CITY COUNCIL REGULAR MEETING

CITY OF EVANSTON, ILLINOIS
LORRAINE H. MORTON CIVIC CENTER
JAMES C. LYTLE COUNCIL CHAMBERS
Monday, January 29, 2018
6:00 PM

ORDER OF BUSINESS

(I) Roll Call – Begin with Alderman Wynne

(II) Mayor Public Announcements

(III) City Manager Public Announcements
Black History Month, February

(IV) Communications: City Clerk

(V) Public Comment
Members of the public are welcome to speak at City Council meetings. As part of the Council agenda, a period for public comments shall be offered at the commencement of each regular Council meeting. Public comments will be noted in the City Council Minutes and become part of the official record. Those wishing to speak should sign their name and the agenda item or non-agenda topic to be addressed on a designated participation sheet. If there are five or fewer speakers, fifteen minutes shall be provided for Public Comment. If there are more than five speakers, a period of forty-five minutes shall be provided for all comment, and no individual shall speak longer than three minutes. The Mayor will allocate time among the speakers to ensure that Public Comment does not exceed forty-five minutes. The business of the City Council shall commence forty-five minutes after the beginning of Public Comment. Aldermen do not respond during Public Comment. Public Comment is intended to foster dialogue in a respectful and civil manner. Public comments are requested to be made with these guidelines in mind.
(VI) Special Orders of Business

SPECIAL ORDERS OF BUSINESS

(SP1) Affordable Housing Work Plan
Staff will update and present City Council with activities undertaken since January 1, 2018 related to affordable housing. Tasks were referred to committees during City Council’s discussion of the Affordable Housing White Paper on October 30, 2017.

For Action: Accept and Place on File

(SP2) Zoning Change to Allow Rental of Accessory Dwelling Units to Non-Family Members
To address the need for affordable housing and to expand the availability of rental housing choices in R1 and R2 districts, staff recommends that City Council make a referral to the Plan Commission to change zoning to allow rental of existing accessory dwelling units to individual(s) who are not members of the family living in the primary dwelling unit.

For Action: Refer to Plan Commission

(SP3) Pilot Landlord Rehabilitation Assistance Program
Staff requests consideration of the Pilot Landlord Rehabilitation Assistance Program to support improvements and repairs for rental units that are committed to be rented to households earning 60% of AMI. Staff recommends allocation of $200,000 for the 2018 fiscal year. At its meeting on January 8, 2018, the Administrative and Public Works Committee directed staff to develop a pilot rehabilitation assistance program for local landlords who currently provide rental units at affordable rates but need funds to improve their properties. Funding would be from the City’s Affordable Housing Fund, 250.21.5465.65535. The Affordable Housing Fund has a current uncommitted cash balance of approximately $800,000.

For Action

(SP4) Rooming Houses Research
At its meeting on January 8, 2018, the Planning and Development Committee requested a white paper on rooming houses. Staff seeks direction on next steps.

For Discussion
(SP5) **Steps Toward Homeownership: First-Time Homebuyer Programs, Mortgage Products and Other Strategies to Expand Homeownership for Moderate and Middle Income Households**

Staff is providing information requested by the City Council at the October 30, 2017 City Council and January 8, 2018 Administration and Public Works meetings about homeownership assistance programs that are currently available. Staff has prepared a memorandum that reviews mortgage products that combine acquisition and rehab of homes and first time homebuyers programs, and City of Evanston homeownership programs provided in past years. Staff also includes potential new strategies to expand homeownership for moderate and middle income households for consideration by City Council.

**For Discussion**

(SP6) **Evanston Rental Program to Address Affordable Housing Needs**

At its meeting on October 30, 2017, City Council referred the Evanston Rental Program proposed by Alderman Rainey to the Administration and Public Works Committee. Staff provided a memo for discussion on January 17, 2018. Alderman Rainey stressed the importance of rental assistance as a strategy in the City’s Affordable Housing Plan, but that implementation of the program should be held until the City receives additional funding from developer contributions. At the January 22, 2018 Planning and Development Committee meeting, Alderman Revelle asked that work with McKinney-Vento families, who are homeless and have school age children, be included in the Affordable Housing Work Plan. Staff seeks direction on next steps for this program. Initial funding of $1,200,000 would be from developer contributions to the Affordable Housing Fund, 250.21.5465.65535. Subsequent funding could be from the AHF or other sources to be identified.

**For Discussion**

(VII) **Call of the Wards**

(Aldermen shall be called upon by the Mayor to announce or provide information about any Ward or City matter which an Alderman desires to bring before the Council.) (Council Rule 2.1(10))

(VIII) **Executive Session**

(IX) **Adjournment**
MEETINGS SCHEDULED THROUGH FEBRUARY 15, 2018
Upcoming Aldermanic Committee Meetings

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Committee/Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/1/2018</td>
<td>7:00 PM</td>
<td>Housing and Homelessness Commission</td>
</tr>
<tr>
<td>2/5/2018</td>
<td>6:00 PM</td>
<td>Human Services</td>
</tr>
<tr>
<td>2/7/2018</td>
<td>6:00 PM</td>
<td>Inclusionary Housing Subcommittee</td>
</tr>
<tr>
<td>2/12/2018</td>
<td>6:00 PM</td>
<td>Administration &amp; Public Works, Planning &amp; Development,</td>
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<tr>
<td></td>
<td></td>
<td>City Council</td>
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</table>

Information is available about Evanston City Council meetings at: www.cityofevanston.org/citycouncil. Questions can be directed to the City Manager’s Office at 847-866-2936. The City is committed to ensuring accessibility for all citizens. If an accommodation is needed to participate in this meeting, please contact the City Manager’s Office 48 hours in advance so that arrangements can be made for the accommodation if possible.
Memorandum

To: Honorable Mayor and Members of the City Council

From: Johanna Leonard, Community Development Director
      Sarah Flax, Housing and Grants Administrator
      Savannah Clement, Housing Policy and Planning Analyst

Subject: Affordable Housing Work Plan Progress to Date

Date: January 24, 2018

Summary:
Included in this memorandum are activities undertaken since January 1, 2018 related to the identified tasks for affordable housing activities. These tasks were referred to committees during City Council’s discussion of the Affordable Housing White Paper (attached) on October 30, 2017.

Items referred and discussed at the Administration and Public Works Committee have included:

- The Evanston Rental Program proposed by Alderman Rainey was discussed at the January 8, 2018 A&PW meeting. In the discussion, it was decided that further implementation of the program would be delayed until the City receives funding from developer contributions into the Affordable Housing Fund.

- Information about homebuyer programs, including mortgage products that combine funds for acquisition and rehab, and other potential ways to expand ownership among moderate and middle income households requested by Alderman Rue Simmons was provided in a memo for discussion at the January 8, 2018 A&PW meeting. Alderman Rue Simmons requested more information on past City homebuyer assistance programs. Staff has provided updated information for discussion at the January 29, 2018 City Council meeting.

- Members of the Administration & Public Works Committee requested that staff develop a pilot Landlord Rehab Assistance Program. Staff has developed a draft program for City Council to review and take action at the January 29, 2018 City Council meeting.

Items referred and discussed at the Planning and Development Committee have included:

- The use of Accessory Dwelling Units (ADUs) to expand the supply of affordable housing, particularly in low-density residential neighborhoods was discussed at the January 8, 2018. Aldermen requested action items that would allow for the rental of accessory dwelling units to non-family members for the January 29,
2018 City Council meeting. Staff has provided a memo with proposed next steps for Council’s review at the January 29, 2018 meeting.

- The effect of the “three unrelated clause” on potential ways to expand affordable housing options and its applicability based on changes in the composition of households was on the January 8, 2018 P&D agenda for discussion. Aldermen requested a memo on rooming houses for the January 29, 2018 City Council meeting. Staff has provided a rooming houses research memo for Council’s review and discussion at the meeting on January 29, 2018.

The Subcommittee to review the City’s Inclusionary Housing Ordinance (IHO) was appointed and confirmed. In addition to Aldermen Fiske, Revelle, Rainey and Wilson, the following individuals have agreed to serve on the Subcommittee:

- Rob Anthony,
- Lynn Robinson,
- Jolene Saul,
- Kent Swanson, and
- Stacie Young.

The purpose of the Subcommittee is to evaluate revisions to the IHO to more effectively incentivize on-site affordable units and to consider additional means of generating funding for affordable housing needs, such as impact fees on development that is not covered by the IHO.

The Inclusionary Housing Ordinance Subcommittee had its first meeting on January 17, 2018. All of the members attended the meeting, and the following items were discussed:

- Development costs: The Subcommittee discussed the role of land costs and construction pricing, as well as housing development financing for different types of projects. Due to the many variables that go into development financing, the Subcommittee requested a seminar on both market rate and nonprofit housing development. Staff will provide an outline for the proposed seminar at the Subcommittee’s second meeting on February 7, 2018.

