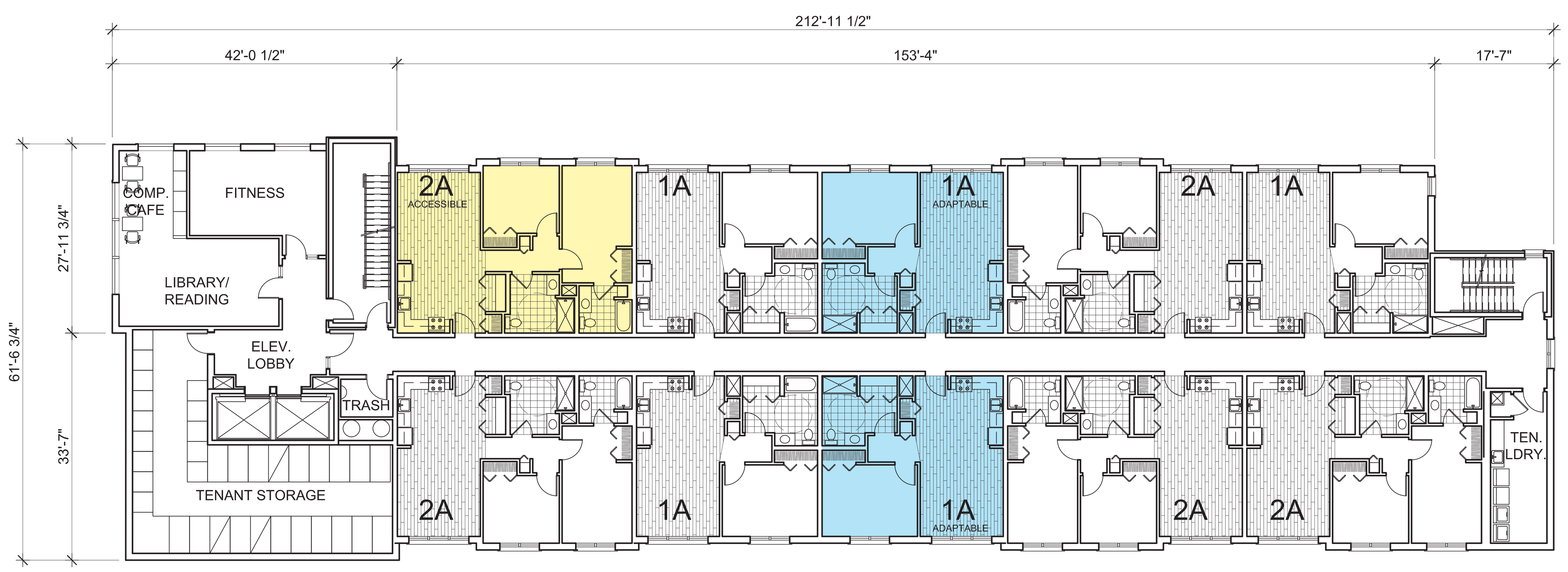
PRELIMINARY FLOOR PLANS

PROPOSED APARTMENTS
310 W. RAND ROAD
ARLINGTON HEIGHTS, IL
JANUARY 04, 2021

UNIT MIX

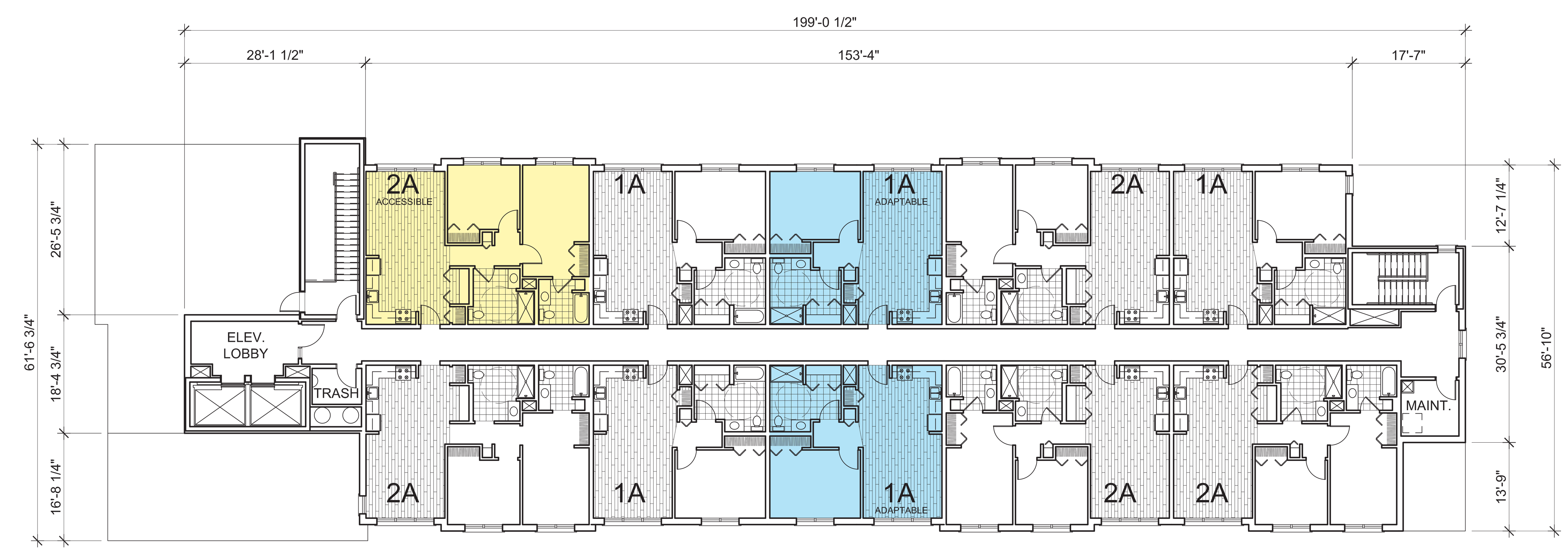
ONE BEDROOM - 20
TWO BEDROOM - 20
TOTAL UNITS - 40

