



BUILT BY AND FOR EVANSTON

August 1, 2019: Presented for the Evanston Housing and Homelessness Commission

The Problems

- Housing Mismatch & Cost
- Missing Middle Class
- Decreasing African-American Population
- Rising Construction Costs
- Climate Change

Evanston Housing

EVANSTON ROUNDTABLE

COVERING WHAT MATTERS SINCE 1998

VOLUME XX NUMBER 22
NOVEMBER 2, 2017

aRound Town

Council Takes Tangible Steps Toward An Affordable Housing Plan

BY SHAWN JONES

City staff presented a white paper detailing the affordable housing crisis in Evanston, complete with suggested strategies designed to address the crisis, at a special City Council meeting on Oct. 30. Council heard the report, then voted to take several immediate steps toward implementing aspects of the recommendations, including an Evanston rental subsidy program, overhauling the Inclusionary Housing Ordinance (IHO) to better reflect facts on the ground, studying possible zoning law tweaks, creating more paths to home ownership, and other proposals.

The IHO requires developers of residential developments to include a certain percentage of affordable housing units in

office talked about affordable housing as an important City goal. Since the election, several events have pushed the conversation further, and stoked community interest and, at times, outrage.

A controversial Housing Opportunities for Women project on Dempster Street, which if built would provide 16 units for low-income families, faced a buzzsaw of protest from neighbors. Developers sought but did not receive \$500,000 from the City's AHF. A proposed development at Chicago and Howard proposed an additional four units of affordable housing on site, and asked for \$1 million from the AHF. Council also denied that request.

The two proposals highlighted the fact developers knew of the AHF, and knew

conclusion. Developers of a project at 824 Noyes, now under construction, decided to comply with the IHO by providing on-site affordable units.

Currently, three major apartment projects are in the pipeline, including the Albion project at 1531 Sherman. The developers propose to include 15 affordable units on-site. A citizen group has protested, claiming, among other things, the on-site units are not sufficient, too small, and are likely to drive up rent elsewhere. Council introduced the project at its last meeting and is slated to vote on final approval at its next meeting.

All this provides context for Council as they digested staff's white paper and responded to suggested strategies.



Evanston Sustainability



Evanston Becomes First Illinois City to Commit to 100 Percent Clean, Renewable Energy

The city passes bold Climate Action and Resilience Plan, outlines path to renewable electricity

Tuesday, December 11, 2018

Contact:

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EVANSTON, IL -- Yesterday, the Evanston City Council unanimously approved its new [Climate Action and Resilience Plan \(CARP\)](#), which includes a commitment to achieve 100 percent renewable electricity supply community-wide by 2030, along with other bold climate goals.



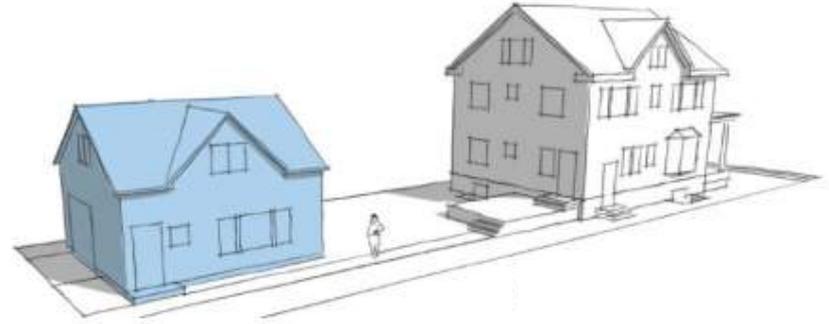
EDC Solutions

- High-Performance Construction
- Local Workforce Development
- Sensible Housing
 - Coach Houses
 - Small Footprint Houses
- Co-op Business Model

Sensible Housing

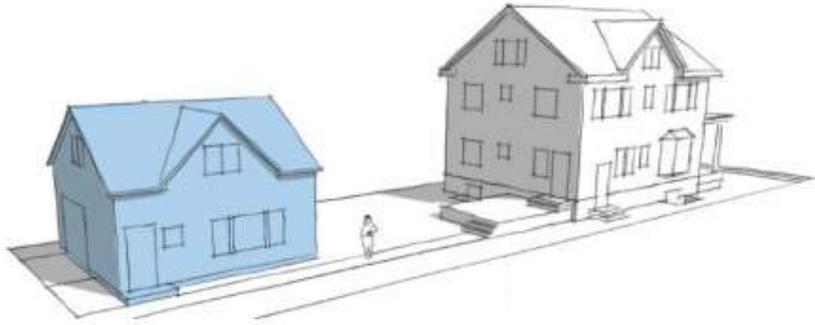


Coach Houses



Smaller Houses

Why Small Homes?



