

**EVANSTON HOUSING COMMISSION
MINUTES
December 14, 2006**

Present: Robin Snyderman Pratt, Chair, Sara Ashmore Diggs, Carol Balkcom, Eric Beauchamp, Judith Hurwich, Jean Keleher, Susan Munro.

Absent: Sue Sinnamon

Staff: Donna Spicuzza, Housing Planner

I. Call to Order

The meeting was called to order at 7:10 p.m. without a quorum. **Minutes of the November 16, 2006 meeting were unanimously approved** by a motion by Judith Hurwich, seconded by Carol Balkcom, when a quorum was present.

II. Proposed HOME Application from Housing Opportunity Development Corporation Opportunity

Michael Colan of Housing Opportunity Development Corporation (HODC), presented information on the proposed new construction for which they are requesting \$95,000 in HOME subsidy. He displayed a poster showing houses on the west side of the 1800 block of Dodge with a computer generated design shown at 1820, illustrating how it fits in with the other houses. Ms. Snyderman Pratt observed that while the pre-fabricated construction is unique, it was not set it apart visually.

Mr. Colan said the land was donated to HODC in 2005 for the purpose of developing an affordable for-sale home. He said they first worked with an architect for traditional building techniques but couldn't make come up with a design it in line with their budget in order to be affordable to people they were targeting, with income of around \$40,000.

He said they were approached by a builder, Old World Homes, to construct a pre-fabricated house. The pieces of the home would be manufactured in a factory in Pinckneyville, Illinois, then delivered to the job site and assembled there, reducing construction costs and time. Mr. Colan said that they have discussed the issue of meeting the City's building code for the off-site construction. He said the home would be about 1,600 square feet, with 3 bedrooms, 2.5 baths, a partially finished basement, a porch and a detached garage.

Mr. Colan said the goal is to sell to an Evanston household making less than 60% of Area Median Income (AMI). With \$95,000 in HOME funds to write down construction costs, they propose to sell the home for about \$155,000. In addition to the City funds and free land, they are also working with National City Bank to get a below market rate for the purchaser's mortgage.

Erica Page, HODC's housing counselor, talked about marketing the property. She said she has worked this year with 215 clients, of which 111 are from Evanston. She said they will have an application process with the homeowner chosen by lottery. Applicants will have to go through home ownership counseling. She said purchasers of three properties sold by Evanston Housing Coalition (EHC) this year went through HODC's home ownership program. She said that in addition to the classes, she works individually with people as they apply for mortgages and purchase a house.

Commission members asked about the new homeowners were doing. Ms. Spicuzza said that the family at 1933 Dodge has been in their house since early fall and have told Mr. Gauthier of EHC how happy they are in their new home. Another property at 1915 Foster closed that week, and the neighbors are delighted with the rehab and having another owner-occupied home on the block.

Members asked about post purchase counseling. Ms. Page said they plan on providing that but have not yet made arrangements. She said it would focus mainly on maintaining a budget and good credit. It was suggested they include information on assessing upcoming expenses and routine maintenance that will avoid costly repairs. Members asked about the experience of pre-fab houses in terms of the systems and maintenance. Mr. Colan did not have details but said the builder has built luxury homes in Wilmette using this method and they have a lot of experience. He noted that pre-fab houses use about 1/3 more wood per square foot than traditional stick-build housing so the durability is better. In response to questions about the City building code, he said they are working with City staff on the issues of manufactured housing and what should be left open to allow on-site inspections. Additionally, HODC will pay a third party inspector, selected by the City, to inspect the construction of at the factory. It was asked whether there were any labor issues associated with factory built housing and Ms. Spicuzza said that Davis Bacon wage requirements only apply to projects with 12 or more units for the HOME program.

Ms. Balkcom asked if there had been any discussion of the possibility of putting the house in a land trust after completion and Mr. Colan said they have not had that conversation yet.

Ms. Snyderman Pratt asked how the amount of HOME subsidy compared to other subsidized homeownership projects and Ms. Spicuzza said they have provided as much as \$97,000 per unit for new construction on Darrow and \$115,000 per unit for the Dodge townhomes. She asked about costs if it were stick built, and Mr. Colan estimated it would be at least \$25,000 to \$30,000 more based on their earlier estimates from the architect.

