

Memorandum

To: Housing and Homelessness Commissioners

From: Savannah Clement, Housing Policy and Planning Analyst

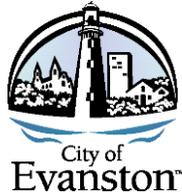
Subject: October 4, 2018 HHC Meeting Cover Memo

Date: October 2, 2018

Attached please find:

- The meeting agenda
- Item 1: Draft minutes of the September 6, 2018 meeting for approval
- Item 2: Demolition tax increase discussion memo and Affordable Housing Fund description

We look forward to seeing you on October 4th.



HOUSING AND HOMELESSNESS COMMISSION

Thursday, October 4, 2018

7:00 PM

Lorraine H. Morton Civic Center, 2100 Ridge, Room 2402

- 1. CALL TO ORDER / DECLARATION OF QUORUM**
- 2. APPROVAL OF MEETING MINUTES** September 6, 2018
- 3. PUBLIC COMMENT**
- 5. DEMOLITION TAX DISCUSSION**
- 6. STAFF REPORTS**
- 7. CHAIR'S REPORT**
- 8. NEW/OTHER BUSINESS**
- 9. ADJOURNMENT**

Next Meeting: November 1, 2018 at 7:00 p.m. in room 2402

Order & Agenda Items are subject to change. Information about the Housing and Homelessness Commission is available at: www.cityofevanston.org/government/agendas-minutes. Questions may be directed to Savannah Clement at 847.448.8679.

The City of Evanston is committed to making all public meetings accessible to persons with disabilities. Any citizen needing mobility or communications access assistance should contact Savannah Clement at 847.448.8679.

La ciudad de Evanston está obligada a hacer accesibles todas las reuniones públicas a las personas minusválidas o las quines no hablan inglés. Si usted necesita ayuda, favor de ponerse en contacto con la Oficina de Administración del Centro a 847/866-2916 (voz) o 847/448-8052 (TDD).



DRAFT

MEETING MINUTES

HOUSING AND HOMELESSNESS COMMISSION

Thursday, September 6, 2018, 7:00 P.M.
Lorraine H. Morton Civic Center, Room 2402

Present: Vice-Chair Geri Palmer, Alderman Eleanor Revelle, Monika Bobo, Noelle Gilbreath, Moika Long, Mark Kruse, Larry Donoghue, Renee Phillips

Absent: Chair Ellen Cushing, Noelle Gilbreath, Mark Kruse

Staff: Sarah Flax, Housing and Grants Administrator; Savannah Clement, Housing Policy and Planning Analyst

Call to order

Vice-Chair Geri Palmer called the meeting to order at 7:07 PM with a quorum present.

Approve minutes of July 25, 2018 meeting

Larry Donoghue moved for approval, and Alderman Revelle seconded; Monika Bobo abstained. The motion was approved 5-0. Commissioners requested a more recent report on TBRA.

Public comment

No public comment.

Metropolitan Tenants Organization and Lawyers' Committee for Better Housing Application for Landlord-Tenant Services Funding

John Bartlett, executive director of MTO, provided a brief presentation. He said MTO has received 36 calls since July 1, 2018. He said the calls relate to evictions, repairs and lease questions. John said that there were about 200 evictions in Evanston last year alone. MTO also does healthy homes work - there is a lot of lead in older homes.

Question from the Commission about how the City was handling legal services for landlord-tenant work before. Open Communities did not provide legal assistance directly to landlords or tenants unless there was a fair housing discrimination issue. Otherwise, the cases were referred to outside agencies.

Commissioners asked about some of the services and impacts MTO has provided. John Bartlett said that last year MTO organized 2,000 tenants in 40 buildings. Vice-Chair Geri Palmer request a one-page fact sheet on MTO's projected outcomes based calls received in Evanston so far, as well as a few of MTO's recent accomplishments.