- Fee-in-lieu payment timing: The Subcommittee also discussed the timing of when the City receives fees in lieu of affordable units through the IHO. Under the current Inclusionary Housing Ordinance, the City does not receive payments of fees in lieu until the issuance of the first temporary certificate of occupancy (TCO). TCOs are not issued until the building is essentially complete, and has only minor work still to be completed (i.e. landscaping, etc.). Therefore, the Subcommittee is evaluating whether to require half of the payment upfront when the project is applying for building permits, and the other half at first TCO.

- Subsidizing existing units: Another strategy the Subcommittee is examining is subsidizing existing units in the downtown district and transit oriented development (TOD) areas. This could be a less expensive way for the City to integrate affordable housing in high opportunity areas.

The IHO Subcommittee’s next meeting will be Wednesday, February 7th, at 6:00 p.m. in the Glacier Conference Room (room 2404). Prior to the meeting, Subcommittee members will review the City’s current Inclusionary Housing Ordinance and provide comments and questions to staff. Staff will compile these items and provide to the
group for review in advance of their February 7, 2018 meeting. More details from the January 17th meeting can be found in the attached draft meeting minutes.

Attachments:

- Affordable Housing White Paper
- IHO Subcommittee Draft Meeting Minutes from January 17th
- IHO Subcommittee Sign-In Sheet from January 17th
Introduction

Housing is a key element of fostering a livable community. Where people live has a strong correlation to their educational outcomes, health, and economic mobility. A study published in July 2017 in the journal JAMA Internal Medicine, titled “Inequalities in Life Expectancy Among US Counties, 1980 to 2014,” found that where you live has a significant impact on your life expectancy with disparities as high as 20 years from various counties.

The costs associated with housing represent the largest household cost. The increasing cost of housing is requiring more people to spend an increasingly larger portion of their income on housing, leaving them without the resources they need for other necessities such as food, health care, and transportation. Lower income people are disproportionately affected, as wages for many jobs, particularly in service industries, have not risen as rapidly as housing costs. In order to maintain Evanston’s economic and racial diversity and support its mission to be the most livable City, it is necessary to create and preserve affordable housing throughout the city.

What is affordable housing?

The most common definition for affordable housing is developed by the United States Department of Housing and Urban Development (HUD): “In general, housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities.” It is the most broadly used nationwide to assess affordability for households with incomes that are below the area median and are more likely to have difficulty affording housing, and provides a consistent method to measure progress toward the development of needed affordable housing. When a family pays more than 30% of its income for housing, they not only lack resources for other necessities, a single unplanned event such as a job loss, medical emergency or car breakdown, can make them unable to pay their rent or mortgage and risk eviction and homelessness.

Evanston in the Housing Market
As part of the Chicago metropolitan area, Evanston’s housing market must be evaluated within a regional context. According to a new web tool developed by the Chicago Metropolitan Agency for Planning (CMAP), regionalhousingsolutions.org, Evanston is composed of four housing submarkets:

- 47% is in Submarket 6: High cost suburban housing stock, low density, high income, aging
- 29% is in Submarket 3: Higher density urban, high income, young, high home prices and rents
- 13% is in Submarket 4: Suburban post-war housing stock, moderate- and middle-income, lower cost stock
11% is in Submarket 2: Higher density urban and suburban, large households, high foreclosure/moderate vacancy, low/moderate income

The nature of these housing submarkets contributes to economic segregation. For example, Submarket 6 is low density and primarily single-family homes on large lots with little or no rental, and occupied by primarily higher-income households. Consequently, there is very little available housing that is affordable to households with incomes below the median. Zoning regulations limit the development of multifamily buildings in this submarket, as well. Additionally, new transit-oriented development (TOD) in Submarket 3 where zoning allows for multifamily housing, targets higher income households. As a result, housing in TOD areas often excludes lower income households that have a greater financial need for access to public transportation and walkable amenities. All of these factors push affordable multifamily housing development farther away from amenities and public transportation where land is less costly.

Additionally, the Chicago region is one of the most racially and economically segregated in the country. A report from the Metropolitan Planning Council and Urban Institute, “The Cost of Segregation: What we pay in lost income, lives and potential,” states that if segregation in the Chicago region were reduced to the national median, the region would see an increase in $4.4 billion in additional income each year resulting in an $8 billion growth in GDP.
Evanston shares some of the characteristics of the broader Chicago region. The city’s non-white residents are disproportionately low income; roughly 64% of Black/African American households and 58% of Hispanic/Latino households in Evanston have incomes below 80% AMI. Therefore, the high cost of housing in Evanston disproportionately affects these populations. When a household is housing cost burdened it is more challenging to access credit and obtain assets or build wealth.

An analysis conducted by the DePaul University Institute for Housing Studies, “2017 State of Rental Housing in Cook County,” illustrates the supply and demand gap for affordable rental housing in the region. For the Evanston/Skokie area, 9,927 households need affordable housing. However, there are only 3,945 units on the market, leaving a gap of 5,983 units.
Overall, Evanston has a healthy balance of ownership and rental housing, at 55% and 45%, respectively. The above map shows the distribution of owner- and renter-occupied housing units in Evanston overlaid on the Regional Housing Solutions map of Evanston Submarkets. The size of each pie chart correlates with the number of units in each census tract. With the exception of census tract 8092, housing in west and north Evanston census tracts is predominantly ownership.
The above map shows the number of total rental units and affordable rental units in Evanston by Census tract also overlaid on the Regional Housing Solutions Evanston Submarkets map. High ownership census tracts also generally have little or no rental affordable to lower income residents. Based on 2011-2015 American Community Survey 5-Year estimates, 46% of all Evanston rental is affordable to households with incomes ≤ 80% of the area median, and seven of Evanston's 18 Census tracts have no
rental housing available to households with incomes at or below 30% AMI. The chart below shows the total number of rental units by income level.

<table>
<thead>
<tr>
<th></th>
<th>% of Units</th>
<th># of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rented ≤ 30% AMI</td>
<td>3%</td>
<td>451</td>
</tr>
<tr>
<td>Rented &gt; 30% and ≤ 50% AMI</td>
<td>7%</td>
<td>860</td>
</tr>
<tr>
<td>Rented &gt; 50% and ≤ 60% AMI</td>
<td>16%</td>
<td>2,071</td>
</tr>
<tr>
<td>Rented &gt; 60% and ≤ 80% AMI</td>
<td>28%</td>
<td>3,742</td>
</tr>
<tr>
<td>Rented &gt; 80% AMI</td>
<td>46%</td>
<td>6,069</td>
</tr>
<tr>
<td>Total:</td>
<td>100%</td>
<td>13,645</td>
</tr>
</tbody>
</table>

Source: IHDA’s 2017 Affordable Unit Rental Survey

In addition, according to the recently released *Worst Case Housing Needs 2017 Report to Congress* by HUD’s Office of Policy Development and Research, between 33-44% of housing that is affordable to lower income households but is not restricted to them is occupied by higher income households, reducing the availability to households in greatest need. When those percentages are applied to Evanston rental units affordable to households with incomes ≤ 80% of AMI, the total number of units that are actually rented to households at those income levels is 4,642, or about 65%; the chart below shows the number and percentages of units at different income levels. This reinforces the importance of recorded rental restrictions to ensure access for households in need of affordable units.

### Affordable Rental Units Occupied by Higher Income Renters, 2015

<table>
<thead>
<tr>
<th></th>
<th>% Occupied by Higher Income Tenants</th>
<th># Occupied by Higher Income Tenants</th>
<th>% Occupied by Income Eligible Tenants</th>
<th># Occupied by Income Eligible Tenants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Units</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rented ≤ 30% AMI</td>
<td>451</td>
<td>43.3%</td>
<td>195</td>
<td>56.7%</td>
</tr>
<tr>
<td>Rented &gt; 30% and ≤ 50% AMI</td>
<td>860</td>
<td>36.7%</td>
<td>316</td>
<td>63.3%</td>
</tr>
<tr>
<td>Rented &gt; 50% and ≤ 80% AMI</td>
<td>5813</td>
<td>33.9%</td>
<td>1,971</td>
<td>66.1%</td>
</tr>
</tbody>
</table>

Source: HUD-PD&R tabulations of American Housing Survey data

Evanston has been working to address the need for affordable housing. The map below shows the number of income-restricted rental units in Evanston by Census tract. Income-restricted means that the units are maintained at certain affordability levels. These affordability restrictions are typically imposed by funding sources, such as HUD, IHDA, and the City. However, a number of units owned by nonprofit developers and providers of special needs housing are included because they continue to serve low income residents after their funders’ affordability restrictions have expired.
Evanston has helped over 90 Moderate and Middle Income households become homeowners, primarily through down payment assistance programs and the Neighborhood Stabilization Program 2 acquisition and rehab of foreclosed homes. However, the majority of homes do not have land use restriction agreements (LURA) to maintain long-term affordability. Most owners may sell their home at market value and repay any unforgiven portion of their forgivable loan from the City if they sell prior to the owner occupancy requirement, which runs from 5 – 20 years, depending on the type of property and amount of the forgivable loan. Community Partners for Affordable Housing (CPAH) continues to build its portfolio of ownership homes using long-term affordability restrictions through their land trust or LURAs, including homes developed through the
ETHS Geometry in Construction program. They have eight homes that are owner-occupied and two more in production with ETHS.