Ms. Ashmore Diggs asked whether the property value of the house would be in line with other single family property in the neighborhood. She was concerned about opposition to affordable housing if it would devalue other properties. Ms. Spicuzza said that while the purchase price was lower and it would remain so with a deed restriction, it would be appraised at market value. She said the new townhomes on Dodge were appraised around \$320,000. She said the Cook County Assessor would do a market value appraisal, looking at comparable values. Then the owners would file an affordable housing incentive appeal after it was assessed.

Members asked about the land donation and Mr. Colan said that since it was donated for affordable housing, the previous owner received 50% of the donation in state tax benefits.

Ms. Snyderman Pratt praised the project's tapping of the state donation tax credit, providing a low-interest loan for the buyer and using pre-fabricated construction, and asked for a motion. **Ms. Munroe moved that they recommend using \$95,000 in HOME funds for this project, pending comments from HOME Loan Committee which would meet in early January, and it was seconded by Judith Hurwich. The motion carried 7-0.**

III. Recommend uses for Affordable Housing Tax Fund

Susan Munro asked for the specific charge given to the Housing Commission at the December Rules Committee meeting, because the motion went through many versions before it was voted on. Ms. Spicuzza read from staff notes that the motion was to "send it to the Housing Commission for a recommendation with respect to an Affordable Housing Trust Fund ordinance to be returned with a recommendation in 90 days and in the meantime we can explore establishing a Blue Ribbon Commission who will work with us in relation to the recommendation that the Housing Commission gives us."

Ms. Munro said there was discussion about templates and a suggestion that the Housing Commission should come back with multiple templates for the fund but said the motion sounded like they wanted one proposal from the Commission. Ms. Spicuzza suggested that the Commission could send a communication after their January meeting and she would check on the next Rules Committee meeting. Commissioners agreed they would have something after their February meeting.

Ms. Snyderman Pratt said since they have three meetings, she suggested they first consider some best practices and discuss the principles they want to uphold and also said that BPI can again provide some pro-bono legal assistance. Members discussed what areas were to be covered and agreed it would be the whole structure, with priorities for spending the money and how to manage it. Ms. Munro noted feedback from citizens after the defeat of the Real Estate Transfer Tax Referendum was that voters were being asked for additional money without a plan for how to spend it, and there was concern it would go into the general fund.

Ms. Hurwich said that in the past the Commission had a subcommittee that met in order to get specific work done and they could be done again. The Chair suggested they come up with principles and goals they can agree on at this meeting.

Ms. Munro mentioned that key issues that arose from their discussion last month was that there should be grants offered, not just loans, and that rehab should be included. She also suggested that while they currently operate in a reactive way as people come and ask for money, they could also be proactive. She said perhaps they could stimulate the kind of activity we want to see, such as issuing Requests for Proposals.

Ms. Snyderman Pratt said that was an interesting point and pointed out how in Illinois there may be 10 different categories in tax credit rounds, with projects trying to get points in their section to do a project. However, Florida recently made \$50 million

available for only one thing - workforce housing innovations because the market was not accommodating that sector. She said 10 different teams will be awarded \$5 million each, and afterwards they will be analyzed to see which worked best so they can replicate them.

Members agreed to form two subcommittees and meet before the January meeting. They will review the materials they received and look up the recommended web sites.

Members chose to be on one of two subcommittees and would ask Ms. Slnnamon, who was absent, which one she preferred.

Sub Committee on Uses

Susan Munro, Judith Hurwich, Eric Beauchamp, Robin Snyderman Pratt

Sub Committee on Administration:

Carol Balkcom, Sara Ashmore Diggs, Jean Keleher, Robin Snyderman Pratt

Members asked whether staff had any specific ideas about administration and Ms. Spicuzza said that they have not yet had a detailed discussion about it. Ms. Ashmore Diggs said some uses or programs might necessitate different administrative considerations. They mentioned that the role of the Housing Commission should be explored, and whether in fact the Commission's composition should be expanded beyond the criteria of having owners, renters or landlords. Ms. Munro said that the Chair's letter to the Rules Committee about getting Housing Commission input on the use of this fund carried weight with the Committee. Members also said they should consider the role that a Land Trust could play in administration of programs, the role of private –public partnerships, and of course the roles of City Council and staff.