- Smaller homes are:
 - more cost effective to build
 - environmentally sustainable
 - more affordable

What is a Coach House?



- Evanston code definition: “a secondary or accessory dwelling located on the same zoning lot as the principal dwelling unit” (6-18-3)
- Must be associated with parking





The Daily Northwestern

NORTHWESTERN AND EVANSTON'S ONLY DAILY NEWS SOURCE SINCE 1881

CAMPUS

CITY

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OPINION

MULTIMEDIA

A&E

IN FOCUS

DONATE

ABOUT

Aldermen approve changes to city code allowing for rental of coach houses

Jane Recker, Assistant Monthly Editor

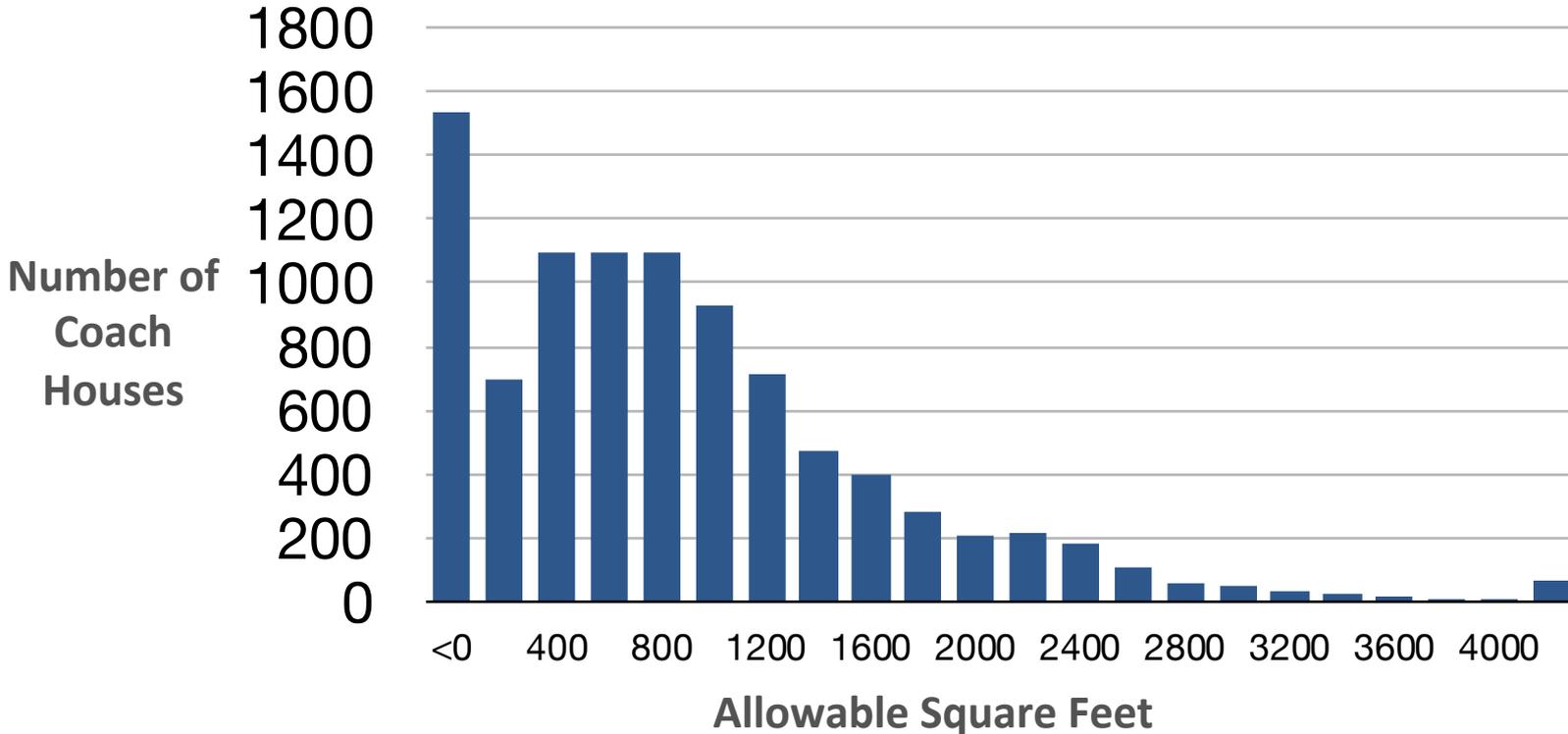
April 30, 2018



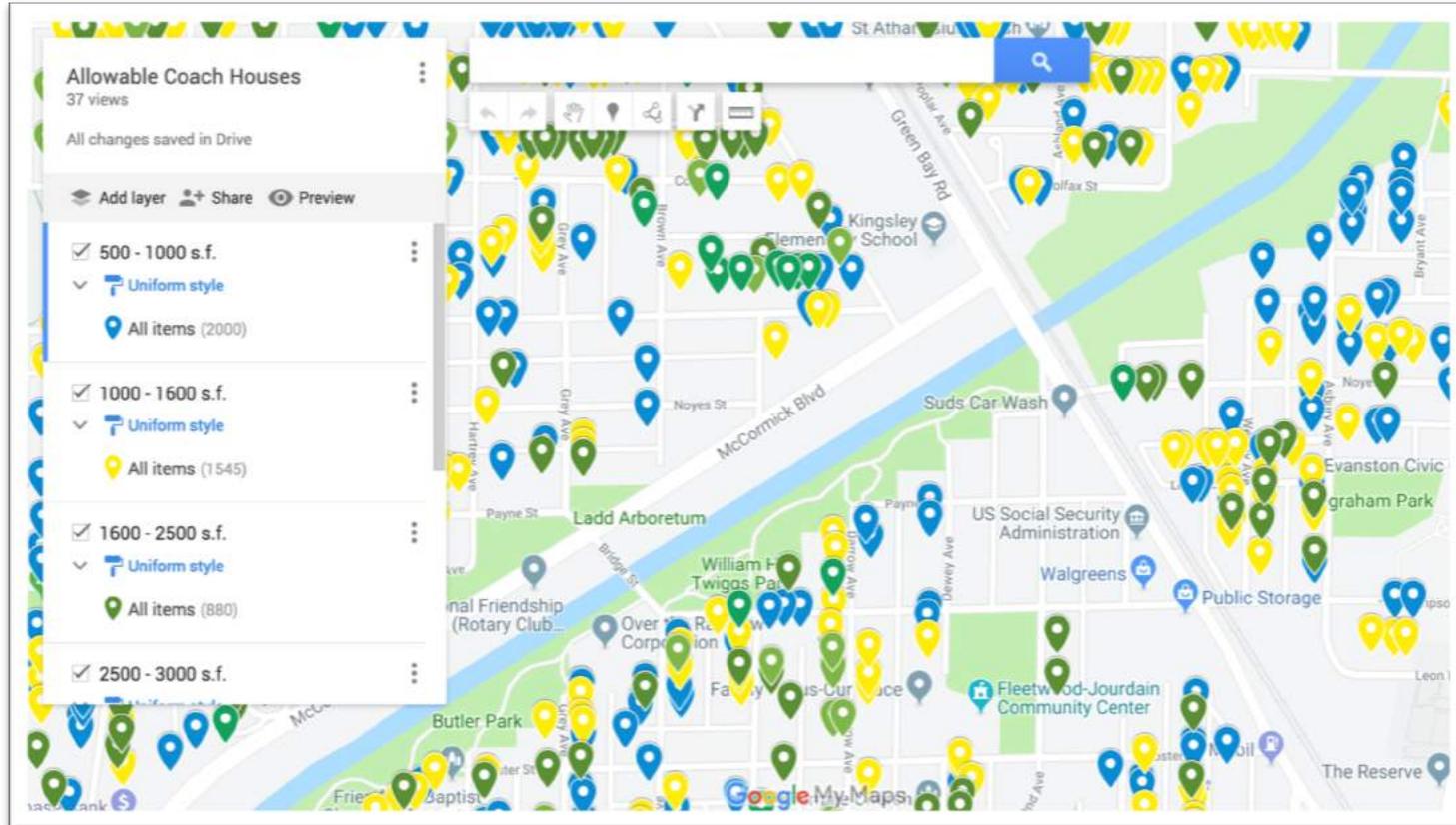
Aldermen amended city code at an April 23 council meeting to allow the rental of coach houses to non-family members, a change that aims to



Evanston's Coach House Opportunities



Evanston's Coach House Opportunities





Why and How Does EDC Build?