**Who is most affected by the lack of affordable housing?**

According to the National Low Income Housing Coalition’s *Out of Reach 2017* report, the average rent for a modest two bedroom unit in the Chicago Metropolitan Area is $1,232/month. The minimum wage in Illinois $8.25/hour, and a household comprised of individuals earning minimum wage would need to work 101 hours per week in order to afford that modest two-bedroom apartment. The hourly wage needed to afford a two-bedroom apartment in the Chicago Metro Area is $23.69. Although Evanston enacted a minimum wage of $10/hour in July 2017, a household of one making that income would earn $20,800, or about 38% of AMI.

According to HUD Comprehensive Housing Affordability Strategy (CHAS) data for 2010-2014, 76.7% of Evanston low- to moderate-income households are housing cost burdened. Additionally, 13.4% of Evanston residents, or 10,036 people, are living in poverty according to US Census population estimates released July 1, 2016. Based on HUD data that shows 42.7% of households in the Midwest qualify as worst case needs, approximately 2,252 of Evanston households, or 8%, would be classified as worst case needs. Worst case needs are defined as renters with very low incomes – no more than 50 percent of AMI – who do not receive government housing assistance and who pay more than one-half of their income for rent, live in severely inadequate conditions, or both.

In 2017, the area median income (AMI) in the Chicago Metropolitan Area for a household of four is $79,000. Federal affordable housing programs are typically designed to provide assistance to households at or below 80%, 60%, 50%, and 30% of AMI. For a household of four, that is an annual household income of $63,200, $47,400, $39,500, and $23,700 respectively. A common misconception about affordable housing programs is that people who receive assistance do not work. However, many households have at least one wage earner working 40 or more hours per week but cannot afford market rate housing, particularly in a high cost housing market such as Evanston. Even many jobs that require college degrees do not pay enough to cover market rents in Evanston.
### What does it take to afford a $1,232/month apartment?

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Salary</th>
<th>Income Bracket</th>
<th>Income Proportion Needed for Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crossing Guard (Median salary)</td>
<td>$26,775</td>
<td>Low</td>
<td>55%</td>
</tr>
<tr>
<td>D65 Maintenance (Step 2)</td>
<td>$44,739</td>
<td>Moderate</td>
<td>33%</td>
</tr>
<tr>
<td>D65 Teacher (Track II, Step 6)</td>
<td>$56,686</td>
<td>Middle</td>
<td>26%</td>
</tr>
</tbody>
</table>

### Housing Need

There are three groups whose needs will be examined and strategies to address those needs will be defined in this paper. The first is Low Income households with incomes at or below 50% of AMI. The second is Moderate Income households with incomes between 50% and 80% of the area median. The third and final group is Middle Income households that earn between 80% and 120% of the area median. The data used for these income brackets are from HUD CHAS data. This information is developed by HUD specifically for recipients of Community Development Block Grant funds to use in analyzing the needs of their low- to moderate-income residents. Data are not provided by HUD for households between 100-120% AMI, therefore, data for Middle Income residents is limited to households between 80% and 100% AMI.
The chart below shows the breakdown of owner- and renter-occupied households by income level. As expected, the proportion of homeowners increases as incomes increase. However, there are over 3,000 homeowner households with incomes ≤ 80% of AMI, many of whom are seniors, who are housing cost burdened or severely housing cost burdened.

The following chart breaks out the number that are cost burdened and severely cost burdened. The greatest need is among Low Income households. Over 80% of owner and renter Low Income households (≤ 50% AMI) are cost burdened, with 69% severely cost burdened. Owner households at this income level are most vulnerable to displacement; they are often on a fixed income and are increasingly unable to maintain their properties and pay property taxes.
The chart below illustrates the number of renter households that are cost burdened, paying more than 30% of household income toward housing, and severely cost burdened, paying more than 50% of household income toward housing. Low Income households have the greatest cost burden overall, and the greatest percent of severe cost burden.
Owner-occupied and renter-occupied households show similar patterns: the higher the household income, the less likely the household is going to be housing cost burdened. Renter households are more cost burdened than owner households, however, the proportion that are severely cost burdened shifts between rental and ownership at different income levels. Among Moderate Income renter households, 70% have some cost burden, while 45% of total renter and owner households have some cost burden. Among Low Income households, the percentage of renter only and total renter and owner households with some cost burden is identical, at 82%.

**Low Income Households**

Characteristics: The majority of the households in this group are renters. It is not uncommon for individuals and families in this income bracket to be unstably housed and employed in service industry jobs; often move seeking affordability and most vulnerable to becoming homeless. A substantial number of households with fixed incomes, primarily seniors and people with disabilities, fall within this group, as well. A household of three at 30% AMI makes approximately $21,330 per year and at 50% AMI makes $35,550 per year.

Number of households at or below 50% AMI in Evanston:

- 6,995 households, or 24% of all households
  - 5,275 renter-occupied, or 75%
  - 1,720 owner-occupied, or 25%

**Moderate Income Households**

Characteristics: This group has a higher proportion of owner-occupied households than the Low Income segment. However, in Evanston, the majority are still renters. Many households in this group are stably housed and hold steady jobs. However, due to the earning potential of many jobs, a significant portion of Moderate Income households will continue to be housing cost burdened at some level. A household of three at 60% AMI makes approximately $42,660 per year and at 80% AMI makes approximately $56,900 per year.

Number of households between 80% and 100% AMI in Evanston:

- 2,570 households, or 9% of all households
  - 1,310 renter-occupied, or 51%
  - 1,260 owner-occupied, or 49%

**Middle Income Households**

Characteristics: Homeownership in this segment of the population is much higher and more appealing due to greater and more stable incomes. A household of three at 100% AMI makes approximately $71,100 per year, and $85,320 at 120% AMI. More analysis is necessary in order to explore strategies for households between 80% and 120% AMI.
However, data provided by HUD only goes up to 100% AMI. Therefore, the analysis below was completed based on households with incomes between 80% and 100% AMI.

Number of households between 80% and 100% AMI in Evanston:

- 4,030 households, or 14% of all households
  - 2,675 renter-occupied, or 66%
  - 1,355 owner-occupied, or 34%

**Ideas for Potential Housing Goals and Strategies**

To address the wide range of housing needs in Evanston, a variety of strategies could be considered to address different goals in a comprehensive program. Some strategies could be undertaken at little or no direct cost such as changing zoning and regulations, while others require subsidies from the City or other sources. Additional resources would be required to undertake them on a consistent basis.

**Create New Housing Opportunities**

- Revise zoning to allow rental of existing accessory dwelling units (ADUs) to non-family members. ADUs are increasingly being used in municipalities throughout the US to expand the supply of housing units and, when restricted to being rented at affordable rates to income eligible households, is another method of integrating affordable housing in market rate housing. It also facilitates increased density in low-density primarily ownership neighborhoods. Evanston zoning currently allows rental of ADUs to family members or caregivers only, which limits its effectiveness as a tool for expanding the supply of housing and integrating lower income households in single family neighborhoods with high housing costs. Examples: Portland, OR; Minneapolis, MN; and Durango, CO.

- Revise zoning to allow development of new ADUs for rental in new construction and in single-family neighborhoods with lots that can accommodate an accessory structure. This can expand the benefits noted above and integrate affordable housing throughout Evanston. Construction of ADUs could provide additional building opportunities for ETHS Geometry In Construction. Consideration could also be given to incorporating universal design requirements in new ADU construction to expand the supply of housing for lower income seniors and persons with disabilities. Alley access could be considered for accessibility.

- Develop a Special Use to allow development of modest-size homes on small lots. Current Evanston single family zoning districts have large lot size requirements and allow only one primary dwelling unit. This limits density and drives up housing costs. More middle income ownership opportunities could be developed by encouraging more moderately sized units and there are neighborhoods throughout Evanston with non-conforming smaller homes and lots that were
developed prior to current zoning. Examples: Los Angeles, CA; Seattle, WA; and Austin, TX.

- Revise occupancy standards to all greater flexibility in home sharing. Home sharing is typically used by homeowners who are housing cost burdened, particularly by seniors living on fixed incomes whose greatest asset is their home. In most instances, a tenant will move in with a homeowner for monthly rent that is substantially below market rate rental. Currently, Evanston zoning allows no more than three unrelated people to live in a dwelling unit and can limit home sharing effectiveness in cases where a homeowner could have multiple home share tenants based on the number of bedrooms and size of the house. Boulder, Colorado, which had housing challenges similar to Evanston’s and also is a university town is developing a program that allows home sharing among seniors based on occupancy standards rather than relationships of the residents. This is one potential model that could be explored for Evanston.