ACCESSIBLE		TOTAL
ADAPTIVE		TOTAL
SENSORY	1	TOTAL



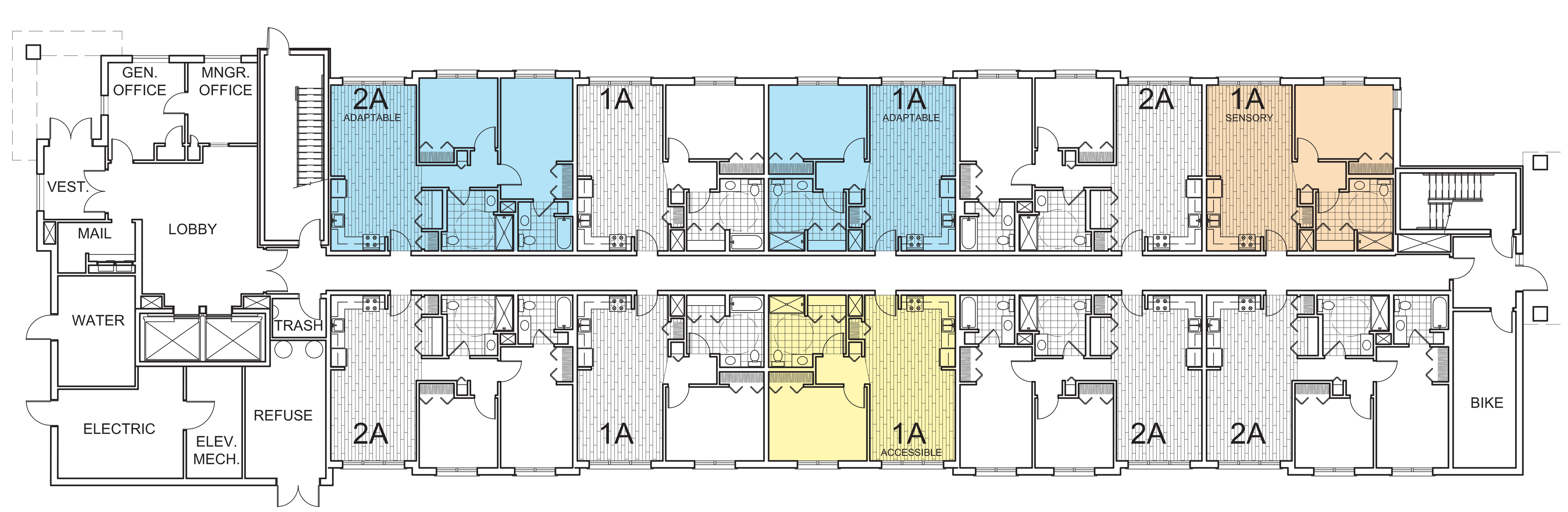
SECOND FLOOR

11,973 SF



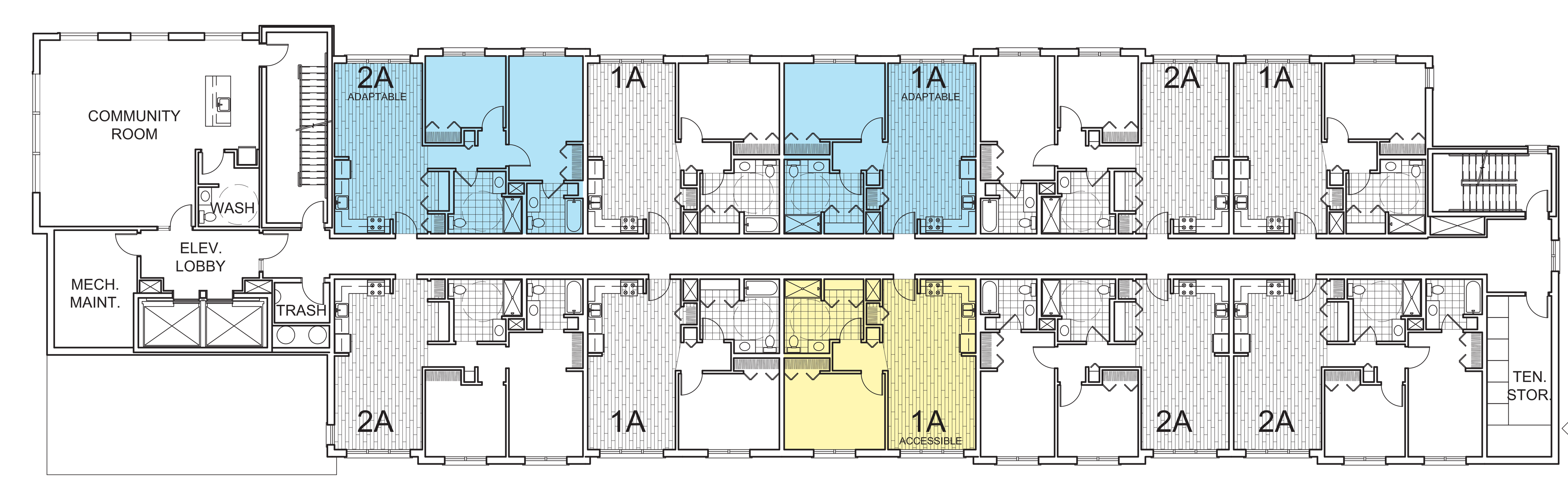
FOURTH FLOOR

10,120 SF



