SPECIAL
Planning & Development Committee
Minutes of January 5, 2006
Room 2200 – 7:00 p.m.
Evanston Civic Center


Alderman Absent: M. Wynne

Staff Present: J. Wolinski, P. Haynes, G. Morgan, J. Brownlee, J. Aiello, D. Spicuzza

Presiding Official: Alderman Rainey

DECLARATION OF QUORUM

Chairman Rainey called the meeting to order at 7:15 p.m.

ITEMS FOR CONSIDERATION

Inclusionary Housing Discussion

Mr. Wolinski gave opening remarks and a brief overview of the discussion on this matter at the last meeting. He went through the points of concern noted by the Committee members. He noted that in the last few years, 2,000 new residential units were added in Evanston that no one considers affordable. In consideration of the BPI Affordability Study, staff respects the work done by BPI and generally agrees with their conclusion, however staff disagrees with some of the assumptions made such as the projection that Evanston’s level of affordable housing stock could be below 10% by 2010. He would be more comfortable with doing an analysis of units sold versus the State’s approach. Ald. Jean-Baptiste asked staff their opinion of affordable housing in Evanston and versus the BPI Study and the urgency of this situation. Ms. Spicuzza responded that in her opinion a more accurate estimate would be based on for-sale units. She could not recall BPI’s number based on sales, however staff is now working on the 2005 analysis of sales from the City Clerk’s Transfer Tax data base. She stated that they probably will not see the same rate of appreciation in the next 5 years versus the past 5 years.

Chair Rainey stated that she does not understand why staff didn’t propose a graduated payment-in-lieu of based on bedroom size or number of units in project. Mr. Wolinski brought attention to the table of In-Lieu Fee Contribution for Affordable Housing included in the Committee’s packet. He explained the table lists the project size by dwelling units calculated on a 10% basis and how much of a contribution per $40,000, $60,000, or $80,000 per unit. Ald. Wollin asked if the City has received any contributions from developer’s in-lieu of on-site affordable housing units by providing any affordable off-site units? Mr. Wolinski responded not to date.
Ald. Moran stated that he would like to see more than the 10% set aside requirement for Evanston. He noted that many other communities/Cities have proposed the 10% set-aside requirement and have succeeded with this percentage. However, he feels that Evanston needs to make a statement of strong commitment in view of having such a diverse community with a combination of all economic levels from high income to low income households. He used Montgomery County, Maryland as an example of a community that started out with 5% to 10% to a 30% set-aside requirement. He suggested they consider a number in between such as 15%. Chair Rainey asked what incentives were offered in Montgomery County when they required a 10% set-aside. Ald. Moran was not sure but this information could be obtained.

Ald. Moran also would like to see a longer affordability period than the proposed 15 years. He said that this time period goes by very quickly and he would like to see this program possibly help generations of qualified families. As far as the fee-in-lieu of option, he also feels the amount should be higher per unit. He stated that the amount should be in relationship with the actual cost of building an affordable unit. He said this would ensure an “inclusionary” element in market developments that are at the higher end. He recalled Assessor Houlihan’s letter regarding special assessments for affordable units which would be helpful in keeping property taxes at an affordable level. Ald. Moran acknowledged all of staff’s work on this issue and appreciates the guidance they have provided. He reiterated that Council needs to make a strong statement on the inclusionary housing issue and stand by such a policy.

Ald. Bernstein agreed with Ald. Moran’s comments. He realizes that the payment in-lieu-of option seems to be an easier solution for the developer but the consequence would be a pot of money in an affordable housing fund that would be used for units built in affordable areas, which is contrary to being inclusionary. He stated that the affordable housing crisis is and should be a Citywide responsibility. In actuality, inclusionary housing is needed, however will it attract the targeted population to on-site affordable housing units within a planned development because clearly those households will be noted and affected in their living situation within that development. He used the example of being a chevy in a parking lot of lexus’s and cadillac’s. Ald. Bernstein also pointed out in staff’s report regarding consideration of surrounding elements affected such as streets and other infrastructure matters. He suggested that maybe there should be more than one fund for in-lieu-of payments.