Increase affordable units in market rate developments

- The City’s Inclusionary Housing Ordinance should be regularly evaluated and updated to better accomplish the goal of developing on-site units while considering the regularly shifting market. Current market conditions make payment of the per-unit fee-in-lieu less costly for developers. The alternative equivalent proposal does not provide enough guidance relating to Council priorities and developers. Additional considerations to incentivize on-site units that could be explored include:
  - Increasing the fee-in-lieu from $100,000 to $150,000 in TOD areas, and from $75,000 to $100,000 in non-TOD areas
  - Changing the timing of fee-in-lieu payment. Currently, full fee-in-lieu is paid at the time of first temporary certificate of occupancy (first TCO), usually at least 18 months after project approval. By modifying the IHO to require half of the fee-in-lieu at receipt of first building permit and half at first TCO, developers may be more motivated to build on-site units.
  - Evaluating and modifying development bonuses for on-site units, including increased height, density and FAR, and parking reductions

- Market the benefits of the City’s centralized waitlist and income qualifications managed by Community Partners for Affordable Housing that reduce the developer’s compliance burden

- Evaluate the need for a middle-income tier in Inclusionary Housing Ordinance. Example: Colorado requires 20% of units for low-income, 60% for middle-income and 20% for higher-income households
Expand revenues for affordable housing

- Examine a potential increase in the IHO fee-in-lieu from $100,000 to $150,000 in TOD areas, and from $75,000 to $100,000 in non-TOD areas. Examples to consider include:
  - Highland Park, IL: IHO requires all residential developments (new construction, renovations, and conversions) resulting in five or more units to provide 20% of units as affordable or pay a fee in lieu of $125,000 per unit
  - Chicago, IL: Affordable Requirements Ordinance created three zones in the city to reflect different housing markets and priorities: downtown, higher-income areas, and low-moderate income areas. In-lieu fees for units not provided on-site in rental projects are as follows: $175,000 downtown, $125,000 in higher-income areas, and $50,000 in low-moderate income areas.

- Develop an impact fee on development not covered by the IHO, including 1-4 unit residential, residential additions, as well as retail and commercial projects. Examples to consider:
  - Marin County, CA: Impact fee applies to all new single family homes over 2,000 square feet and all teardowns and major remodels that result in over 500 square feet of new space and a total conditioned floor area over 2,000 square feet. The fee per square foot ranges from $5-$10 per square foot, based on project size. Payment is required prior to issuance of building permit.
  - Redwood City, CA (Bay Area): $20-25/square foot impact fee for residential development and $20/square foot for commercial development

- Invest non-cash City resources for affordable housing development. RPFs could be issued to attract new developers and to reduce costs
  - City-owned land such as underused parking lots
  - Parcels being acquired through the Cook County No Cash Bid program and tax deeds for properties with City liens

Create paths to homeownership

Many middle income households do not have enough equity accumulated to purchase a home. Down payment and closing cost assistance and employer-assisted programs can facilitate homeownership for this group. Federal HOME and CDBG funds are not effective for homebuyer programs because funds are restricted to HHs with incomes ≤ 80% AMI.

- Programs with local banks that are members of the Federal Home Loan Bank could be explored to re-start homebuyer programs.
- Employer-assisted programs could also be explored, working with Evanston’s large employers that have significant numbers of employees that cannot afford to
live in Evanston, including hospitals, senior communities and Northwestern University.

- Include development of Middle Income homeownership opportunities as eligible acquisition/rehab projects funded by the Affordable Housing Fund.
- Develop an intergovernmental agreement with ETHS Geometry in Construction. Units are constructed by ETHS students, put into CPAH’s land trust and sold to income qualified households. See ADU section above for strategies to continue this program without requiring single-family home lots.
- Continue to maintain long-term affordability long-term affordability of ownership housing through land trusts that retain ownership of the land but sell residential buildings on the land. This minimizes or eliminates the land cost, making homeownership achievable for lower income households, including Moderate Income. The buyer is still able to build equity through ownership of the home and can sell and purchase a property outside the land trust with that equity, if desired.
- Financial literacy programs. Partner with banks and nonprofits to offer housing counseling and financial literacy training to help potential homebuyers improve credit scores and become mortgage ready.

Expand Development of Income-Restricted Rental Units

Continue to develop rent-restricted units that provide stable housing for Moderate Income households with consistent earned income. These households often pay over 30% of their gross income for housing in the private market, making them housing cost burdened. They also tend to have higher mobility rates and long commutes to work due to seeking housing that is more affordable to them.

Gross rent (rent and utilities paid by the tenant) is set to be no more than 30% of gross household income level, commonly 50% and 60% of AMI, and the tenant is responsible for paying the full rent and utilities. Tenant income must fall between an established minimum and maximum to be able to afford the rent payments without exceeding the maximum allowable income for the unit. Revenues from the rents must be sufficient to cover operating costs, including property taxes, maintenance and replacement reserves. Cash flow from rents can rarely cover any debt service, so funding for the development of rent-restricted units is often in the form of forgivable or deferred loans from federal, state or local government. Units may be new construction or acquisition and rehab of existing housing. This has been a primary use of HOME and Affordable Housing Funds.

Maintain and Expand Rent Subsidies for Low Income Households

Rent subsidies are generally used to provide stable housing for the lowest income households that cannot afford to pay rent and utilities even when set at 30% or 50% AMI. The tenant pays 30% of gross income toward housing costs and the remaining amount is subsidized. Rental assistance can be tenant-based, like the Housing Choice Voucher program, where the supported household finds a privately owned unit to live in,
or project-based, where the rent subsidy stays with the housing unit. Rent subsidies are particularly effective for:

- Unlimited subsidies for very low income seniors, persons with disabilities, and the chronically homeless. Examples include the Housing Authority of Cook County’s (HACC) Perlman and Walchirk Apartments; Over the Rainbow’s Hill Arboretum Apartments; Permanent Supportive Housing provided by Impact Behavioral Health and Connections for the Homeless.
- Short- and medium-term subsidies (3-24 months) are used to help families that have been destabilized by job loss, medical emergencies or other events and may be unstably housed or homeless including the City’s HOME funded Tenant-Based Rental Assistance program that provides up to 24 months of support for families with children <18; ESG Rapid re-housing that provides 3-12 months of support for families that are literally homeless.
- The City’s General Assistance program provides rent assistance of up to $600/month for single adult residents of Evanston with monthly incomes under $875.

Leverage External Resources to develop housing for Low Income and Special Needs Residents

- Provide gap funding for projects with primary funding from the Illinois Housing Development Authority (IHDA), Cook County and the Community Investment Corporation (CIC). Project types include:
  - Permanent Supportive Housing (PSH) provides rental apartments linked with flexible community-based services to house people with disabilities who have experienced or are at risk of experiencing long-term or chronic homelessness. The Center for Mental Health Policy and Services Research at the University of Pennsylvania found that living in permanent supportive housing was associated with an average reduction in service use of $16,282 per person.
  - Supportive Living Facility (SLF) is an alternative to nursing home care for low-income older persons and persons with disabilities under Medicaid. By combining apartment-style housing with personal care and other services, residents can live independently and take part in decision-making. Personal choice, dignity, privacy and individuality are emphasized. The State of Illinois issues licenses for SLFs
- External sources for affordable housing development include:
  - Low-Income Housing Tax Credits (LIHTC) IHDA awards tax-exempt bonds or tax credits to developers who agree to rent a portion of housing units at affordable rates for a minimum of 30 years. Developers can either rent 20% of units affordable at 50% AMI, 40% of units affordable at 60% AMI or 15% of units affordable at 40% AMI.
  - Regional Housing Initiative (RHI) Collaboration of 14 public housing authorities in the Chicago metro area that pool a portion of their available project-based rental vouchers to support the rehabilitation or construction
of affordable rental homes in opportunity communities. Pooling resources allows more flexibility for the region to adapt to changing housing markets and direct resources towards areas of need.

- State Referral Network (SRN) Project-based rental assistance awarded to developers that dedicate units for households ≤ 30% AMI and have a disabled or ill head of household or is homeless. Local service providers refer potential eligible tenants to the State wait lists for housing projects with SRN vouchers.

**Preserve Existing Affordable Housing**

- Handyman Program
  - Small-scale home repairs for income eligible seniors
- CDBG Housing Rehab
  - 0% interest loan for income eligible owner-occupied and rental housing
  - Up to $50,000 depending on unit type
  - Priorities are to address code and life safety violations and improve accessibility
- Continue funding rehab and repairs special needs housing and rental owned by nonprofit developers
- Explore a rehab program that targets owner-occupied two-flats and small rental buildings
- Consider deed restrictions to ensure permanent affordability. Restrictions on ADUS, low and moderate income homes can preserve affordable homeownership opportunities for the long term while enabling homeownership for lower income households.