FIRST FLOOR

11,863 SF



THIRD FLOOR

11,317 SF

N

0 8' 16' 32'

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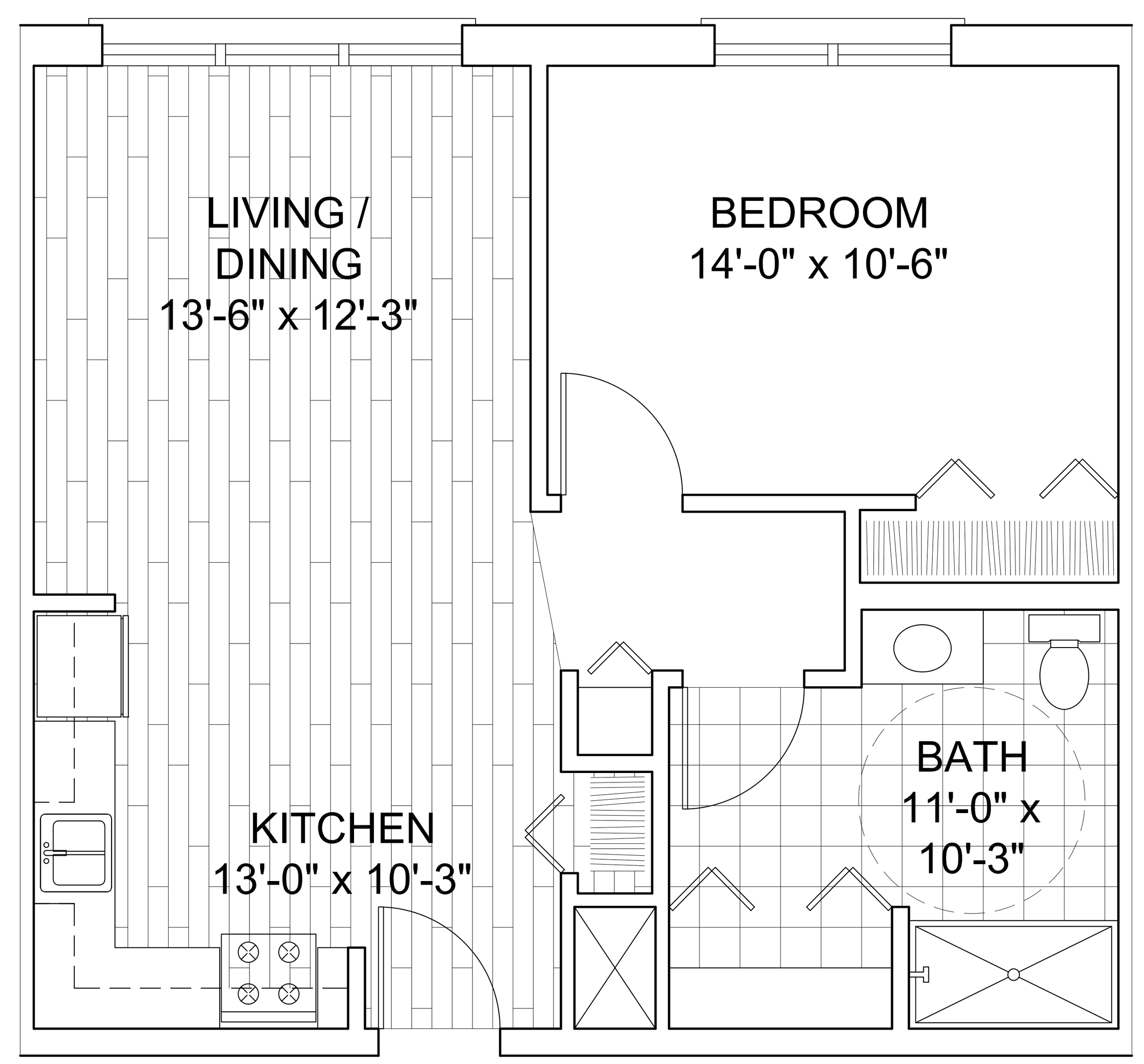
PRELIMINARY UNIT PLANS