Ald. Bernstein also has a concern for the duration of the affordability period. He said that other municipalities have impact fees, which can be partially waived as an incentive. In task force discussions, he learned developers want to know with some certainty what their cost will be and also expect a quid-pro-quo. He questioned if the maximum cost is offset by the Planned Development benefits. He noted that it is known that developers will try for variations over the Planned Development regulations and they have to talk in terms of incentives or subsequently, there will be fewer developers. In view of this, does the City mind if there are fewer developers that will come forth? He replied that at this time that question is not of importance, however there are questions whether existing
infrastructure, not only roads, but fire and safety and health services can support more development. Ald. Bernstein said that this could scare developers away. He said this may not be a bad thing, however the burden should not be all on the developers and should be spread amongst the general population. He suggested for example, the possibility to increase the Real Estate Transfer Tax with increase going to affordable housing. He strongly feels that they need to keep the development of affordable housing from going to only “affordable areas” of the City.

Ald. Jean-Baptiste stated that they need to emphasize on-site affordable housing within planned developments. However, if this is not possible, they need to make a strong statement on making the in-lieu-of payment fee a significant amount that coincides with the actual cost of building affordable housing units. He strongly supports the maximum amount for the in-lieu-of fee and would even support considering $100,000 per unit in view of current cost for construction. As far as the affordability period, he thinks that in perpetuity is a good idea. He would like to help more households at the 80% income guideline and would like to see more help provided for the lower income guidelines.

Chair Rainey said that she would like to see a case study to analyze ongoing housing costs, using hypothetically for example one of the Optima developments. She stated the housing costs to be in consideration of homeowner monthly assessments, parking costs and any special assessments. She would like to see the impact of these costs per month in combination with regular monthly housing cost for the qualified affordable household expenses. She finds this added expense very significant in considering the total payment responsibilities for the qualified affordable housing cost and whether this added expense should be included in the funding subsidy. With regards to Assessor Houlihan’s letter and his position on providing special assessments for affordable housing units, she stated her position is that this is a risky assumption because it is not assured that this special assessment will be granted to affordable housing homeowners. Chair Rainey acknowledged the intent is there, but questions if this concession will actually be delivered.

Chair Rainey raised the question of what the actual plans are for the fund of money that would be received from fee-in-lieu contributions because this issue has not really been addressed. She informed the Committee that she has reviewed Building Department permit statistics including Highland Park that in 2004 had 121 units in development. She noted that Council, or this Committee, has not heard from the people who actually need affordable housing; only from the advocates. She noted that from her personal survey where she talked to 5 police officers who do not live in Evanston, that they were not interested in any incentive programs to purchase property here. She informed that all 5 officers said that they can get twice as much at half the price and 1/3 the taxes in other communities. Therefore, she stressed that they need to focus on who they are really going to help in this affordable housing effort and need to consider their views of how this will effect the targeted population. She brought up the issue of the purchase and resale of the affordable housing project at 1816 Darrow and requested a report from staff on the status of the sale of this property. She noted that this specific property could be beneficial for the Committee’s review in looking at the how this effects the people who
seek affordable housing and how they view the benefits of the affordable housing programs being offered.

Ald. Bernstein stressed to the Committee that they need to get going and move forward with some policy in place as soon as possible. Chair Rainey agreed, however there are many issues that need to be clarified that have essentially been brought up in discussion this evening. For example, she finds the issue of considering condo assessments and other extra monthly housing costs for the affordable housing unit to be of utmost importance in considering the actual total cost for debt-to-income-ratios. She stated that she always considered the monthly condo assessments were determined by the size of the unit and asked Ald. Bernstein for his professional legal opinion and clarification on this issue. Ald. Bernstein responded that his understanding is that it can be based on the price of the unit as a whole, not necessarily the size of the unit or number of bedrooms. Lengthy discussion followed regarding the possibility of subsidizing added monthly assessments in combination with normal monthly housing expenses for the affordable housing owner within a planned development setting. The circumstance of being the only subsidized unit within a planned development building could be significant and detrimental to the qualified affordable homeowner resulting in several notable problems for that unit owner. The question was also brought up on who would have to administer the funds for subsidy in any case, resulting in either City staff or an identified agency to manage or oversee this function.

Chair Rainey stated that it seems apparent from this proposal that the amount of affordable housing the City can provide will be completely dependant upon the planned developments of 25 units or more to implement this policy.

At this point, Chair Rainey called on citizen comments in the order signed up to speak.

