A discussion ensued regarding the 120% of median income requirement. Ald. Moran stated that his concern was that a great number of families in the upper bracket of the two brackets: 80 – 100% and 100 – 120% of the median income would end up with an inequitable amount of the funding money. Mr. Wolinski responded that as they have discussed the affordable housing issues in the past four years, one of the benefits of the Mayor’s Special Housing Fund was that it wasn’t tied to any HUD guidelines so it could be used in various means as far as not being tied to 80%. He continued, “One of the goals that was heard from the Council was that we not only wanted to assist potential homeowners in that lower income bracket, but that we wanted to also help potential homeowners in the lower middle income bracket. That would take us between the 100% and 120% area. That is the genesis of this. There is a segment of the population that doesn’t qualify for affordable housing at less than 100% and yet they can’t seem to get a standard bank loan, if they’re between 100% and 120%. This is a segment of the population either for downpayment assistance or buy-down or one of those various techniques.” Ald. Moran said that at 120% for a family of four there would be an annual income of $84,000. His concern is not that it is difficult to purchase or rent a residence in Evanston, but he is concerned for people that have an income below $84,000 not being able to have a home in Evanston. So he wondered if there is some way if we can adjust the criteria suggested so we can capture some of the 120% but to emphasize in various strategies, 100% or less. He added that in the latter of the priorities set out in the two items, it opens it broadly to people of 120%. He is worried that it is going to lead towards strategies that may end up benefiting people who are worthy, but to the detriment of people who would struggle even more at 100% or less, who we need to concentrate on. He asked for suggestions on a way to carve out some of the potential program strategies so that some
people at 120% would have an opportunity but that we would still have bias towards 100% AMI or lower, overall.

Ms. Spicuzza responded that there could be two ways to do that:

“One way is that 50% has to go to 80% AMI. You could set a percentage share that no more than 25% to go to people between 100% and 120%, but that might get difficult in terms of figuring it all out.

The other way is to just make a policy statement related to that. She said the reason they recommended going up to 120% is to serve those 2-income families can’t afford the median price. It also closely matches the IHDA guideline which is up to 120%, although they don’t break it out beyond a household size of three. If you go up that high, people could piggyback with IHDA programs. If you state a preference that if there are special programs you develop, like a down payment program, you could put more stringent target guidelines in that and state a general policy preference in the general guidelines.”

Mr. Wolinski added that the population that makes between 80% and 120% currently has no assistance possibility whatsoever, other than some limited IHDA funds, but all of our home funds are capped at 80% and he assumes that will continue for a long time. “We have a segment of the population, defined in discussion as the work force segment (teachers, firefighters, police, etc.) that have no other public resource for financial assistance in purchasing a home. Most of this assistance would be down payment assistance or buy-down possibilities, which most of these people don’t seem to have, especially when you’re talking about Evanston’s median price houses or condos or townhouses.” Ald. Wollin agreed that they had talked about the workforce, i.e. firemen, policemen and teachers. She believes it is up to the creativity of the Housing Commission to come up with a variety of diverse programs that affect different segments of the population. “That part is what we’re going to rely on them to do: to look for every branch and subsidy that can be applied to our city. We have to fill in the gap.” She wants us to have as much flexibility as possible. Ald. Wynne agreed that the “workforce” income does not provide enough for a down payment and that we are losing a segment of Evanston’s population. They are moving out because of the lack of affordable homes in Evanston for this income level. “That is a segment of our population that we don’t want to lose.” She agreed that a certain percentage should go to their access. Ald. Bernstein stated that people who are at 120% of the median income may have the knowledge or the wherewithal to get private funds. His concern is eliminating those people who don’t have the capacity. “A police officer may know a lawyer but a laborer may not.” He said he doesn’t mind leaving this in, but with some kind of a cap alluded to so we have funds available to provide for the poorest. We need to provide for everyone across the board, so unless we have some kind of a cap on one level or another, the funds will go. “If there is a young couple making $80,000 they may be able to save up for a down payment, but if they are living paycheck to paycheck, they need help.” He would like to assign proportionate shares of these funds to the extent that we can.