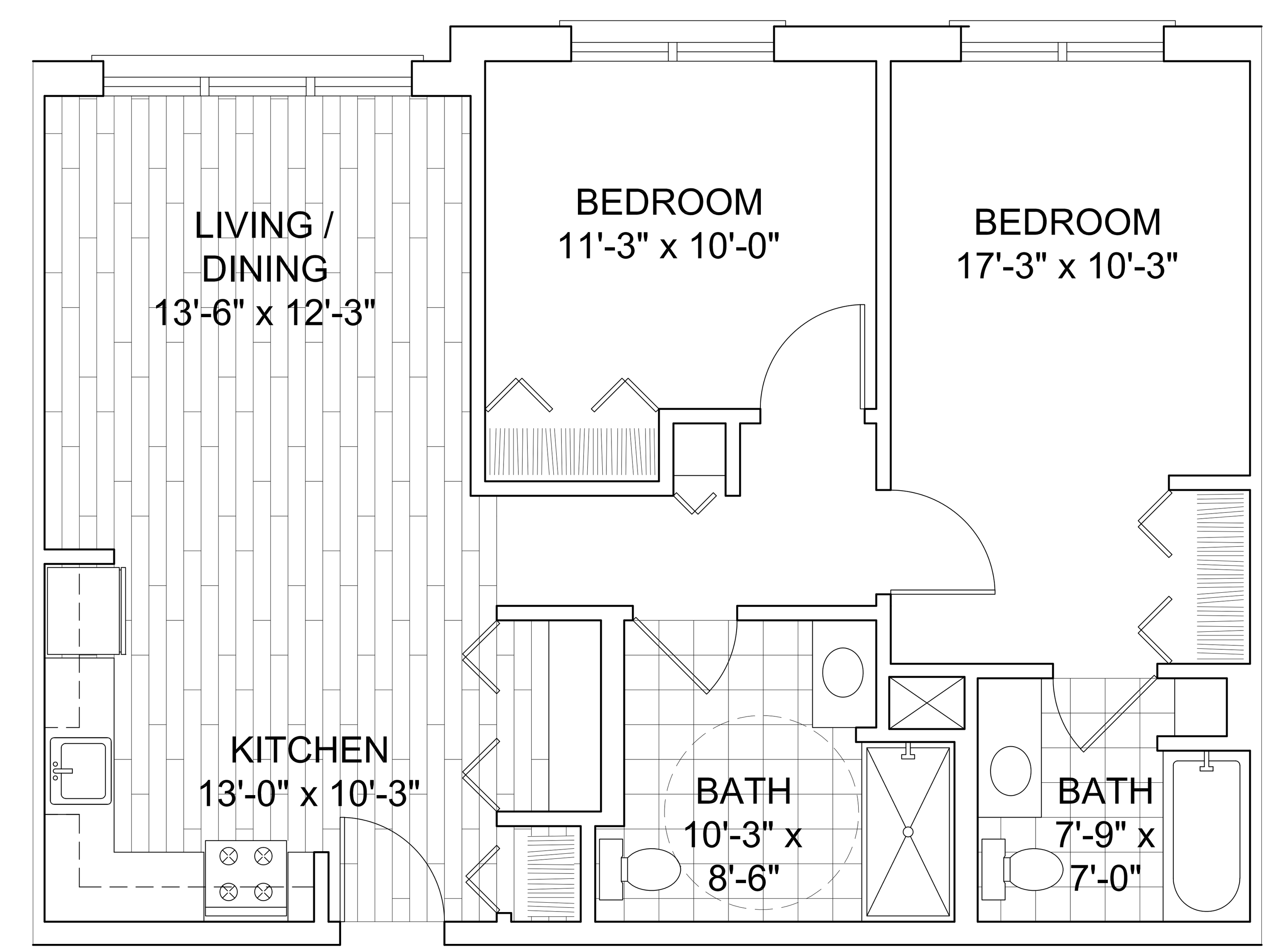
PROPOSED APARTMENTS
310 W. RAND ROAD
ARLINGTON HEIGHTS, IL
JANUARY 04, 2021



1A - ONE BEDROOM

690 SF GROSS

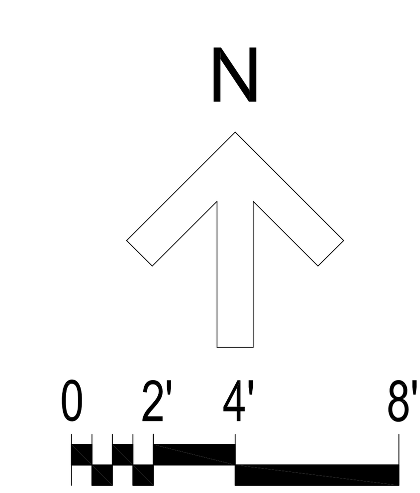
635 SF NET



2A - TWO BEDROOM

910 SF GROSS

845 SF NET



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Housing Commission
3/2/2021

Item: 425 Arlington Development Affordable Housing Plan

Department: Planning & Community Development

ATTACHMENTS:

Description	**Type**
425 Arlington Development - Staff Report	Board or Commission Report

Staff Report to the Housing Commission

To:	The Chairman and Members of the Housing Commission
From:	Nora Boyer, Housing Planner
Re:	310 Arlington – Affordable Housing Plan Housing Guidelines
Report Prepared:	February 25, 2021
Meeting Date:	March 2, 2021

In 2019, the Village Board approved the Arlington 425 development project for downtown Arlington Heights. This approval was prior to the Village's adoption of the Inclusionary Housing Ordinance in 2020.

Arlington 425 – Affordable Housing – Approved Condition (2019)
The approved project was to be composed of a total of 361 units. The developer is now proposing to amend the approval and include a total of 322 units. There will be 234 units in the Campbell Building, 88 units in the Chestnut building and no (0) units in the Highland Building.

The existing approval for Arlington 425 provides for:

- A total of 18 affordable units (5% of the total number of units).
- The affordable units to be affordable in perpetuity.
- Charges to the affordable unit tenants of no more than 60% of the normal parking charge on the market rate units.
- Fee-in-lieu payment for 9 units (2.5% of the total) at $25,000 per unit (totaling $225,000) is to be paid.
- Fee-in-lie is to be paid in three installments.
- An Income eligibility standard of 60% of area median income (AMI).