Our Process



Our Process



Our Product



High-Performance Construction



Added Safety



- Fireproof insulation



- Ultra-strong structures

Our Construction Partners



Signed MoU with CEO Charles Leahy
Exclusive Chicagoland Distributor
Structurally-Insulated Wall Panels



3-Year Relationship with Bob Fisher
Preferred Pricing
Lumber, Doors, Windows



Preferred Pricing
Energy Efficient HVAC

Our Cooperative



- Incorporated as an Illinois cooperative
- 1 Member, 1 Vote
- Two classes of shareholders:
 - Class A (workers)
 - Class B (residents)
- \$10,000 investment cap per IL co-op law

Our Cooperative Goal:

Collaborate to Build the Housing Evanston Needs.



Our Local Workforce



- Owns and Governs Our Co-Op
- Gets a Job in Sustainable Construction
- Must Be Evanston Residents
- Will possess a Majority of Seats on the Board of Directors



Our Workforce Goal:

Bring Innovative, 21st-Century Construction Jobs to Evanston.



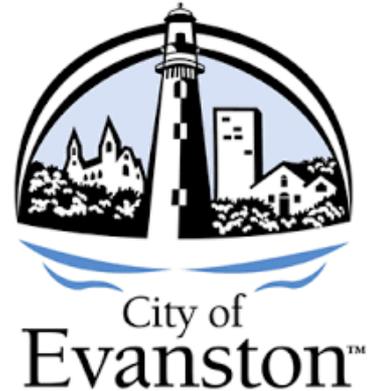
City Support for EDC Jobs



EVANSTON DEVELOPMENT COOPERATIVE RECEIVES \$60,000 GRANT FROM CITY OF EVANSTON

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At a meeting on Monday night, the Evanston City Council voted unanimously to grant Evanston Development Cooperative (EDC) \$60,000 from the city's Community Development Block Grant (CDBG) Economic Development Fund.





How can EDC and the City of Evanston work together on housing affordability?

Our Goals in Partnership



1. Build safe, healthy, and affordable homes that address our collective values.
2. Find innovative ways to finance affordable housing construction.
3. Engage in honest dialogue about what housing fits residents' needs.
4. Become a regional leader that demonstrates how public-private partnerships can address housing equity and affordability.

EDC's Role in Coach House Construction



Design

- Zoning Analysis
- Architect Match
- Meet with Homeowner



Build

- Attain Permits
- Frame in 2-3 Hours
- Construct a Resilient Home



Live

- Rent Coach House
- Downsize
- Support Relatives

Our Construction Goal:

Make Coach House Construction Simple for Homeowners.

Affordable ADU's in US Cities



NEXT CITY Inspiring Better Cities

New Project Aims to Finance Backyard Homes for Section 8 Tenants in Los Angeles

JARED BREY MAY 7, 2019

CITY of BOSTON Mayor Martin J. Walsh

HOME DEPARTMENTS NEIGHBORHOOD DEVELOPMENT ADDITIONAL DWELLING UNITS

ADDITIONAL DWELLING UNITS

We want to streamline the process for homeowners looking to create an additional unit.

The Mercury News San Jose: Mayor proposes forgivable loans to...

Business > Real Estate · News

San Jose: Mayor proposes new ADU program to boost housing

Sam Liccardo wants to offer forgivable loans to build granny flats



How are Coach Houses Financed?



Most ADU's are financed by:

- a. Home Equity Line of Credit
- b. Cash-Out Refinance
- c. Personal Savings

Problems with Current Financing:

- a. Homeowners set rental rates
- b. Hard to rent out affordably on a month-to-month basis
- c. Low and moderate-income homeowners can't finance

Land Trust Coach Houses



COMMUNITY
PARTNERS for
**AFFORDABLE
HOUSING**

**HOUSING OPPORTUNITY DEVELOPMENT
CORPORATION**

- Land Trusts set affordable rental rates in perpetuity
- EDC builds high-quality coach houses

Model 1: The City of Evanston could support Land Trust coach houses with HOME assistance or the Affordable Housing Fund.