Alderman Revelle moved for approval, Larry Donoghue seconded and it was approved unanimously.

Staff Reports

Staff provided updates on affordable housing work. Send email about Steering Committee to Commissioners.

Chair's Report

No report; Chair absent from meeting.

New/Other Business

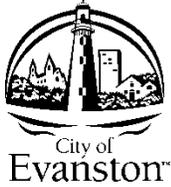
Renee Phillips said she will send lease from Decatur to staff. She also requested a report on recent TBRA graduates with status updates on the other households still participating in the program.

Adjournment

Ald. Revelle motioned to adjourn, Monika Bobo seconded, and the motion was unanimously approved. The meeting was adjourned at 8:21 p.m.

The next scheduled meeting of the commission is Thursday, October 4, at 7:00 p.m. in room 2402.

Respectfully submitted,
Savannah Clement, Housing Policy and Planning Analyst



Memorandum

To: Members of the Housing and Homeless Commission

From: Sarah Flax, Housing and Grants Administrator
Savannah Clement, Housing Policy and Planning Analyst

Subject: Recommendation to Increase the Demolition Tax

Date: September 25, 2018

Summary:

At its meeting on September 12, the Inclusionary Housing Ordinance Subcommittee referred development of a recommendation to raise the City's demolition tax as a means of increasing revenue for the Affordable Housing Fund to the Housing and Homelessness Commission. The HHC is tasked with reviewing the current demolition tax and providing recommendations for a new fee structure. The recommendations will then go to Planning and Development Committee and City Council for approval.

Background:

Currently, the City charges \$10,000 per housing unit demolished or \$3,000 per unit for multi-family structures, whichever is greater. This tax is one of the existing funding sources for the Affordable Housing Fund. Still, demolitions in Evanston are infrequent and do not generate a lot of revenue. Over the past several years, the City has received approximately \$50,000 per year from demolitions. The demolition tax has not been increased since it was enacted in 2006. The City could increase it in order to produce additional revenue from this source. However, demolitions in Evanston are infrequent and any increase from the demolition tax would increase resources needed for affordable housing only modestly.

Consideration to increase or restructure the demolition tax should include, but not be limited to:

- Whether the demolition tax should be based on the type or value of the property being demolished
- Whether the demolition fee should be higher in cases where affordable units are being replaced by higher end housing, such as when a modestly-priced house is torn down to build a luxury home, including how affordable and luxury would be defined.
- Review of current exemptions from the tax if affordable housing is constructed
- Review of deferral of the tax in case of recycling /reuse of materials or when the cleared lot is no longer buildable under current zoning. Review of the Stability

Incentive if the owner of record was the occupant of the demolished structure and is the occupant of the new housing developed

- Whether the demolition tax could apply to non-residential properties or any other considerations
- Including specific language about what constitutes demolition to address situations where the foundation or foundation and a minimal portion of the above ground structure is retained to avoid the demolition tax

Attachments:

City Code: CHAPTER 18 – AFFORDABLE HOUSING DEMOLITION TAX AND AFFORDABLE HOUSING FUND

CHAPTER 18 - AFFORDABLE HOUSING ~~DEMOLITION TAX AND AFFORDABLE HOUSING FUND~~

SECTION:

4-18-1. - PURPOSE.

The purpose of ~~this Chapter~~ the Affordable Housing Fund is to provide funding for the planning, expansion, maintenance, conservation, and rehabilitation of Evanston's housing stock and to be responsive to needs for change in housing-related matters to the end of maintaining a diverse residential environment and to conserve property values within the community and to combat homelessness. ~~provide a source of funding for the creation, maintenance, and improvement of safe and decent affordable housing in the City of Evanston in order to enhance preservation and maintenance of the City's cultural and economic diversity.~~

(Ord. No. 139-0-05; Ord. No. 8-0-12, (48-0-11(exh. A, § 4-18-1)), 1-23-2012)

4-18-2. - DEFINITIONS.