- Maximum rents are those determined affordable to households at 60% of AMI as calculated by the Illinois Housing Development Authority (IHDA) according to the unit size (number of bedrooms).
- A unit mix of 1/3 studio or 6 studio units and 2/3 one-bedroom units or 12 one-bedroom units.*
- Preference in tenancy for Arlington Heights residents, employees of Arlington Heights businesses and organizations, and veterans.
- Reporting required annually, on March 31st.

*This unit mix does not reflect the unit mix of the overall development as was required by the Village's Affordable Housing Toolkit. More studio and one-bedroom units (and no two-bedroom units) were permitted as a cost off-set for the developer.

At the time this project was approved in 2019, the Village was researching and considering amendments to its inclusionary affordable housing program. The final condition of the original Arlington 425 approval was:

"If the Village's Affordable Housing Guidelines applicable to this project are revised prior to 12 months after issuance of the first Certificate of Occupancy to standards that are less restrictive than this requirement, than the least restrictive of the two standards will be applied." The intent of this condition was that the developer would be to not be held to a set of requirements that are higher than adopted a relatively short time later. This provision does not mean, nor was it intended, that the best or least restrictive of both standards can be picked at the discretion of the developer.

Developer's Proposed (New) Affordable Housing Conditions (2/2021)

The new proposal is presented as a mixture of the most favorable provisions from the conditions approved in 2019 and the favorable incentives or requirements of the Inclusionary Housing Ordinance. It was not the intent to "cherry pick" requirements that are most advantageous from the two sets of conditions/requirements. In fact, some of the incentives requested specifically require compliance with the adopted Inclusionary Housing Ordinance.