Coach House Financing Partnerships



1. How can we create lending agreements with homeowners to rent coach houses affordably?
2. How can we subsidize coach house construction for low or moderate-income residents to help them stay in Evanston with rental income and added property value?
3. How can coach house financing from the Affordable Housing Fund achieve the City's goals of affordability and equity in housing?

Model 2A: 80% AMI Rental ADU



INPUT VARIABLES IN ORANGE	OUTPUT RESULTS IN YELLOW		
		SQFT	\$/SQFT
Cost of Coach House	\$200,000	800	\$250
Permit Value of Coach House	\$140,000	70%	

Funds	
Cash	\$50,000
Community Support	\$0
City Assistance (Grant)	\$0
Loan	\$150,000

Loan	
Loan Amount	\$150,000
Interest Rate	1.000%
Years	20
Principal + Interest (Monthly)	\$690

Monthly Cost of Coach House	Annual	Building Value	Assessment Level	State Equalizer	Local Tax Rate	Exemption*
Property Tax Increase	\$319.64	\$3,835.63	=	\$140,000	10%	2.9109
Property Insurance Increase	\$25.00	\$300				9.41%
Utilities (Electricity + Water)	\$50.00					1
Maintenance	\$83.33	\$1,000				
Vacancy (0.5 month / year)	\$83.54	\$1,002.50				
Total:	\$561.51					

(This is the most conservative/maximum estimate on the increase in property tax.)
** There currently is no "affordable coach house rental" exemption for Cook County homeowners. We are working to make it available.*

Monthly Income	100% AMI	80% AMI	60% AMI
Gross Rent	\$2,005	\$1,605.00	\$1,203.00
City Subsidy	\$0	\$0	\$0
Total:	\$2,005	\$1,605	\$1,203

Monthly Balance	100% AMI	80% AMI	60% AMI
Loan Payment	-\$690	-\$690	-\$690
Operating Costs	-\$562	-\$562	-\$562
Income	\$2,005	\$1,605	\$1,203
Total:	\$754	\$354	-\$48

Return on Investment	100% AMI	80% AMI	60% AMI
Years	10	10	10
Cash	-\$50,000	-\$50,000	-\$50,000
Sale of House (Permit Value)	\$140,000	\$140,000	\$140,000
Coach House "EBIDTA"	\$90,438	\$42,438	-\$5,802
Total:	\$180,438	\$132,438	\$84,198

Illinois Housing Development Authority (April 2019)

	100% AMI	80% AMI	60% AMI
2 Bedroom			
Gross Rent	\$2,005	\$1,605	\$1,203
Rent	\$1,955.00	\$1,555.00	\$1,153.00
1 Bedroom			
Gross Rent	\$1,671	\$1,337	\$1,002
Rent	\$1,621.00	\$1,287.00	\$952.00

- 2-Bedroom Unit at 80% AMI
- 20-Year Loan
- 1% Interest Rate
- 20 Years of Affordability

Model 2B: 60% AMI Rental ADU



INPUT VARIABLES IN ORANGE	OUTPUT RESULTS IN YELLOW		
Cost of Coach House	\$200,000	SQFT	\$/SQFT
Permit Value of Coach House	\$140,000	800	\$250
		70%	

Funds	
Cash	\$50,000
Community Support	\$0
City Assistance (Grant)	\$0
Loan	\$150,000

Loan	
Loan Amount	\$150,000
Interest Rate	0.000%
Years	25
Principal + Interest (Monthly)	\$500

Monthly Cost of Coach House	Annual	Building Value	Assessment Level	State Equalizer	Local Tax Rate	Exemption*
Property Tax Increase	\$319.64	\$3,835.63	=	\$140,000	10%	2.9109
Property Insurance Increase	\$25.00	\$300			9.41%	1
Utilities (Electricity + Water)	\$50.00					
Maintenance	\$83.33	\$1,000				
Vacancy (0.5 month / year)	\$83.54	\$1,002.50				
Total:	\$561.51					

(This is the most conservative/maximum estimate on the increase in property tax.)
 * There currently is no "affordable coach house rental" exemption for Cook County homeowners. We are working to make it available.