Ms. Susan Cooney, stated that she is a realtor and resident of Evanston. She is also a member and past president of the North Shore – Barrington Association of Realtors Organization and requested to make her statements this evening on her professional position and opinions personally. She read from a prepared statement (see attachment “A”), which in summary points out that an inclusionary housing policy should be voluntary and that there should be incentives included also. She feels that perhaps the City can provide a rental subsidy to landlords to assist in the maintenance of affordable housing stock. Ms. Cooney gave prices based on the MLS statistics and she noted that last year within 519 single-family sales, the average price per property in Evanston was approximately $600,000. She noted that there were 839 condo sales last year with the average sale price of approximately $286,000. She made aware that these sales prices were not for all new condos listed in the MLS, but is a general representation of the overall cost of average sales. In addition, Ms. Cooney provided a table of the 2005 Sales of Detached and Attached Properties in Evanston Sorted by Jr. High Schools throughout Evanston (See attachment “B”). She also provided a table of the average list prices and sales prices of properties in Evanston compared to other north shore communities including Skokie, Wilmette, Winnetka, and Kenilworth (See attachment “C”). Ald. Rainey said that when you add new construction, the percentage of affordable housing is
Ald. Holmes notices that King Lab was not included in Ms. Cooney’s study and noted that the statistics from that school would be very advantageous and informative for the 5th Ward community to review the average sales prices of homes in that area. Ms. Cooney responded that King Lab is not considered specifically a Jr. High since it is a Magnet School that includes grades from K-8. However, she assured Ald. Holmes that she could retrieve this information from another database and forward this information to the Committee. Ald. Holmes agreed to this.

Ms. Robin Snyderman-Pratt distributed a prepared statement handed to the P&D Committee and also addressed the BPI Study and the Housing Commissions position in support of their analysis. She said the analysis showing Evanston’s affordable housing has declined from about 26% to 19% was based on the methodology IHDA uses per the Affordable Housing and Planning Appeal Act. While many people have questioned that methodology, including BPI, it is the State litmus test and illustrates how that 26% number came to be in the first place. She feels the more persuasive piece is the second one BPI did based on MLS data, showing only 17% of homes in 2005 were purchased for $200,000 or less, compared with 42% in 2000. She noted a new study due to be out soon that shows Evanston as having the highest number of rent burdened households, the decreasing supply of affordable housing units, and the highest number of real estate transactions points. She feels that these real estate data supports the Housing Commission’s contention that the 15 year affordability period is too short, the $40,000 in-lieu-of contribution is too low, and that Evanston residents and workers can and should be a preference target population for affordable housing homeownership programs. In essence, she voices her support with the comments and concerns expressed by the Committee members about amendments to the proposal presented this evening. In conclusion, Ms. Pratt urged the Committee’s support in moving this policy forward with the suggested amendments incorporated and suggested that the P&D Committee further recommend that the Housing Commission be allowed to review and wrap up those amendments into a final draft to bring back before the Committee for final review and approval. Chair Rainey raised question on the Employee Assistance Program and how it has been facilitated since its establishment. Ms. Spicuzza responded that since the pilot program has been in effect, it has assisted two City employees and has been approved and extended with additional funds to continue. She noted the program was modified by increasing the targeted income level and grant amount in order to be more effective.

Ms. Sue Brady, 1143 Hinman, stated that she is the president of her condo association and explained in detail the cost of what association fees are allocated for and how they are expended and also the expected rate of inflation rates over time that can be expected. She wholehearted concurs with the fact that in consideration of inclusionary housing that each unit has to share the responsibility of having the same assessment rates in order to meet the shared quota and proportion per unit to meet budgeted cost requirements. She supports the need to include the cost of monthly assessment fees into the affordability aspect that should be subsidized within the affordable housing unit expense. Chair Rainey questioned the cost of increases in assessments and how this can be figured. Ms. Brady responded that usually the yearly increase is not substantial and perhaps this increase can be presumed over the affordability time frame. She also suggested that the...
Committee consider the concept of allowing 1/3 of the set-aside units to be sold to a non-profit organization for ownership and be allowed to rent those units for affordable housing for a certain period of time with the assistance of moving in the direction of homeownership within that time frame. Chair Rainey noted that with that suggestion you have to realize that if 75% of a condo is not owner-occupied then that building is not entitled to City trash collection, therefore creating an additional expense on the property owners. Ms. Brady recommended that the Committee revisit the original ordinance recommended by the Housing Commission, as it addressed some issues the Committee raised during their discussions, such as the graduated issue. She also said the original proposal included a condition allowing 1/3 of the set-aside units to be sold to non-profit groups.