For the purposes of administering this Chapter:

AFFORDABLE HOUSING FUND.	<p>The fund established by City Council which can only receive and expend monies dedicated to the creation, preservation, maintenance, and improvement of affordable housing for households whose income is one hundred twenty <u>twenty</u> percent (100<u>120</u>%) or less of area median income. Priority uses with no less than sixty percent (60%) of all monies shall be based on considerations that include the broad needs of low-income residents, including seniors. Priority for affordable dwelling units will be given first to qualified households who currently live in Evanston, or who have lived in Evanston with a member of a household currently living in Evanston, or to households in which the head of the household or the spouse or domestic partner works in Evanston. <u>reserved for households that earn less than eighty percent (80%) of area median income will be based on the City's Consolidated Plan that identifies housing needs and strategies to address them and is approved by City Council.</u> The City Manager or his/her designee may implement programs-activities including, but not limited to:</p> <p><u>Housing development projects funded by loans or grants including, but not limited to, acquisition, pre-development costs; construction of new housing units; rehabilitation of existing units; adaptive re-use of non-residential buildings for housing; construction or renovation of shelters and/or transitional housing.</u></p> <p><u>Housing programs and services funded by grants that are implemented by nonprofits or City staff that serve households whose incomes do not exceed 120% of the area median income including, but not limited to: grants or loans to homebuyers in the form of down payment and/or closing cost assistance; homebuyer/credit counseling; home maintenance and management for new homeowners; rental assistance; landlord-tenant services; landlord training and education; building rehabilitation and/or construction loans; property</u></p>
--------------------------	---

Formatted: Space After: 0 pt, Line spacing: single

Comment [FS1]: This language is from IHO, the primary source of funding for AHF

	<p>acquisition and disposition; homesharing programs; and case management and other needed services to enable households to access housing or shelter and/or maintain their housing, and grants to nonprofit organizations that serve households that earn less than one hundred percent (100%) of area median income.</p> <p>Funds may also be used to fund staffing and other costs required to administer and manage funded activities, monitor compliance with affordable housing requirements, and assess and report outcomes and effectiveness at meeting City housing related goals.</p> <p>Said projects and programs shall be administered in accord with guidelines generated by the Evanston Housing and Homelessness Commission, reviewed by the Planning and Development Committee and/or Human Services Committee of the City Council, and approved by the City Council.</p>
AFFORDABLE HOUSING, OWNER OCCUPIED.	Decent, safe, sanitary housing that is affordable to "relevant households" as defined herein. The cost of the mortgage payment principal and interest and relevant expenses (a calculation of property taxes, homeowner's insurance, private mortgage insurance and, when applicable, condominium or homeowner association fees) of owner occupied dwelling units shall not exceed thirty three <u>one</u> percent (3331 %) of the relevant household's gross annual household income (the total income of all adults over eighteen (18) years of age in the household).
AFFORDABLE HOUSING, RENTAL.	Decent, safe, sanitary housing that is affordable to "relevant households" as defined herein. The cost (including a utility allotment and adjustment for household size) of rental dwelling units shall not exceed thirty percent (30%) of the relevant household's gross annual household income (the total income of all adults over eighteen (18) years of age in said household).
<u>APPLICANT.</u>	<u>Any individual who applies for a building demolition permit under this code.</u>
AREA MEDIAN INCOME.	The median income level for the Chicago primary metropolitan statistical area, as established and defined in the annual schedule published by the secretary of the United States department of housing and urban development and adjusted for household size.
<u>DEMOLITION.</u>	<u>The removal or destruction of a structure or building in whole or in part to the extent of fifty percent (50%) or more of such structure or building as it existed prior to the commencement of such act or process.</u>