Monthly Income	100% AMI	80% AMI	60% AMI
Gross Rent	\$2,005	\$1,605.00	\$1,203.00
City Subsidy	\$0	\$0	\$0
Total:	\$2,005	\$1,605	\$1,203

Monthly Balance	100% AMI	80% AMI	60% AMI
Loan Payment	-\$500	-\$500	-\$500
Operating Costs	-\$562	-\$562	-\$562
Income	\$2,005	\$1,605	\$1,203
Total:	\$943	\$543	\$141

Return on Investment	100% AMI	80% AMI	60% AMI
Years	10	10	10
Cash	-\$50,000	-\$50,000	-\$50,000
Sale of House (Permit Value)	\$140,000	\$140,000	\$140,000
Coach House "EBIDTA"	\$113,219	\$65,219	\$16,979
Total:	\$203,219	\$155,219	\$106,979

Illinois Housing Development Authority (April 2019)			
2 Bedroom	100% AMI	80% AMI	60% AMI
Gross Rent	\$2,005	\$1,605	\$1,203
Rent	\$1,955.00	\$1,555.00	\$1,153.00
1 Bedroom			
Gross Rent	\$1,671	\$1,337	\$1,002
Rent	\$1,621.00	\$1,287.00	\$952.00

- 2-Bedroom Unit at 60% AMI
- 25-Year Loan
- Zero Interest
- 25 Years of Affordability

Model 3: Help Priced-Out Homeowner



INPUT VARIABLES IN ORANGE	OUTPUT RESULTS IN YELLOW
Cost of Coach House	\$200,000
Permit Value of Coach House	\$140,000

Funds	
Cash	\$1,000
Community Support	\$0
City Assistance (Grant)	\$0
Loan	\$199,000

Loan	
Loan Amount	\$199,000
Interest Rate	0.000%
Years	20
Principal + Interest (Monthly)	\$829

Monthly Cost of Coach House	Annual	Building Value	Assessment Level	State Equalizer	Local Tax Rate	Exemption*
Property Tax Increase	\$319.64	\$3,835.63	=	\$140,000	10%	2.9109
Property Insurance Increase	\$25.00	\$300				9.41%
Utilities (Electricity + Water)	\$50.00					1
Maintenance	\$83.33	\$1,000				
Vacancy (0.5 month / year)	\$83.54	\$1,002.50				
Total:	\$561.51					

(This is the most conservative/maximum estimate on the increase in property tax.)
 * There currently is no "affordable coach house rental" exemption for Cook County homeowners. We are working to make it available.

Monthly Income	100% AMI	80% AMI	60% AMI
Gross Rent	\$2,005	\$1,605.00	\$1,203.00
City Subsidy	\$0	\$0	\$0
Total:	\$2,005	\$1,605	\$1,203

Monthly Balance	100% AMI	80% AMI	60% AMI
Loan Payment	-\$829	-\$829	-\$829
Operating Costs	-\$562	-\$562	-\$562
Income	\$2,005	\$1,605	\$1,203
Total:	\$614	\$214	-\$188

Return on Investment	100% AMI	80% AMI	60% AMI
Years	10	10	10
Cash	-\$1,000	-\$1,000	-\$1,000
Sale of House (Permit Value)	\$140,000	\$140,000	\$140,000
Coach House "EBIDTA"	\$73,719	\$25,719	-\$22,521
Total:	\$212,719	\$164,719	\$116,479

Illinois Housing Development Authority (April 2019)			
2 Bedroom	100% AMI	80% AMI	60% AMI
Gross Rent	\$2,005	\$1,605	\$1,203
Rent	\$1,955.00	\$1,555.00	\$1,153.00
1 Bedroom			
Gross Rent	\$1,671	\$1,337	\$1,002
Rent	\$1,621.00	\$1,287.00	\$952.00

- 2-Bedroom Unit at 100% AMI
- 20-Year Loan
- Zero Interest
- Low/Moderate-Income Homeowner makes ~\$600/month

Model 4: City-Owned Land



2120 and 2122 Darrow Avenue





**“If you want to go fast, go alone.
If you want to go far, go together.”**



BUILT BY AND FOR EVANSTON