Ms. Mary Ellen Tamasy, 1432 Wesley, stated that she supports inclusionary housing in its entirety. She informed the Committee of her 17 years work experience in the housing field and listed her many involvements and work history with Lake County and other communities. She recommended to the Committee that there is a need to provide certain incentives to developers when it comes to inclusionary housing policies if a community is really committed to fulfilling such a commitment. She agrees with a previous statement made that developers need to know when they are coming in from the beginning what their actual cost are to be expected, including inclusionary housing if there is a policy in place and they are expected to abide by. Such a policy will not impede a developers plans if they are informed of specific expenditures in advance because they will incorporate those cost in the final dollar amount of their project. For example, Ms. Tamasy pointed out that in Highland Park they waive impact and permit fees for affordable units and also provide density bonuses. She informed the Committee that she is the director of the Highland Park Community Land Trust and was involved in their inclusionary housing policy. She noted that their goal was to create 12 to 20 units of affordable housing per year for permanent affordability. Ms. Tamasy stated that when she worked for Lake County they have helped approximately 800 families purchase affordable homes by providing with down payment grants. However, she said, then the five year affordability period attached to the grant ended, she knew the property would not remain affordable. She stressed that if inclusionary housing is going to succeed in a community it needs to be a shared effort between the public and private sector to form a partnership. She said that the housing trust fund and the community land trust all all tools that are part of Highland Park’s affordable housing plan and all the elements work together.

The P&D Committee members found Ms. Tamasy’s comments very valuable and raised several questions to her regarding the process and course of action used to formulize an inclusionary housing policy. Ms. Tamasy explained how Highland Park gives preference for certain characteristics such as working in the city. Ms. Tamasy assured and offered her assistance to aid in the City of Evanston’s mission for this policy to go forward.

Ms. Judith Herwich, Housing Commissioner, expressed her support for this policy to go forward and encouraged the Committee’s support to see this through.
Commission’s original proposal applied to buildings with five or more units and said she still feels that is an important consideration.

This concluded citizen comments.

Mr. Wolinski reminded the Committee that the issue was never resolved regarding segregating communities with fees-in-lieu-of funding as an option for developers of planned developments. He said that it has been realized that affordable housing is difficult to provide with new construction and noted that many of the City funded affordable housing projects were rehab construction of existing multi-family buildings. He noted that this form of on-site provision for affordable housing is much more cost effective in comparison to new construction, which is very expensive and not really affordable to build. He concluded that because of this fact, the payment-in-lieu-of option is probably going to influence the direction of such a policy for developers. However, he reiterated that the Committee needs to consider some direction for the monies that will be supplementary to this Housing Fund and how staff should allocate those funds to be used for affordable housing, etc. throughout Evanston.

Alderman Rainey asked if everyone was in agreement to eliminate the alternative of providing an affordable unit off-site, and everyone indicated agreement. They concurred that the choices would be to provide an affordable unit on-site or contribute a fee-in-lieu of providing a unit.

Ald. Holmes said she wants to make sure the policy addresses the needs of people at incomes below 60% AMI and how we can keep them in the community.

Concluding discussion followed involving the P&D Committee members, staff, and member of the Housing Commission. The following list summarizes the requested items directed from the Committee to staff and the Housing Commission to follow up with and present back before the P&D Committee.

1. The P&D Committee requested that the Housing Commission review all the recommended suggestions and amendments that were discussed this evening to be incorporated into the proposed policy as presented.

2. A request for staff to give a report on the sale of 1816 Darrow Avenue.

3. Request for an analysis of how a Community Land Trust could be woven into an Inclusionary Housing Policy to be used for the City’s advantage. (Assistance of Ms. Tamasy.)

4. A request for the scenario of condo ownership monthly costs and assessments using a project such as the Optima development downtown Evanston.

5. A request for staff to look at a graduated fee for in-lieu-of contributions; suggestion to look at other community models.
6. A request to address the question of what percentage of working poor do we want to keep in our community and retrieve input from qualified target population for affordable housing on desires and needs.

7. A request to determine how to establish preferences and if family units should be a preference?

8. A request that the for-sale analysis be conducted surrounding the community of King Lab in conclusion with the other junior high studies that was conducted by Ms. Cooney. (Ms. Cooney, to assist with this analysis.)

**ADJOURNMENT**

The meeting was adjourned at 8:58 p.m.

Respectfully submitted,

Jacqueline E. Brownlee