Developer's New Proposal:

- Reduces the total number of affordable units from 18 to 16 unit.
    - This complies with the Inclusionary Housing Ordinance at 5% of the total (reduced) number of units in the development.
- Reduces the fee in lieu amount from 9 units at $25,000 per unit to 8 units at $25,000 per unit.
    - This complies with the Inclusionary Housing Ordinance at 2.5% of the total (revised) number of units.
- Does not address the requirement that no more than 60% of the normal parking charge on the market rate units. Therefore, it is assumed the developer intended to leave this requirement unchanged.
    - The Inclusionary Housing Ordinance does not contain this requirement.
- Does not address the requirement that the affordable units be affordable in perpetuity. Therefore, it is assumed the developer intended to leave this requirement unchanged.
    - In order to comply with the Inclusionary Housing Ordinance the affordable units must be affordable in perpetuity.
- Leaves unchanged the 3-stage payment of the fee-in-lie.
    - This does not comply with the Inclusionary Affordable Housing Ordinance which does not provide for a staged payment.
- Leaves unchanged the income eligibility for units at 60% of the Area Median Income for the Chicago-Joliet-Naperville area as determined by HUD.
    - This standard complies with the standard in the Inclusionary Housing Ordinance.
- Leaves unchanged the maximum rents at rents affordable to households at 60% of Area Median Income (AMI) for the applicable unit sizes (studio and one-bedroom units) according to the method used by the Illinois Housing Development Authority (IHDA) for the Chicago Metro Area.
    - This standard does not comply with the Inclusionary Housing Ordinance which adds a requirement for a utility allowance for the affordable units.
- Leaves unchanged the bedroom mix at 1/3 studio units and 2/3 one-bedroom units.
    - This does not comply with the Inclusionary Housing Ordinance that requires that the bedroom mix for the affordable units be proportional with the bedroom mix for the project overall. The mix for the revised project would be 3 studio units; 9 one-bedroom units; and 4 two-bedroom units to be proportional with the overall project unit mix.
- Leaves unchanged the preferences for tenancy.

- The preference categories partially comply with the preferences in the Inclusionary Housing Ordinance.
- Leaves unchanged the annual reporting requirement.
  - The reporting partially complies with the Inclusionary Housing Ordinance - with the only exception being the date of the annual report.
- Proposes to utilize the parking and permit fee waivers contained in the Inclusionary Housing Ordinance as cost offsets.
  - The Inclusionary Housing Ordinance contains these options as cost offsets at the option of the Village only if the proposed development is in compliance with the adopted Inclusionary Housing Ordinance. The developer was already granted cost offsets and considerations through the bedroom mix conditions and the staged payment of the fee-in-lieu of affordable units.

The result of the above is that the developer is proposing to select between the affordable housing conditions approved in the ordinance and the Inclusionary Housing Ordinance. The Village is pleased to see the continued commitment to affordable housing and it is recommended that the Housing Commission review the differences as outlined and recommend full compliance with either the approved conditions or the approved Inclusionary Zoning Ordinance but not a combination of some of each.

Recommendation:
It is recommended that the developer of Arlington 425 either fully comply with the previously approved (2019) conditions for Arlington 425 or fully comply with the requirements of the Inclusionary Housing Ordinance and Guidelines. Staff does to object to the original approved conditions as modified by the reduced units. However, for consistency moving forward, full compliance with the Inclusionary Zoning Ordinance is recommended.

Attachment A

Arlington 425 Comparisons Chart

Requirements	**Arlington 425 Original Approval**	**Arlington 425 Revised Proposal (2/2021)**	**Inclusionary Housing Ordinance/Guidelines Requirements**
Actual Affordable Units	18 5% of total # of units	16 5% of total # of units *Changed*	16 5% of total # of units
Parking Spaces	Affordable parking spaces to be charged at 60% of the rate for market rate parking spaces	Not addressed – assumed *Unchanged*	Parking not addresses in this way
Affordability period	Affordable housing units to be affordable in perpetuity	Not addressed – assumed *Unchanged*	Affordable units required to be affordable in perpetuity
Fee in Lieu of Affordable Units	9 units at $25,000 each for $225,000 – 2.5% of total # of units	8 units at $25,000 each for $200,000 – 2.5% of total # of units *Changed*	8 units at $25,000 each for $200,000 – 2.5% of total # of units
Payment of Fee in Lieu	Paid over three stages of construction	Paid over three stages of construction *Unchanged*	Fee to be paid at the time of first permit application
Income Eligibility	60% of Chicago-Joliet-Naperville AMI adjusted for household size	60% of Chicago-Joliet-Naperville AMI adjusted for household size *Unchanged*	60% of Chicago-Joliet-Naperville AMI, adjusted for household size
Maximum Rents	IHDA determined affordable rents for the Chicago Metro area at 60% AMI, adjusted by number of bedrooms in the unit	IHDA determined affordable rents for the Chicago Metro area at 60% AMI, adjusted by number of bedrooms in the unit. *Unchanged*	Maximum gross rent, including a <u>utility allowance for utilities not provided with the rent</u>, shall be the gross rent affordable to households with annual incomes at 60% of area median income as devoting no more than 30 percent of their gross income to monthly housing expenses as calculated annually by the Illinois Housing Development Authority based on number of bedrooms in the unit
Unit Mix	1/3 studios/6 studio units 2/3 one-bedroom/12 one-bedroom units	1/3 studios/6 studio units 2/3 one-bedroom/12 one-bedroom units *Unchanged*	The bedroom mix of affordable units shall be in equal proportion to the bedroom mix of the market rate units within the covered development project unless otherwise approved by the Village. Arlington 425 proportional to market rate units (new proposal): 3 studio units