Comment [FS2]: Move to Demolition Tax section

Comment [FS3]: Move to Demolition tax section

DEMOLITION STRUCTURE.	The building or structure to be demolished.
DIRECTOR.	The director of the Evanston Community and Economic Development Department or his/her designee, or of any successor agency, unless <u>otherwise indicated.</u>
DWELLING UNIT.	A room or group of contiguous rooms that include facilities used or intended to be used for living, sleeping, cooking and eating, and that are arranged, designed, or intended for use exclusively as living quarters.
RELEVANT HOUSEHOLD.	A low or , moderate, <u>or middle</u> income household whose total income does not exceed the relevant percent of median income for the Chicago primary metropolitan statistical area Chicago area, as established and defined in the annual schedule published by the secretary of housing and urban development, and adjusted for household size. A low income household has income that does not exceed <u>eighty-fifty percent (80.5%)</u> of HUD area median income; a moderate income household has income that does not exceed <u>greater than fifty-percent (50%) but does not exceed eighty percent (80%) of HUD area median income; and a middle income household has income greater than eighty percent (80%) of HUD area median income but does not exceed</u> one hundred <u>twenty</u> percent (100 <u>120</u> %) of the HUD area median income.
REPLACEMENT STRUCTURE.	Any building or structure replacing the demolition structure.
RESIDENTIAL STRUCTURE.	Any building or structure containing dwelling units.
RESIDENTIAL STRUCTURE, MULTI-FAMILY.	A detached residential building containing three (3) or more dwelling units, including what is commonly known as an apartment building, but not including group, row, or townhouses, excluding a hotel, motel, boarding house, rooming house, dormitory, nursing home, mobile home, or institution, or retirement home or community.
RESIDENTIAL STRUCTURE, SINGLE-FAMILY ATTACHED (Group, Row, Or	Three (3) or more dwelling units joined side by side.

Comment [FS4]: Move to demolition tax section

Comment [FS5]: Separate definitions for Community Development Department and Director?

Comment [FS6]: Expand to include live-work spaces?

Comment [FS7]: Move to demolition tax section

Townhouses).	
RESIDENTIAL STRUCTURE, SINGLE-FAMILY ATTACHED, TWO-FAMILY.	A residential building containing not more than two (2) dwelling units entirely surrounded by open space on the same lot.
RESIDENTIAL STRUCTURE, SINGLE-FAMILY DETACHED.	A residential building containing not more than one dwelling unit entirely surrounded by open space on the same lot.

(Ord. No. 40-0-07; Ord. No. 8-0-12, (48-0-11(exh. A, § 4-18-1)), 1-23-2012; Ord. No. 61-O-12, § 2, 10-8-2012)

SOURCES OF FUNDING FOR THE AFFORDABLE HOUSING FUND

DEMOLITION TAX (or Fee?)

4-18-3. - **TAX IMPOSED.**

Comment [FS8]: Check with Legal about use of fee instead of tax

(A) Amount Of Tax. Any person granted a permit under this code for demolition of a residential structure shall pay an affordable housing demolition tax of: 1) ten thousand dollars (\$10,000.00) for the demolition of any single-family detached residential structure, or 2) for the demolition of any multi-family, single-family attached, or two-family residential structure, either ten thousand dollars (\$10,000.00) or three thousand dollars (\$3,000.00) for each unit in the structure, whichever amount is more. The tax imposed pursuant to this Subsection shall be in addition to the demolition permit fee established from time to time by the City Council and all other applicable fees and charges. Payment of the tax, unless deferred as provided in Section 4 of this Chapter, shall be due upon issuance of a demolition permit by the department, and is a condition to the validity of the permit. The City shall have a lien against the property which was the subject of the demolition permit until applicable tax obligations imposed by this Chapter are satisfied. The funds received by the City for the amount imposed pursuant to this Subsection shall be dedicated to achievement of the affordable housing goals and objectives as set forth in Section 1 of this Chapter. The demolition tax funds received pursuant to the tax imposed by this Chapter shall be deposited directly into the affordable housing fund.