**Expand programs to overcome barriers to rental for Low Income Households**

- Pilot a Landlord Mitigation Fund that functions as an insurance fund to incentivize landlords to accept low-income and subsidized tenants, and/or tenants with a poor rental history or criminal record. Landlord Mitigation Funds provide landlords with an amount of money in the event a tenant damages property and/or must be evicted. Examples of communities with landlord mitigation funds: Denver, CO; Portland, OR; Seattle, WA; and Orland, FL.
- Explore a rehab program for Evanston landlords that rent to households with rent subsidies and/or poor rent history/criminal record
- Tenant education - rights and responsibilities of landlords and tenants
- Maintain City supportive services and programs

**Maintain Supportive Services for Evanston Residents**

Many of the Evanston’s lowest income residents are still not able to access housing services and programs funded by the aforementioned sources. Additionally, housing stability often times cannot be achieved through housing alone. Supportive services and
case management are vital to ensuring people are able to remain housed and stable. Therefore, the City offers direct assistance and referral services through its Health and Human Services and Parks, Recreation, and Community Services Departments. These programs are highlighted below.

- **General assistance**
  - Entitlement benefits
- **Emergency assistance**
  - Homeless prevention
  - Maintain housing stability
  - Utility payments
- **Resident assistance**
  - Case management
  - Referrals
  - Housing locating

**Promote healthy housing and neighborhoods**

- Property maintenance
- Lead paint remediation
- Removal of mold and other health hazards
- Rental Registration Program
- Vacant building registry
- CDBG-funded capital improvements in low to moderate income neighborhoods

<table>
<thead>
<tr>
<th>Housing Strategies Summary By Segment</th>
<th>Low Income</th>
<th>Moderate Income</th>
<th>Middle Income</th>
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<tbody>
<tr>
<td>ADUs</td>
<td>✓</td>
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<tr>
<td>Small Lot Housing</td>
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<td>IHO</td>
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<tr>
<td>Homeownership</td>
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<td>✓</td>
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<tr>
<td>Income-Restricted Units</td>
<td>✓</td>
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<tr>
<td>Rent Subsidies</td>
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<tr>
<td>Housing for Special Needs</td>
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<td>Affordable Housing Preservation</td>
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<tr>
<td>Programs to Overcome Barriers</td>
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<tr>
<td>Healthy Homes and Neighborhoods</td>
<td>✓</td>
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</tbody>
</table>
Appendix of funding sources and uses

The City has several funding sources that it uses for housing services, development, rehabilitation and preservation. The majority of funding for this type of work comes from the federal government which is very proscriptive in how funds can be allocated. The City’s local funding sources provide greater flexibility in expenditures, but also pose challenges with their finite and limited availability. Below is a summary of each of the City’s housing funding sources and uses.

Community Development Block Grant (CDBG)

- Annual allocation from HUD: Approximately $1,500,000
- Eligibility requirements: Beneficiaries of CDBG-funded programs and services must be primarily ≤80% AMI.
- Programs:
  - Public services: The City funds public services for income eligible populations through external organizations
  - Public facilities: The City funds public facility improvements for both City-owned infrastructure and facilities properties and nonprofits
  - Housing rehab program: Managed by City staff for income eligible owner-occupied and small rental buildings; 0% interest loan of up to $50,000 for repairs and rehabilitation
  - Affordable housing preservation: CDBG can be used by nonprofit developers to rehab existing affordable housing units and buildings in order to preserve their affordability

HOME Investment Partnerships Program (HOME)

- Annual allocation from HUD: Approximately $250,000
- Eligibility requirements: Beneficiary HHs must be ≤80% AMI; typically, enter at or below 60% AMI, and exit when income rises above 80% AMI.
- Programs
  - Tenant-based rental assistance (TBRA): The City funds Connections for the Homeless to administer this program; it is a two-year rental subsidy for households with children under 18 and incomes at or below 50% AMI
  - Affordable housing development and rehabilitation: HOME can be used as a gap funding source for new affordable housing development, as well as rehab of existing units to create more affordable housing
  - Affordable housing preservation: HOME can be used by nonprofit developers to rehab existing affordable housing units and buildings in order to preserve their affordability
Emergency Solutions Grant (ESG)

- Annual allocation from HUD: Approximately $140,000
- Eligibility requirements: Participants must be at or below 30% AMI or homeless
- Programs
  - Homeless prevention, short-term rent/utility subsidy to prevent eviction, and case management
  - Rapid re-housing, short-term rent/utility subsidy
  - Operating support for homeless shelters
  - Street outreach to homeless persons

Affordable Housing Fund (AHF)

- Cash balance as of October 2017: $590,000
- Eligibility requirements: The AHF can be used for rental units in which incomes are restricted at or below 80% AMI, and for-sale units in which incomes are at or below 120% AMI. It is also used to fund housing services and programs that can not otherwise be funded by a federal source.
- Current funding sources:
  - Demolition tax: Currently $10,000 per building;
  - IHO fee-in-lieu: Currently $100,000 in transit-oriented development (TOD) areas, and $75,000 outside of TOD areas; and
  - Other developer contributions pre-IHO: Examples include annual contributions of $125,000 from the Mather, and one-time contributions from the developer of 1620 Central and 1571 Maple.
- Programs:
  - Homeless Management Information System (HMIS): The City provides funding to the Alliance to End Homelessness of Cook County to operate the HMIS, which is used by all of the local homeless service providers in the Continuum of Care.
  - Handyman Program: This program is managed by the City’s long-term care ombudsman and offers income eligible seniors the ability to have small repairs completed in their homes.
  - Landlord-Tenant Program: The City funds Open Communities to perform landlord-tenant liaison and mediation work for Evanston residents.
  - Affordable housing development and rehabilitation: The Affordable Housing Fund can be used as a gap funding source for new affordable housing development, as well as rehab of existing units to create more affordable housing.

Mental Health Board Fund (MHB)

- Total 2018 allocation: $736,373
• Eligibility requirements: At-risk Evanston residents; residents unable to access assistance independently
Program funding to non-profit agencies for a wide range of health and social services.
## City of Evanston
### Housing Glossary and Acronyms