			9 one-bedroom 4 two-bedroom
Preferences	-Arlington Heights residents, -employees of Arlington Heights businesses or organizations, and/or -veterans	-Arlington Heights residents, -employees of Arlington Heights businesses or organizations, and/or -veterans *Unchanged*	As per Guidelines: -Veterans ***-Persons with disabilities*** -Arlington Heights residents ***who have resided in Arlington Heights for at least the past two years*** -People who are employees of Arlington Heights business or organizations
Reporting	Annually on March 31	Annually on March 31 *Unchanged*	Annually on March 1
Guidelines	Inclusionary Housing Tool Kit Guidelines applied	If the Village's Affordable Housing Guidelines applicable to this project are revised prior to 12 months after issuance of the first Certificate of Occupancy to standards that are less restrictive than this requirement, than the least restrictive of the two standards will be applied.	Mandatory compliance with Inclusionary Housing Ordinance Guidelines
Developer Cost Offsets	Developer received an unit mix adjustment resulting in mix that is not proportional with the mix of the development overall	Unit mix adjustment that is not proportional to the mix of the development overall *Unchanged* Developer is requesting reduction fee waivers and parking costs (spaces in public garages).	An applicant that fully <u>complies with providing actual affordable units in accordance with the requirements</u> of this Article shall, upon written request, receive from the Village a waiver of all of the otherwise applicable application fees and building permit fees imposed by the Village, but only with regard to the affordable units in the Covered Development Project. The fees charged for the total development shall be adjusted proportionally to reflect this waiver of fees for the affordable dwelling units, but in no instance will more than 50% of the permit fees be waived. Under no circumstances will any out-of-pocket fees or impact fees be waived.

			Parking Requirements in the Downtown Only. Subject to availability, at the discretion of the Village, parking requirements for affordable on-site units may be partially satisfied using parking permits in downtown Village parking garages at a rate not-to-exceed one parking permit per affordable on-site affordable unit at a monthly parking fee to be determined by the Village.

Attachment B

Arlington 425 Approval - Affordable Housing Conditions
Excerpted from Village of Arlington Heights Ordinance: 19-019

24. 18 actual affordable units be provided (5% of all units), affordable at 60% Area Median Income (AMI) that are to be affordable in perpetuity. These units will be charged no more than. 60% of the normal parking charges for the-market-rate units.

25. A payment in lieu of 9 units (2.5% of all units) to be paid at $25, 000 per unit ($225,000 total) as follows:

> 25% at the time of issuance of Garage/Highland Building Permit.
> 25% at the time of issuance of first Garage/ Highland Building Occupancy Certificate.
> 50% at the time of issuance of first Campbell Building Occupancy Certificate.

26. The income eligibility standard for the affordable units is to be 60%- of the Area Median Income (AMI) for the Chicago- Joliet-Naperville area, adjusted for household size as updated annually by HUD.

27. The maximum rents are to be the rents determined to be affordable to households at 60% of Area Median Income (AMI) for the applicable unit sizes (studio and one- bedroom units) according to the method used by the Illinois Housing Development Authority IHDA) for the Chicago Metro Area.

28. The affordable units for the Arlington 425 development may be restricted to the Highland and Campbell Buildings. 1/3 of the 18 affordable units will be studio units (6 studio units) and 2/3 of the affordable units will be one-bedroom units (12 one-bedroom units), which is consistent with the proportions of these units in the development. However, owner may periodically adjust up or down between the studio and 1-bedroom units by no more than three units subject to prior approval from the Village.

29. Preference for tenancy of the affordable units will be given to current Arlington Heights residents, employees of Arlington Heights businesses or organizations, and/or veterans.

30. The owner shall submit an annual report concerning compliance with the affordable housing program by March 31 of each year in a form as determined by the Village and in compliance with all other elements of the guidelines.

31. If the Village' s Affordable Housing Guidelines applicable to this project are revised prior to 12 months after issuance of the first Certificate of Occupancy to standards that are less restrictive than this requirement, than the least restrictive of the two standards will be applied.