(Ord. No. 40-0-07)

(B) Specific Applicability Rules. Notwithstanding the general requirement set forth in Subsection (A) of this Section, the tax shall not apply under the following circumstances. This Subsection, however, shall not affect an applicant's obligation to pay the demolition permit fee.

1. If the applicant and the City enter into an agreement for the provision of "affordable housing" as defined in Section 2 of this Chapter in conjunction with the demolition that would otherwise be the subject of Subsection (A) of this Section. Any such agreement shall require prior City Council approval and shall specifically set forth the applicability of this Subsection.
 2. If the Director determines, pursuant to regulations enacted by the City Council, that the building or structure replacing the building or structure that is the subject of the demolition permit constitutes "affordable housing" as defined in Section 2 of this Chapter.
 3. If the director or any other city department head, or their respective designees, orders a demolition for any reason, including, but not limited to, nuisance, public safety, or fire hazard, this tax shall not apply, regardless of whether the demolition work is performed by a public or private entity.
- (C) General Applicability: Imposition of the tax provided for by subsection (A) of this section shall not apply to any demolition for which a perfected application for the demolition permit was on file with the city on or before the effective date hereof.

(Ord. No. 139-0-05)

(Ord. No. 139-0-05; Ord. No. 40-0-07; Ord. No. 8-0-12, (48-0-11(exh. A, § 4-18-3)), 1-23-2012)

4-18-4. - TAX DEFERRAL OPTION.

- (A) A person who has been the record title holder or beneficiary of a land trust (collectively, "record title holder") and occupant of a residential structure for three (3) consecutive years, and who files or causes to be filed an application for a demolition permit for that structure, may opt for deferral of the tax, as provided in this Subsection 4-18-4(A) or (B). In the event the demolition permit is for a multi-unit structure, the person may only defer that portion of the demolition tax attributable to his/her own dwelling unit. The demolition permit fee must be paid at the time of application. The person shall make application for deferral of the tax to the Director on a form provided for that purpose and available from the Building Permit Desk. To qualify for the deferral, the person shall provide documentation to establish that all real estate taxes on the subject property have been paid in full as of the date of application for the permit; that any and all City liens and judgments recorded on the subject property have been satisfied; and that the person has been the record title holder and occupant of the subject structure for three (3) consecutive years prior to the date of application for the permit. Documentation the Director may require to establish the person's qualification for the tax deferral option may include, but shall not be limited to, income tax records and proof of voter registration. If the Director determines that the person qualifies for the deferral option, he/she shall cause a lien to be recorded against the property with the Cook County Recorder in the amount of the tax to be deferred, to which shall be added the applicable recordation fee. Except as provided in Section 4-18-4(C), the lien shall not bear interest. The Director may, upon written request of the person, subordinate the lien to any mortgage the person may have or seek on the property. Among the factors the Director may consider in determining whether or not to grant the subordination request is whether the value of the property is adequate to ensure payment of the City's lien, and that all real estate taxes have been paid.
- (B) **Deferral of the Tax in the case of Recycling/Reuse of Materials.** Any applicant who applies for a demolition permit and seeks to defer the demolition tax by reason that the materials generated by the demolition of a structure will be recycled and/or reused, may apply for a deferral of the tax. Evidence of such recycling/reuse shall be furnished to the Director in writing, and the Director shall determine if the applicant qualifies for this deferral option. All requirements for the application for the deferral and the release of lien as provided for in this Section 4-18-4 of this chapter shall apply.
- (C) Deferral of the Tax in the case that the subject property is no longer a buildable parcel. Any applicant who applies for a demolition permit and seeks to defer the demolition tax by reason that the lot/parcel in question is no longer buildable under the City's ordinance may apply for a deferral of the

Comment [F59]: Review with Legal in light of Cook County requirements for diversion of demolition materials from landfills.

tax. Evidence of such change in property characteristics must be furnished to the Director in writing and the Director shall determine if the applicant qualifies for this deferral option. All requirements for the application for the deferral and the release of lien as provided for in this Section 4-18-4 of this chapter shall apply.