<table>
<thead>
<tr>
<th>Acronym/Term</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>ACS</td>
<td>AMERICAN COMMUNITY SURVEY: Conducted annually by the US Census Bureau to get information on income, employment, housing costs, and other data. HUD uses averages from five years to develop LMA data for CDBG.</td>
</tr>
<tr>
<td>Action Plan</td>
<td>One year plan developed by each entitlement community to implement the five-year ConPlan with CDBG, HOME and ESG.</td>
</tr>
<tr>
<td>ADA</td>
<td>AMERICANS WITH DISABILITIES ACT OF 1990: A broad civil rights law guaranteeing equal opportunity for individuals with disabilities in employment, public accommodations, transportation, state and local government services, and telecommunications.</td>
</tr>
<tr>
<td>AFFH</td>
<td>AFFIRMATIVELY FURTHERING FAIR HOUSING: The Fair Housing Act requires all federal agencies to administer programs relating to housing and urban development in a manner that will affirmatively further fair housing. Further, the receipt of federal funds obligates jurisdictions to affirmatively further fair housing. Among other things, the duty to affirmatively further fair housing includes developing and implementing a comprehensive strategy to identify and overcome barriers to fair housing choice.</td>
</tr>
<tr>
<td>AFH</td>
<td>ASSESSMENT OF FAIR HOUSING: HUD’s AFFH rule clarifies existing fair housing obligations for jurisdictions with a streamlined process to analyze the local fair housing landscape and set fair housing priorities and goals through an Assessment of Fair Housing (AFH). The rule identifies four fair housing issues that program participants will assess: Patterns of integration and segregation; racially or ethnically concentrated areas of poverty; disparities in access to opportunity; and disproportionate housing needs.</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>In general, housing for which the occupant(s) is/are paying no more than 30% of his or her income for gross housing costs, including utilities. Please note that some jurisdictions may define affordable housing based on other, locally determined criteria, and that this definition is intended solely as an approximate guideline or general rule of thumb.</td>
</tr>
<tr>
<td>AMI</td>
<td>AREA MEDIAN INCOME</td>
</tr>
<tr>
<td>CAPER</td>
<td>CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT, annual results</td>
</tr>
<tr>
<td>CBDO</td>
<td>COMMUNITY BUSINESS DEVELOPMENT ORGANIZATION: Non-profit community development agency that can undertake activities in NRSAs.</td>
</tr>
<tr>
<td>CDBG</td>
<td>COMMUNITY DEVELOPMENT BLOCK GRANT: Created under the Housing and Community Development Act of 1974, this program provides grant funds to local and state governments to develop viable urban communities by providing decent housing with a suitable living environment and expanding economic opportunities to assist low- and moderate-income residents. CDBG replaced several categorical grant programs, such as the Model Cities program, the Urban Renewal program, and the Housing Rehabilitation Loan and Grant program.</td>
</tr>
<tr>
<td>Census Tract</td>
<td>A small, relatively permanent statistical subdivision of a county or statistically equivalent entity, delineated for data presentation purposes by a local group of census data users or the geographic staff of a regional census center in accordance with Census Bureau guidelines.</td>
</tr>
<tr>
<td>Census Tract Number</td>
<td>A four-digit basic number, followed by an optional two-digit decimal suffix, used to uniquely identify a census tract within a county or statistically equivalent entity.</td>
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<tr>
<td>Acronym/Term</td>
<td>Definition</td>
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<tr>
<td>CHAS</td>
<td>COMPREHENSIVE HOUSING AFFORDABILITY STRATEGY DATA: A component of Consolidated Plan, the CHAS is a report prepared by jurisdictions on the number of households in need of housing assistance. It is based on data reports obtained by HUD from the Census Bureau.</td>
</tr>
<tr>
<td>CHDO</td>
<td>COMMUNITY HOUSING DEVELOPMENT ORGANIZATION: A nonprofit, community-based service organization whose purpose is to provide and develop decent, affordable housing for the community it serves. Organizations certified as CHDOs are eligible to receive HOME funding.</td>
</tr>
<tr>
<td>Chronically Homeless</td>
<td>A homeless individual with a disability who lives either in a place not meant for human habitation, a safe haven, or in an emergency shelter, or in an institutional care facility if the individual has been living in the facility for fewer than 90 days and had been living in a place not meant for human habitation, a safe haven, or in an emergency shelter immediately before entering the institutional care facility. In order to meet the “chronically homeless” definition, the individual also must have been living as described above continuously for at least 12 months, or on at least four separate occasions in the last 3 years, where the combined occasions total a length of time of at least 12 months. Each period separating the occasions must include at least 7 nights of living in a situation other than a place not meant for human habitation, in an emergency shelter, or in a safe haven.</td>
</tr>
<tr>
<td>CoC</td>
<td>The CONTINUUM OF CARE awards HUD funds on a competitive basis to address homelessness in a comprehensive manner. To be eligible for the funds, a Continuum of Care, consisting of local government agencies, community-based organizations, service providers, and others, must develop a plan for providing housing and services to homeless individuals and families. The Continuum of Care Program consolidated three HUD homelessness programs: Supportive Housing, Shelter Plus Care, and Section 8 Moderate Rehabilitation for Single-Room Occupancy.</td>
</tr>
<tr>
<td>ConPlan</td>
<td>CONSOLIDATED PLAN: A document written by a state or local government describing the housing needs of the low- and moderate-income residents, outlining strategies to meet these needs, and listing all resources available to implement the strategies. This document is required in order to receive HUD Community Planning and Development funds. Typically, this is a five year plan.</td>
</tr>
<tr>
<td>Cooperative</td>
<td>COOPERATIVE (Co-op): Housing in which each member shares in the ownership of the whole project with the exclusive right to occupy a specific unit and to participate in project operations through the purchase of stock.</td>
</tr>
<tr>
<td>CPD</td>
<td>COMMUNITY PLANNING AND DEVELOPMENT: HUD's Office of Community Planning and Development seeks to develop viable communities by promoting integrated approaches that provide decent housing, a suitable living environment, and expand economic opportunities for low- and moderate-income persons. The primary means toward this end is the development of partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations.</td>
</tr>
<tr>
<td>DBRA</td>
<td>DAVIS-BACON AND RELATED ACTS: Requirement to pay federal prevailing wages on most CDBG-funded construction projects.</td>
</tr>
<tr>
<td>Debt Service</td>
<td>Required payments for principal and interest made with respect to a mortgage secured by housing.</td>
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<tr>
<td>Acronym/Term</td>
<td>Definition</td>
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<tr>
<td>Entitlement Community</td>
<td>City or urban county with LMI population and other characteristics that qualify it to receive CDBG funding per the Housing &amp; Community Development Act of 1974. CDBG funds are allocated on a &quot;formula&quot; basis to entitlement communities as long as Congress appropriates funds for CDBG.</td>
</tr>
<tr>
<td>ESG</td>
<td>EMERGENCY SOLUTIONS GRANT PROGRAM: A federal CPD program grant designed to help improve the quality of existing emergency shelters for the homeless, to make additional shelters available, to meet the costs of operating shelters, to provide essential social services to homeless individuals, and to help prevent homelessness. ESG also provides short-term homeless prevention assistance to persons at imminent risk of losing their own housing due to eviction, foreclosure, or utility shutoffs.</td>
</tr>
<tr>
<td>Extremely Low-Income</td>
<td>Extremely-Low Income families are now defined as families whose incomes do not exceed the higher of: Federal Poverty Level, or 30% of Area Median Income.</td>
</tr>
<tr>
<td>Fair Housing Act</td>
<td>1968 act (amended in 1974 and 1988) providing the HUD Secretary with fair housing enforcement and investigation responsibilities. A law that prohibits discrimination in all facets of the homebuying process on the basis of race, color, national origin, religion, sex, familial status, or disability.</td>
</tr>
<tr>
<td>FHA</td>
<td>FEDERAL HOUSING ADMINISTRATION (FHA): Provides mortgage insurance on loans made by FHA-approved lenders throughout the United States and its territories. FHA insures mortgages on single-family, multifamily, and manufactured homes and hospitals. It is the largest insurer of mortgages in the world, insure over 34 million properties since its inception in 1934.</td>
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<tr>
<td>FHEO</td>
<td>DEPARTMENT OF FAIR HOUSING AND EQUAL OPPORTUNITY</td>
</tr>
<tr>
<td>FMR</td>
<td>FAIR MARKET RENT: Rent levels set by HUD by market that are considered affordable to LMI households.</td>
</tr>
<tr>
<td>FTE</td>
<td>FULL TIME EQUIVALENT: Job or jobs that total 40 hours per week of work.</td>
</tr>
<tr>
<td>Gross Rent</td>
<td>Rent plus utilities; for example if the maximum allowable gross rent for a unit is $1,200 and the tenant has to pay utilities, you subtract amounts for each utility based on a utility allowance schedule out of the rent. If, for example, the utility allowances for that unit add up to $150, then the maximum actual rent that can be charged is $1,050 ($1,200 - $150).</td>
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<tr>
<td>HACC</td>
<td>HOUSING AUTHORITY OF COOK COUNTY</td>
</tr>
<tr>
<td>HCV</td>
<td>HOUSING CHOICE VOUCHER: Rent assistance form low income households provided by Housing Authorities (also called Section 8).</td>
</tr>
<tr>
<td>HOME</td>
<td>HOME INVESTMENT PARTNERSHIPS PROGRAM: Provides formula grants to states and localities that communities use — often in partnership with local nonprofit groups — to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership, or to provide direct rental assistance to low-income people.</td>
</tr>
<tr>
<td>Homeless</td>
<td>An individual who lacks a fixed, regular, and adequate nighttime residence; as well an individual who has a primary nighttime residence that is a supervised publicly or privately operated shelter designed to provide temporary living accommodations, an institution that provides a temporary residence for individuals intended to be institutionalized; or a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.</td>
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<tr>
<td>Acronym/Term</td>
<td>Definition</td>
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<tr>
<td>Homeless Prevention</td>
<td>Activities or programs designed to prevent the incidence of homelessness, including, but not limited to: (1) short-term subsidies to defray rent and utility arrearages for families that have received eviction or utility termination notices; (2) security deposits or first month’s rent to permit a homeless family to move into its own apartment; (3) mediation programs for landlord-tenant disputes; (4) legal services programs that enable representation of indigent tenants in eviction proceedings; (5) payments to prevent foreclosure on a home; and (6) other innovative programs and activities designed to prevent the incidence of homelessness.</td>
</tr>
<tr>
<td>Household</td>
<td>All the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household.</td>
</tr>
<tr>
<td>HUD</td>
<td>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</td>
</tr>
<tr>
<td>HUD FMR Metro Area</td>
<td>Indicates that only a portion of the OMB-defined core-based statistical area (CBSA) is in the area to which the income limits or FMRs apply. HUD is required by OMB to alter the name of metropolitan geographic entities it derives from the CBSAs when the geography is not the same as that established by OMB.</td>
</tr>
<tr>
<td>Income Limits</td>
<td>Determines the eligibility of applicants for HUD’s assisted housing programs.</td>
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<tr>
<td>IDIS</td>
<td>INTEGRATED DISBURSMENT AND INFORMATION SYSTEM: HUD database to track grant funded activities and draw down funds.</td>
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<tr>
<td>IHDA</td>
<td>ILLINOIS HOUSING DEVELOPMENT AUTHORITY</td>
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<tr>
<td>IHO</td>
<td>INCLUSIONARY HOUSING ORDINANCE</td>
</tr>
<tr>
<td>LIHTC</td>
<td>LOW-INCOME HOUSING TAX CREDIT: A tax incentive intended to increase the availability of low-income housing. The program provides an income tax credit to owners of newly constructed or substantially rehabilitated low-income rental housing projects.</td>
</tr>
<tr>
<td>LMA</td>
<td>LOW AND MODERATE AREA: Primarily residential area with 51% or more LMI residents based on ACS data; Evanston is an &quot;exception&quot; community so LMA threshold is 45.13%.</td>
</tr>
<tr>
<td>LMC</td>
<td>LOW- AND MODERATE-INCOME CLIENTELE: method of determining eligibility for CDBG funds based on 51% or more of individuals or families being served have a family income ( \leq ) 80% of the area median income; incomes must be documented.</td>
</tr>
<tr>
<td>LMH</td>
<td>LOW- AND MODERATE-INCOME HOUSING: Method of determining eligibility for CDBG housing assistance by determining that the household's income is ( \leq ) 80% of the area median income; incomes must be documented.</td>
</tr>
<tr>
<td>LMI</td>
<td>LOW- AND MODERATE-INCOME: Income ( \leq ) 80% of the area median income; used to determine eligibility for an individual, family or household for CDBG assistance</td>
</tr>
<tr>
<td>LMJ</td>
<td>LOW- AND MODERATE-INCOME JOB: A job filled by an individual whose income is ( \leq ) 80% of the area median income and requires no more than a high school diploma</td>
</tr>
<tr>
<td>Low-Income</td>
<td>Households whose incomes do not exceed 80% of the median area income for the area, as determined by HUD.</td>
</tr>
<tr>
<td>Acronym/Term</td>
<td>Definition</td>
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<tr>
<td>McKinney-Vento Homeless Assistance Act</td>
<td>A law authorizing HUD programs to provide emergency shelter, housing, and supportive services for homeless individuals. These programs are administered by HUD’s Office of Housing and Community Development (CPD). The Act was reauthorized and amended by the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009.</td>
</tr>
<tr>
<td>Moderate-Income</td>
<td>Households whose incomes are between 81% and 95% of the median income for the area, as determined by HUD, with adjustments for smaller or larger families. HUD may establish income ceilings higher or lower than 95% of the median for the area on the basis of HUD’s findings that such variations are necessary because of prevailing levels of construction costs, fair market rents, or unusually high or low family incomes.</td>
</tr>
<tr>
<td>MSA</td>
<td>METROPOLITAN STATISTICAL AREA: An area with at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core, as measured by commuting ties.</td>
</tr>
<tr>
<td>MBE</td>
<td>MINORITY-OWNED BUSINESS: A business in which more than 50% of the ownership or control is held by one or more minority individuals; and more than 50% of the net profit or loss of which accrues to one or more minority individuals.</td>
</tr>
<tr>
<td>NRSA</td>
<td>NEIGHBORHOOD REVITALIZATION STRATEGY AREA: Plan to address area of greatest need with CDBG funds.</td>
</tr>
<tr>
<td>OMB</td>
<td>OFFICE OF MANAGEMENT AND BUDGET: The Office of Management and Budget oversees the performance of federal agencies, and administers the federal budget.</td>
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<tr>
<td>OMB Omni-Circular</td>
<td>As part of an effort to reform and strengthen Federal grant making, the Office of Management and Budget (OMB) published new guidance for the Federal award programs, OMB Uniform Guidance: Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly referred to as the Omni Circular.</td>
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<tr>
<td>PBVP</td>
<td>PROJECT-BASED VOUCHER PROGRAM: maintains the voucher assigned to a property rather than the individual.</td>
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<tr>
<td>PHA</td>
<td>PUBLIC HOUSING AGENCY: Any state, county, municipality, or other governmental entity or public body, or agency or instrumentality of these entities that is authorized to engage or assist in the development or operation of low-income housing under the U.S. Housing Act of 1937.</td>
</tr>
<tr>
<td>Project-based Section 8</td>
<td>Rent subsidies provided by Housing Authorities to private property owners to house low income households eligible for HCV in specific housing units.</td>
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<tr>
<td>Protected Class</td>
<td>Demographic categories of persons established by civil rights statutes against whom discrimination is prohibited.</td>
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<tr>
<td>PSH</td>
<td>PERMANENT SUPPORTIVE HOUSING: assists individuals to locate decent, safe, and affordable community-based housing that provides residents with the right of tenancy and is linked to voluntary, flexible support and services designed to meet residents’ needs and preferences.</td>
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### City of Evanston
### Housing Glossary and Acronyms