Ald. Jean-Baptiste stated that he believes that affordable housing funds are intended to help those who cannot afford to buy a home. Those people are not making $84,000 a year. Those who are able to make $84,000 for a family of four don’t really need our assistance. We want to assist those who are borderline. He knows people who work for the City of Evanston, who had to buy in Wisconsin. They make $45,000 and $50,000, but he has not heard those who are making $84,000 complain that they are not able to find housing in the City of Evanston. “They should be able to access private funds. Only the condominiums ask for a 5% to 10% down payment. When you
buy a private home, usually you’re putting down a down payment that could be $1,000 to $3,000 and it is the closing costs that you have to generate. People save up for those costs, or negotiate getting closing costs paid by the seller.” He believes those funds are really intended to help those who make 80% of the median income. He would be willing to compromise to 100% with a small percentage of the funds for a down payment or closing costs. He really does not think it was intended for people in the 120% bracket.

Ms. Spicuzza stated that this is household income. It could be people making $60,000 and $30,000. Ald. Wynne added that some of the people who are making more money have very bad credit. They haven’t got the financial skills to manage money. Some of the funding would go to counseling to help them get on track so they can utilize what they have and get back into better credit to be better qualified to buy or rent something. Some of it is not necessarily a down payment or a subsidy, but rather to get them some housing and financial counseling. “The City can’t pay their debt for them or get a family out of foreclosure, but we can counsel them to get out of that situation and get them back on stable ground.” Ald. Tisdahl said she agrees that it is very hard to buy a home for the “workforce,” so she supports providing housing for a range of people so we could continue to have a diverse city and that would include 120%. She supports the proposal.

Ald. Moran said he is sure that households that make $84,000 will still have to work hard to buy a home in Evanston, but he thinks they will have to work hard and they may have to wait, but they have gathering assets and one would hope that ultimately they would have sufficient asset base to move forward and buy a home. He thinks that some of the lower income levels, the ability to look towards the horizon and feel that there is going to be a gathering asset base being economic, efficient and hard working and some people who make less than that can be all of those things and yet never cross that goal line. And somehow, some way, he believes our bias should be towards helping those people rather than other people who simply are waiting and saving and simply are dedicating themselves to gathering the assets to buy. They will ultimately make it on their own terms. He suggested that 100% is being fairly generous. “My last point would be, if we go to 120%, although the plan as it reads now reserves 50% for 80% or less and that’s a good thing, but what happens with the other 50%? I think that if we go to 120%, you’re going to see a major bleed factor, 51% to100% will migrate pretty quickly towards the 120%, who have the acumen and understanding to approach the system where they will take a large percentage of this program into their coffers, when perhaps they are not the people we really should be targeting.” He totally supports the workforce housing idea but a lot of times it’s a single parent household.” He moved that we expand the definition of the fund to assist households up to 120% be lowered to 100% and that as Cheryl says, there may be programs we can commit funds to at 100% where it makes sense, such as credit counseling, understanding a mortgage application process, etc.” Ald. Bernstein seconded the motion. In response to a question regarding funding already in place for counseling for people of any income, Ms. Spicuzza responded that the seminars are open to everyone. Ald. Jean-Baptiste moved that 40% be reserved for the 80% to100% of median income buyers and 60% for those who make 80% or under. Ald. Tisdahl stated that she would like to add to the ordinance that a semi-annual report be provided by staff, tallying applications, requests and loans.

The Committee voted to amend the Ordinance so that the policy specifies that 60% of the funds go to people at 80% or under the median income level and 40% goes to people of 100% of the median income and under, and that a bi-annual report of applicants and recipients of the fund will be provided by Staff to the Committee.
(P2) Resolution 22-R-07 – Establishing Guidelines for the Management and Use of the Funds from the Affordable Housing Fund

The Committee voted unanimously to approve, as amended. **APPROVED**

A discussion ensued regarding equity sharing. Ald. Jean-Baptiste opened a discussion of the subsidy/recapture guidelines recommended by staff:

<table>
<thead>
<tr>
<th>Per Unit Subsidy Amount</th>
<th>Affordable Vehicle</th>
<th>Affordable Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000 - $14,999</td>
<td>Recapture, forgiven annually</td>
<td>5 years</td>
</tr>
<tr>
<td>$15,000 - $29,999</td>
<td>Recapture + equity sharing</td>
<td>10 years</td>
</tr>
<tr>
<td>$30,000 - $50,000</td>
<td>Resale restriction</td>
<td>10 - 15 years</td>
</tr>
<tr>
<td>Over $50,000</td>
<td>Resale Restriction</td>
<td>15 - 20 years</td>
</tr>
</tbody>
</table>

Ms. Spicuzza stated that the equity sharing would come in under the recapture provisions. She referred to Page 8 Number 2 of the guidelines: If you had a subsidy of $15,000 to $29,999 it would be the recapture plus equity sharing formula. Ald. Jean-Baptiste said that when we do a first time homebuyer’s program and we provide 20% financing we recapture if they sell within 15 years, but there is no equity sharing, as such. He said he saw the study in Vermont that indicated that there was no impact on the recipient of this subsidy when they do equity sharing to buy a new home or to move up the ladder. He said it would depend on the market to determine whether that person can take advantage of the next opportunity or move forward with significant equity. He said he would ask for the equity sharing. The intent is to have developers continue to pay into this fund, and to generate income through some other means and that the referendum may even come back. “What we’re trying to do is assist people to get a leg up.” He agrees with paying back what one has borrowed: “It’s a way of trying to keep what is affordable, affordable.” Mr. Wolinski responded that we can limit who you can sell to as far as what their income is, or put a recapture agreement in so the money goes back into the fund. Ms. Spicuzza clarified that on page 8, there are three options for affordability retention and that option number 2 with the chart is the most detailed. The first one leaves it very flexible saying that it would be in keeping with the type of subsidy in the use and so it would be determined as a program is developed or a specific project. Number 2 is a suggestion for giving it more structure in terms of how you would determine it based on the amount of subsidy. Ald. Moran said he is concerned about equity sharing: “We want families to be able to move up, but two aspects of these options are 1) by helping that family do we give them a leg up in being able to make the next move? We are providing a ladder for them to move up. Paying back part but not all is to be considered. 2) Getting a little bit back helps us to promote the next family. It’s a little bit more money in the pot. Maybe the combination of those two things speak to the potential for equity sharing.” He did not have a specific motion of what that ratio should be, but some sharing is warranted. He added that in Item 3 under B, any activity that involves the development of affordable housing leads to the longest period allowed by law. He’s not sure how he would reconcile that, which we have stated previously in ordinances as being a goal. How would he recognize that with the last two items in the box under 2? He asked for some clarification. He saw what he was getting in the $30,000 - $50,000 and over but when you drop down to any activity that involves the development of affordable housing and we were going to go for the longest period permissible under the law which is obviously different than the last two lines in Option 2. Ms. Spicuzza responded that Number 3 is a totally separate option from Number 2. Ald. Moran said he could see the sense of the first items under Number 2, going towards projects that aren’t developments. He could see a recapture and a forgiveness at between $1,000 and $30,000, but it made less sense in the last two