(D) Release of lien.

- (1) A person who exercised the tax deferral option provided for in Section 4-18-4(A), (B), or (C) and who has been the record title holder and occupant for three (3) consecutive years after issuance of a Final Certificate of Occupancy for the replacement structure may apply for release of the lien by making application therefor to the Director on a form provided for that purpose and available from the Building Permit Desk. Documentation the Director may require to establish the person's qualification for the release of lien may include, but shall not be limited to, income tax records and proof of voter registration for the years in question. If the Director determines that the person qualifies for the release, he/she shall provide the person with a recordable release of lien no later than thirty (30) days after he/she determines that the person qualifies for the release.
- (2) A person who exercised the tax deferral option provided for in Section 4-18-4(A), (B) or (C) who sells the subject property prior to the expiration of the three (3)-consecutive-year period after issuance of the Final Certificate of Occupancy shall, as a condition to the City's release of the lien, pay the tax due, to which shall be added interest at the annualized Money Market Index rate published by the Government Finance Officers Association.

(Ord. No. 139-0-05; Ord. No. 40-0-07; Ord. No. 62-0-11, § 2, 8-8-2011; Ord. No. 8-0-12, (48-0-11(exh. A, § 4-18-4)), 1-23-2012)

4-18-5. - STABILITY INCENTIVE.

When the tax was paid at the time of permit issuance as provided for in subsection 3(A) of this chapter, a person who has been the record title owner and occupant of a residential property demolished subsequent to the effective date of this chapter ("preexisting structure") for all of the three (3) years immediately preceding the date of the application for demolition ("prepermit period"), and remains the record titleholder and occupant of the property for three (3) consecutive years beginning immediately after the date on which the certificate of occupancy for the new residential structure is issued, may qualify for a monetary stability incentive in an amount equal to the demolition tax paid on the issuance of the permit for demolition of the preexisting structure, provided, however, that only persons whose real estate taxes on the property are paid in full at the time of application for stability incentive may apply for the incentive.

Application for the stability incentive payment shall be made to the director on a form provided for that purpose and available from the building permit desk. The person must provide the director of Community ~~and Economic~~ Development with such documentation as he/she may require to establish that the owner qualifies for the payment under the requirements of this section. Such documentation may include, but is not limited to, income tax returns and proof of voter registration for the years in question. The city shall pay qualifying persons an amount equal to the demolition tax, if any, imposed pursuant to this chapter on the issuance of the permit for the preexisting structure, less the amount of any liens recorded by the city against the subject property, including, but not limited to, liens for judgments entered in cases adjudicated in the city's Division Of Administrative Adjudication, no later than thirty (30) days after the Director of Community ~~and Economic~~ Development determines that an owner qualifies for the stability incentive.

(Ord. No. 139-0-05; Ord. No. 40-0-07; Ord. No. 8-0-12, (48-0-11(exh. A, § 4-18-5)), 1-23-2012)

4-18-6. - SEVERABILITY.

The provisions, sections, and subsections of this chapter shall be deemed separable, and the invalidity of any portion of this chapter shall not affect the validity of the remainder.

(Ord. No. 139-0-05; Ord. No. 40-0-07; Ord. No. 8-0-12, (48-0-11(exh. A, § 4-18-6)), 1-23-2012)

DEVELOPER CONTRIBUTIONS

Including, but not limited to, fees in lieu paid in compliance with the Inclusionary Housing Ordinance, fees for affordable housing negotiated in planned development agreements, and impact fees that may be assessed on development projects not covered by the inclusionary housing ordinance.

OTHER

Including, but not limited to, real estate transfer tax fees, hotel/motel taxes, a percentage of property taxes, or other sources as approved by City Council.