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February 23, 2021

Mr. Andrew Tripp, Chairman
and all other members of the
Arlington Heights Housing Commission
Village of Arlington Heights
33 S. Arlington Heights Road
Arlington Heights, Illinois 60005

Re: Inclusionary Housing Proposal – Amendment to Arlington 425 Planned Unit Development

Dear Mr. Tripp,

As you might recall, the Village Board passed Ordinance 19-019 on June 3rd, 2018 (the "PUD Ordinance"). CCH LLC, the developer of Arlington 425 ("Petitioner") is proposing modifications to the PUD Ordinance. Petitioner is aware that the Village's Inclusionary Housing Ordinance was amended by the Village since the PUD Ordinance was passed (the "Amended Ordinance"). Based on our review of the PUD Ordinance and Amended Ordinance, we find that what Petitioner is now proposing, and what the Village has previously approved, are consistent with the Amended Ordinance. The PUD Ordinance included the following provisions relating to Inclusionary Housing to which the Petitioner has commented below each paragraph as to the Petitioner's current proposal for Inclusionary Housing::

24. 18 actual affordable units be provided (5% of all units), affordable at 60% Area Median Income (AMI) that are to be affordable in perpetuity. These units be charged no more than 60% of the normal parking charges for the market-rate units.

    <u>Current Proposal</u>: Petitioner has reduced the total of all proposed units in the Project. Petitioner is proposing 234 units in the Campbell Building, up to 88 in the Chestnut Building, and there will be no units in the Highland Building (now the "Highland Garage"). 12 actual affordable units (5% of 234 units rounds up) will be provided in the Highland Building. Petitioner will also provide 5% of all units in the Chestnut Building as actual affordable units. Assuming 88 Units are included in the Chestnut Building, 5% of the total units would be 4 actual affordable units.

25. A payment in lieu of 9 units (2.5% of all units) to be paid at $25,000 per unit ($225,000 total) as follows:

25% at the time of issuance of Garage/Highland Building Permit.
25% at the time of issuance of first Garage/Highland Building Occupancy Certificate.
50% at the time of issuance of first Campbell Building Occupancy Certificate.

Current Proposal: Petitioner will pay fully comply, and pay $25,000.00 per unit for 2.5% of all units in each building. The total cash payment for the Campbell, building will be $150,000. Assuming 88 Units are included in the Chestnut Building, the payment of $25,000 for 2.5% of the Units would be $50,000.

The timing of the payments as originally proposed will not change.

26. The income eligibility standard for the affordable units is to be 60% of the Area Median Income (AMI) for the Chicago-Joliet-Naperville area, adjusted for household size as updated annually by HUD.

Current Proposal: No change

27. The maximum rents are to be the rents determined to be affordable to households at 60% of Area Median Income (AMI) for the applicable unit sizes (studio and one-bedroom units) according to the method used by the Illinois Housing Development Authority (IHDA) for the Chicago Metro Area.

Current Proposal: No change.

28. The affordable units for the Arlington 425 development may be restricted to the Highland and Campbell Buildings. 1/3 of the 18 affordable units will be studio units (6 studio units) and 2/3 of the affordable units will be one-bedroom units (12 one-bedroom units), which is consistent with the proportions of these units in the development. However, owner may periodically adjust up or down between the studio and 1-bedroom units by no more than three units subject to prior approval from the Village.

Current Proposal: No change, other than the total number of actual affordable units required.

29. Preference for tenancy of the affordable units will be given to current Arlington Heights residents, employees of Arlington Heights businesses or organizations, and/or veterans.

Current Proposal: No change.

30. The owner shall submit an annual report concerning compliance with the affordable housing program by March 31 of each year in a form as determined by the Village and in compliance with all other elements of the guidelines.

Current Proposal: No change.

31. If the Village's Affordable Housing Guidelines applicable to this project are revised prior to 12 months after issuance of the first Certificate of Occupancy to standards that are less restrictive than this requirement, than the least restrictive of the two standards will be applied.

Current Proposal: Sections 7-1709b. and c. of the Amended Ordinance provide for development cost offsets relating to fee waivers, as well as parking space offsets for Downtown developments. Since these are both less restrictive provisions than the former ordinance, Petitioner is requesting that it be granted the fee waivers set forth in Section 7-1709b., and a one parking space credit for each actual affordable unit as set forth in Section 7-1709c. of the Amended Ordinance.

Based on the fact that Petitioner proposes no changes to what was contained in the PUD Ordinance, and that the current proposal is consistent with the Amended Ordinance, Petitioner requests that the Inclusionary Housing Commission issue a positive recommendation to the Village Board for approval.

Thank you for your cooperation and consideration in this matter.

Sincerely,

Michael D. Firsel

Michael D. Firsel