lines, and he would move it down into three at that level. Ms. Spicuzza suggested that he can make a different recommendation for the term. She said she thinks the feeling of staff is that a term longer than 20 years requires ongoing monitoring and perhaps an additional commitment of funds in order to keep it affordable and so maybe it should be a finite affordability term. Ald. Moran replied, “Maybe in a rehab program, potentially, you would have someone coming back for a second round of rehab, but on the development level, we have not put anything into helping people rehab a developed property. We have this price list.” Ms. Spicuzza asked if he meant that after 20 years, even with new construction, it may need some significant capital improvements? Ald. Moran said “Yes, but have we committed to paying for that?” Ms. Spicuzza responded, “If we do that, will it remain affordable or will it require another $10,000 or $20,000 to bring the price down to make it affordable to low income purchasers 20 years from now? That is the unknown. It will require some capital improvement and will that contribute to making it unaffordable?” Ald. Moran moved that under B, we adopt point Number 2, the first two line items and reference point Number 3. “Those are real life situations where recapture and forgiveness or recapture and equity sharing make sense. Anywhere between $0 and $30,000 is good.” Ald. Jean-Baptiste clarified Ald. Moran’s motion: “If we make a contribution to an individual and that contribution is between $1,000 and $29,999 and that individual transfers that property within 5 years, then we recapture the subsidy and beyond that time it is forgiven.” The second line is if our subsidy is $15,000 to $29,999 and the individual sells the property within 15 years, we capture the subsidy and we share the equity. Are you suggesting a percentage?” Ald. Moran asked what we’ve used so far. Ald. Jean-Baptiste suggested we share 10% of the equity. Ald. Jean-Baptiste clarified that they are eliminating the last category. They agreed to change the affordable term to anything permitted by law for $30,000 and under for the recapture and resale restriction. Ald. Moran added to the motion that the homeowner under that circumstance would be able to keep 3% per year plus whatever improvements they made to the project, to the limit specified in inclusionary housing. The Committee agreed to the recommended guidelines as allowed by law. Ald. Bernstein attempted to clarify: “The resale restriction would mandate that they must sell to someone who is within the affordable housing income bracket.” If they sell to someone outside the designated income level, they don’t get their equity. Ms. Spicuzza said they are allowed 3% appreciation annually plus the value of capital improvements up to a certain amount per year.” Ald. Bernstein asked, “If they sell to someone who qualifies, then theoretically the market value is going to be reduced, where does this equity come from?” Ms. Spicuzza responded that if they purchase the house for $150,000 and they sold it the next year, they could sell it for $150,000 X 1.03 to an income-eligible buyer. So they would conceivably get the 3% appreciation on $150,000. They wouldn’t have to pay anything back. Terms are to be “as allowed by law.” Ald. Jean-Baptiste said the 3% has to be clearer in the guidelines. Ald. Wollin said that the ordinance can be passed without every detail of the guidelines. Ald. Wollin moved that the ordinance be passed as stated.