<table>
<thead>
<tr>
<th>Acronym/Term</th>
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<tr>
<td><strong>RAD</strong></td>
<td>RENTAL ASSISTANCE DEMONSTRATION PROGRAM: A demonstration program that allows public housing and moderate rehabilitation properties to convert to long-term Section 8 rental assistance contracts. It also allows Rent Supplement, Rental Assistance and Moderate Rehabilitation properties to convert to Project-Based Vouchers.</td>
</tr>
<tr>
<td><strong>SAFMR</strong></td>
<td>SMALL AREA FAIR MARKET RENT: Rent levels set by HUD by zip code in markets with widely varying rent rates for the Housing Choice Voucher program; Chicago Metro market uses SAFMRs.</td>
</tr>
<tr>
<td><strong>Section 3</strong></td>
<td>HUD requirement that CDBG-funded construction contractors hire LMI workers and subcontract with LMI-owned businesses.</td>
</tr>
<tr>
<td><strong>Section 504</strong></td>
<td>SECTION 504 OF THE REHABILITATION ACT OF 1973: Section 504 provides that no qualified individual with a disability should, only by reason of his or her disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.</td>
</tr>
<tr>
<td><strong>Section 8 Programs</strong></td>
<td>Several housing subsidy programs are authorized under Section 8 of the United States Housing Act of 1937. The largest of these programs is the Voucher program. It also includes the project-based Section 8 program, which subsidizes rents of low-income households residing in specific developments, Project-Based Vouchers, and the Veterans Affairs Supportive Housing program, which provides vouchers to eligible homeless veterans.</td>
</tr>
<tr>
<td><strong>SRO</strong></td>
<td>SINGLE-ROOM OCCUPANCY</td>
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<tr>
<td><strong>TBRA</strong></td>
<td>TENANT-BASED RENTAL ASSISTANCE: HUD assists low- and very low-income families in obtaining decent, safe, and sanitary housing in private accommodations by making up the difference between what they can afford and the approved rent for an adequate housing unit.</td>
</tr>
<tr>
<td><strong>TOD</strong></td>
<td>TRANSIT-ORIENTED DEVELOPMENT: Development of commercial space, housing services, and job opportunities close to public transportation, thereby reducing dependence on automobiles. TODs are typically designed to include a mix of land uses within a quarter-mile walking distance of transit stops or core commercial areas.</td>
</tr>
<tr>
<td><strong>Transitional Housing</strong></td>
<td>A project that has as its purpose facilitating the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months). Transitional housing includes housing primarily designed to serve deinstitutionalized homeless individuals and other homeless individuals with mental or physical disabilities and homeless families with children.</td>
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<tr>
<td><strong>UA</strong></td>
<td>UTILITY ALLOWANCE</td>
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<tr>
<td><strong>URA</strong></td>
<td>UNIFORM RELOCATION ACT: Requires financial assistance for residents and businesses displaced as a result of CDBG-funded projects.</td>
</tr>
<tr>
<td><strong>VAWA</strong></td>
<td>VIOLENCE AGAINST WOMEN ACT: A federal law intended to improve criminal justice and community-based responses to domestic violence. In the housing context, the law protects individuals applying for or living in federally subsidized housing from being discriminated against because of their status as victims of domestic violence, dating violence or stalking.</td>
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### City of Evanston
### Housing Glossary and Acronyms

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<tr>
<td>Very Low-Income</td>
<td>Households whose incomes do not exceed 50% of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families and for areas with unusually high or low incomes or where needed because of facility, college, or other training facility; prevailing levels of construction costs; or fair market rents.</td>
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<tr>
<td>WBE</td>
<td>WOMAN-OWNED BUSINESS: A business in which more than 50% of the ownership or control is held by one or more women; and more than 50% of the net profit or loss of which accrues to one or more women; and a significant percentage of senior management positions of which are held by women.</td>
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MEETING MINUTES
INCLUSIONARY HOUSING ORDINANCE SUBCOMMITTEE
Wednesday, January 17, 2018, 7:00 P.M.
Lorraine H. Morton Civic Center, Aldermanic Library


Absent: N/A

Staff: Johanna Leonard, Community Development Director; Sarah Flax, Housing and Grants Administrator; Savannah Clement, Housing Policy and Planning Analyst

Call to order
Chair Alderman Wilson called the meeting to order at 7:08 PM with a quorum present.

First order of business: nominating a chair. Ald. Rainey moved for Ald. Wilson to Chair the Subcommittee, Ald. Fiske seconded, and the motion was approved unanimously.

Mayer Hagerty stopped in to thank the Subcommittee for their time and work on this important issue.

Public comment
Douglas Sharp, of Reclaim Evanston, stated that he supports the City Council goal of expanding affordable housing. He provided three recommendations for consideration: Hold off any new developments; raise the fee in lieu of affordable units in the Inclusionary Housing Ordinance; and, develop a comprehensive affordable housing plan.

Sue Loellbach, of Joining Forces for Affordable Housing and Connections for the Homeless, said that she would like to see a broader housing plan. She also mentioned *The Color of Law* book which illustrates the systemic patterns of segregation over the years. Ms. Loellbach asked the Subcommittee to be bold with its revisions to the IHO.