In terms of Uses, the chair asked if members were interested in narrowing the range of things the City currently funds. Members felt they should consider the full spectrum of needs and not narrow it down.

Ms. Beauchamp suggested allocating percentages to different uses, such as seniors, rental, ownership.

Ms. Ashmore Diggs asked if the City is attempting to draw new people, retain people, or get rid of people. Members observed that the City was interested in keeping development going to expand the tax base, but there is a goal of trying to keep the housing stock affordable to range of people currently living or working here. They felt that stopping the egress of people who can no longer afford to live here would be consistent with the Consolidated and Comprehensive Plans.

Ms. Balkcom wondered whether rental housing would be an allowable use for funds since the focus of the ordinance is ownership. Mr. Beauchamp said he thought it would be a bad idea to take that out of the mix of affordable housing and members felt that while the inclusionary ordinance is collecting fees from new ownership developments, there is nothing in the ordinance to prevent funds from being used on rental rehabs, or acquisitions or rent subsidies. Ms. Ashmore Diggs said not everybody wants to purchase their home, and that gets back to the principle of retaining people.

Ms. Keleher said there should be more transparency of process in both the uses and the administration. Members agreed and also noted that the recommendations should also be consistent with the Consolidated Plan. They discussed a number of other ideas and came up with the following broad principles for Uses and areas to consider for Administration.

USES	ADMINISTRATION
<ul style="list-style-type: none"> • Expand on Current Uses of affordable funds 	<ul style="list-style-type: none"> • Investment Practices
<ul style="list-style-type: none"> • Create “buckets” with percentages for different uses 	<ul style="list-style-type: none"> • What’s the role of ...
<ul style="list-style-type: none"> • Be both Reactive AND Proactive 	<ul style="list-style-type: none"> ○ The Housing Commission (and its composition, i.e. more than owner, landlord or renter)
<ul style="list-style-type: none"> • Target: People living and working in Evanston 	<ul style="list-style-type: none"> ○ Staff
<ul style="list-style-type: none"> • Match with perceived needs 	<ul style="list-style-type: none"> ○ City Council
<ul style="list-style-type: none"> • Transparency in Process 	<ul style="list-style-type: none"> ○ Land Trust
<ul style="list-style-type: none"> • Land Trust 	<ul style="list-style-type: none"> ○ Public-private ventures
<ul style="list-style-type: none"> • Include Rehab 	
<ul style="list-style-type: none"> • Include Rental and Owner-occupied housing 	
<ul style="list-style-type: none"> • Provide grants when needed, not just loans 	

IV. Update on Inclusionary Housing Ordinance Amendments

Members reviewed the Inclusionary Housing Ordinance which was discussed and voted on at the December 11, 2006 Planning and Development Committee but not voted on at City Council because the motion to recommend was a 4-4 tie. There was a question about whether the motion to eliminate the section allowing a non-profit group to purchase some of the set-aside units before they were available to the public was passed. Ms. Spicuzza said she will get back to commission members with that information.

V. Public Comment

Julie Ganey, Outreach Director from Next Theatre, made an announcement at the beginning of the meeting regarding their performance next spring on the theme of development, housing and the future of the communities of Evanston and Rogers Park. She appealed for people to participate in the performance and she would like to get someone associated with the Commission or familiar with the issues. She said people can contact her at 773-620-5568.

Sue Brady said she attended the Rules Committee meeting and felt the aldermen did want an ordinance in a template form and suggested they put all possible uses in the ordinance. She said the development of programs would be the second phase, probably based on Council’s top priorities from the list.

She also mentioned that the Mayor's Special Housing Fund was created from left over federal general revenue sharing funds.

Sue Carlson suggested that the Commission make sure that the recommendations includes the Mayor's Special Housing Fund and the other funds, and that they consider uses for needs that are not being met with HOME dollars.

VI. Adjournment

The meeting was adjourned at 8:45 p.m.

Respectfully submitted,

Donna Spicuzza, Housing Planner