Citizen Betty Sue Ester, representing another citizen, asked whether the funds would be available directly to individuals or only through non-profit organizations. She was told the funds will be available to individuals once a program is set up.

(P3) West Side Master Plan for Sub-Areas 1, 2, & 3 Consideration of a Plan Commission recommendation to City Council for adoption of this Master Plan

The Committee voted unanimously to approve the Master Plan with the amendment that the Council will maintain oversight to abate the displacement of residents through gentrification by using affordable housing funds, and maximizing affordability within developments.

APPROVED
Citizen, Ms. Tina Paden, representing a portion of her community, expressed that they felt they were denied an opportunity to speak with Farr & Associates before the Plan was submitted to P&D. She stated that Farr & Associates did not come and speak to the neighborhood and that their feelings about the Plan were not acknowledged. She asked if Farr & Associates is going to speak again. The answer was no. She asked if Ald. Bernstein had walked the ward. He stated he did walk the area, not the ward. She stated that her group still objects to the plan.

Citizen, Mr. Carlis Sutton, stated that he looked over the revised plan and that it did not address his concerns about density and affordability and he still has the same concerns. He believes it will cost too much to do the infrastructure for the places and he is more interested in coming back to the Committee with some ideas of his neighbors for down-zoning certain areas from 4 to 3, which will be more compatible with the existing neighborhood and slow down gentrification. Ald. Jean-Baptiste acknowledged that Mr. Sutton expected more interaction before the plan was sent to the P&D Committee for approval. A discussion ensued regarding the concerns of citizens and Aldermen of gentrification and displacing current residents by out-pricing them. Ald. Jean Baptiste asked to hear from Mr. Marino or Ms. Guderley to talk about what we are trying to do here today. He asked that they speak to the process. Some people advocated for making the proposal mandatory. Others wanted more discussion. Mr. Marino referred to a memorandum from staff recommending key plan elements which was requested by the P&D Committee earlier in April. “This was summarized at your last P&D meeting.” They also agreed that staff would contact a number of commercial property owners that raised concerns about certain aspects of these requirements of the master plan overall and they’ve been doing that within a team of himself, Sue Guderely, Jim Wolinski, and Judy Aiello. They’ve met with six different entities that are either developers or existing commercial property owners including the trophy awards place and also Mr. Cahill’s property. “That has been a very fruitful discussion in terms of sharing with them the contents of this memorandum which was attached to the agenda data sheet. While they still have some concerns certainly about the master plan and it’s guiding principals, they have a better understanding for the potential for public/private partnership to finance streets that are required as part of the master plan. “If you remember we did discuss that last time and we also discussed, which is included in this document, a staff recommendation to expand the TIF at least to Foster as a way to address the streets that are included in the Bishop Freeman site as well. So we have an ongoing dialogue in that regard. I’m going to ask Sue Guderley to address the issue of the process from the beginning, Ald. Jean-Baptiste, if that’s what you were asking in terms of the citizen participation. Our charge from this Committee was to discuss these issues with the commercial property owners I mentioned and that’s what we did. We’ve had ongoing individual conversations with some residents who have asked questions or had particular concerns. But the entire process, the entire master planning process is based on 50 to 70 people who consistently participated at the various locations in terms of making this possible and so it’s very much a grass roots bottom up process.” He added that the TIF funds would go to offset the cost of improvements such as paving of alleys, streets and parking garages that the residents would normally be taxed on. Ms. Guderley added that the plan was originally a land use plan, meant to re-zone industrial use areas to residential use, which is needed in the area, and that the plan is a synthesis of many peoples’ opinions. Mr. Marino added that there is not a big demand for industrial development in that area. Regarding the issue of affordable housing, he stated that their goal is to provide a guide to promote development and maintain diversity. He cited the Cyrus (Ron Fleckman) Proposal for Workforce Housing, which proposes to set aside 20% moderate income housing. Mr. Marino introduced Mr. Fleckman, who is developing the Bishop Freeman and Robinson Bus property. He stated that he is putting 10% of his development affordable housing, but needs to increase density by 15% to achieve his goals. He wanted to put in all affordable housing, but it is not feasible. He stated that density and affordability go hand in
hand. Mr. Wolinski pointed out that if the proposed density is decreased, that will invite gentrification, because developers have to make a certain amount. There must be a happy medium. Cyrus is talking about 15-20 out of 120 units. “Current developers know that we want connectivity and affordability,” Mr. Wolinski added.

Mr. Wertheimer, of Mayfair Green and developer of “Crossroads,” stated that a grid is being re-established for streets, pavement, water and capital improvement.

Ms. Guderley stated that staff recommended the following changes:

- Open space added in Area 1
- Re-route street on N. Wesley where it connects with Jackson
- At the northeast corner of Church and Dodge, one unit is owned by the Evanston Housing coalition. That building is not being considered for re-development in accommodation of affordable housing.

She added that 3 apartment buildings are owned by Evanston Housing Coalition.

(P4) Ordinance 46-O-07 – Extension of West Side TIF Moratorium
The Committee voted unanimously to remove this item from the agenda. The moratorium will end on May 18, 2007. REMOVED FROM THE AGENDA. THE MORATORIUM WILL END MAY 18, 2007

(P5) Ordinance 56-O-07 – Special Use Request for 1245 Chicago Avenue
The Committee voted unanimously to approve the special use request. APPROVED FOR INTRODUCTION

Mr. Rosenberg explained that the private club is a place for musicians to practice, learn and share their musical gifts with the community, similar to The Arts Club of Chicago or The Cliff Dwellers Club. He intends for the club to do community outreach and also to give musicians an opportunity to perform.

Ald. Bernstein stated that while the community supports the concept, he is concerned about conversation in the alley during late hours. Mr. Rosenberg acknowledged his concern.

OTHER BUSINESS
Mr. Wolinski introduced the new Zoning Administrator, Bill Dunkley.

ADJOURNMENT
The meeting was adjourned at 8:29 p.m.

Respectfully submitted,

Bobbie Newman