Ray Friedman, of the Second Ward, thinks the fee in lieu is too low and would like to see a mandatory onsite unit requirement.

John Lionberger, of the 1700 block of Hinman, is concerned about a developer that is buying buildings and creating more bedrooms in existing units. Mr. Lionberger is worried this will create more density, parking shortages, and negatively affect property values.
Chris Krueger is concerned that high rents downtown will radiate outward and displace others. He is in favor of affordable housing, and noted that incomes have gone down.

**New business**

Ald. Fiske recommends having someone from Northwestern University come speak to the group.

Ald. Wilson noted the current IHO was well intentioned, but is not getting the impact that City Council had hoped.

Ald. Wilson asked what impacts the Subcommittee would like to see the new ordinance have. How are we currently making an impact and how are we not?

Sarah Flax provided an overview of developments that have been approved since the ordinance went into effect Jan. 1, 2016.

Ald. Fiske asked about cash balance of Affordable Housing Fund. Sarah said it is about $800,000 of uncommitted cash. Ald. Fiske asked about past expenditures in the Affordable Housing Fund. Sarah explained the AHF has funded programs such as the Handyman Program, Landlord-Tenant Program, HMIS, Senior Bridge Housing, Hotel Voucher Program, Geometry in Construction, and an acquisition and rehab of two units by Community Partners for Affordable Housing.

Ald. Wilson explained that providing affordable units onsite does cost developers money because they are not able to charge the same rents as the market rate units. He feels the fees in lieu are appealing to City Council, but onsite units have become a priority. In order to achieve the goal of having more onsite units, Ald. Wilson said we need a better ordinance.

Ald. Rainey mentioned the development at Chicago and Howard. The use of Affordable Housing Funds to provide four onsite affordable units in the project was denied.

Ald. Revelle asked about the financial infeasibility clause in the IHO. Kent Swanson explained that financial feasibility means that certain numbers, such as the yield on cost percentage, show whether a project will get financed. He said there isn’t one objective formula, so it is hard to establish a legal standard for financial infeasibility. Mr. Swanson said it’s a market-based formula that is constantly changing.
Ald. Fiske asked about how people determine what to charge when selling land for developments. Kent Swanson said a prudent seller would not make price determination based on what they hope would happen with potential zoning variances. He said most people would take into consideration what is currently allowed in the zoning ordinance. Mr. Swanson explained that there is usually a partnership with the land owner and developer to reach a deal on the land price depending on what the developer can get approved by City Council. Ald. Fiske said that not knowing the land price makes it hard to make decision and assess whether or not it’s really economically feasible. Ald. Wilson noted most developers don’t just purchase the land; it’s contingent on approval of a project.

Jolene Saul said developers factor cost of land into project costs and costs per unit. Ms. Saul suggested removing the financial infeasibility paragraph from the ordinance, altogether. Ald. Wilson said that the City could require more details from developer to evaluate the financial feasibility. Ald. Rainey noted that the original intent of the paragraph was supposed to be for the developer to show economic hardship in order to provide a basis for negotiation.

Ald. Rainey asked for a workshop on affordable housing development and wants all the affordable housing advocates to be invited. Ald. Wilson said it would also be useful to hear how nonprofit developers develop housing and run rental buildings. Staff will put some structure together for next meeting.

Ald. Rainey noted Albion land cost was $7 million. Stacie said Alternative Equivalent Proposal section negates the need for a section on financial feasibility.

Ald. Wilson brought up his concern about who is bearing the cost of affordable housing. He feels renters of market rate units will bear the cost. Kent Swanson says not true because market only allows what it allows with regard to rent prices. Mr. Swanson noted that the bigger impact is on land value, and providing affordable units onsite does increase risk when looking at the long-term financial viability of a project.

Kent Swanson explained that renting affordable units is a different operation than renting market rate units, so it is best partner with nonprofit for the rental of affordable units. Sarah noted that the City has a contract with Community Partners for Affordable Housing (CPAH) for management of the IHO waitlist and income certifications.

A resident asked the Subcommittee if having affordable units onsite affects the property value of the project, and the ability for a developer to receive financing. Kent Swanson said yes because it affects project’s profit and bottom line. He also said that typically the
land is not the most expensive part of development; it’s the steel, labor, windows, etc. All of those combined expenses are greater than the cost of land.

Ald. Rainey noted that the current ordinance provides an either/or option with regard to providing onsite affordable units or paying a fee in lieu. The City could change the ordinance to have a mandatory onsite unit requirement for developments getting a benefit from City, such as a zoning variance or funding.

Ald. Rainey also mentioned that the City could change the timing of when the fee-in-lieu is paid to 50% when getting building permit and 50% when getting first temporary certificate of occupancy (TCO). TCOs are issued once building is essentially complete, minus some cosmetic changes like landscaping. The building has to be move-in ready in order to receive a TCO.

Kent Swanson said could use money from developments for a different way, such as building cheaper housing. Jolene Saul noted that land in more desirable, transit oriented development areas is more expensive. She doesn't want the City to not build affordable housing in those areas because that could perpetuate segregation. Stacie Young also suggested looking into providing operating subsidies in existing buildings to get affordable units. She noted this would be less expensive for the City, and could also get units in TOD areas close to amenities.

Ald. Rainey said there are not a lot of places to build new buildings in Evanston, and people aren't knocking buildings down to build. Kent Swanson disagreed and said things do get knocked down to build new housing.

Ald. Fiske said would be great to have affordable housing spread throughout city. She is also interested in a partnership with the Housing Authority of Cook County to help subsidize and provide more affordable units.


Next steps: Staff will work to provide a workshop on housing development. Subcommittee members will email comments, questions, and redlining of current Inclusionary Housing Ordinance to Savannah Clement, and she will compile the comments for next meeting. The Subcommittee requested a map of new construction since ordinance went into effect, and overlay with TOD areas. Staff will also look into any legislation in other communities that affects current rentals and expanding the
number of bedrooms in a unit. Staff will also check with the Law Department to see if
the City has any recourse in these types of situations. Staff will send a Doodle poll to
establish a third meeting date and time.

**Adjournment**
Alderman Fiske motioned for adjournment, Stacie Young seconded, and the motion was
unanimously approved. The meeting was adjourned at 8:51 p.m.

The next scheduled meeting of the Subcommittee is Wednesday, February 7, at 6:00
p.m. in the Aldermanic Library.

Respectfully submitted,
Savannah Clement, Housing Policy and Planning Analyst
### Public Comment

<table>
<thead>
<tr>
<th>Name</th>
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<tr>
<td>Douglas Sharp</td>
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<td>Cathy Henderson</td>
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<td>Doreen Price</td>
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<td>John E. Fuller</td>
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<td>Peter Hagy</td>
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<td>Sarah Vanderwicl</td>
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<td>Brian McGarven</td>
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<td>Sue Leibfarb</td>
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<tr>
<td>Ray Friedman</td>
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<td>John Lombardo</td>
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<td>Chris Kugler</td>
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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 Facilities Management at 847/866-2916 (Voice) or 847/328-8052 (TDD).

La ciudad de Evanston está obligada a hacer accesibles todas las reuniones públicas a las personas minusválidas o las que 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).
For City Council meeting of January 29, 2018  
Item SP2  
Zoning Change to Allow Rental of Accessory Dwelling Units to Non-Family Members  
For Action: Refer to Plan Commission

Memorandum

To: Honorable Mayor and Members of the City Council

From: Johanna Leonard, Community development Director  
Sarah Flax, Housing and Grants Administrator  
Savannah Clement, Housing Policy and Planning Analyst

Subject: Zoning Change to Allow Rental of Accessory Dwelling Units to Non-Family Members

Date: January 24, 2018

Recommended Action:
To address the need for affordable housing and to expand the availability of rental housing choices in R1 and R2 districts, staff recommends that City Council make a referral to the Plan Commission to change zoning to allow rental of existing accessory dwelling units (ADUs) to individual(s) who are not members of the family living in the primary dwelling unit.

Funding Source: NA

Livability Benefits:
Built Environment: Support housing affordability; provide compact and complete streets and neighborhoods; and

Equity & Empowerment: Ensure equitable access to community benefits, and support poverty prevention and alleviation.

Discussion:
At the October 30, 2017 Planning and Development meeting to discuss ways to address the shortage of housing affordable to low, moderate, and middle income households, Council members agreed that allowing rental of existing ADUs to persons who are not related to the owners of the primary dwelling unit on the property as an immediate action that could expand the number of available rental units in Evanston, particularly in R1 and R2 districts that are primarily owner-occupied single-family homes. This change would apply to all existing ADUs, which can be standalone structures, sometimes called coach houses, backyard cottages, laneway houses or Detached Accessory Dwelling Units (DADUs), or units within the primary structure that have separate kitchens and baths, sometimes called in-law suites, or Attached Accessory Dwelling Units (AADUs).
Staff recommends that City Council make a referral to the Plan Commission to develop a zoning text to permit the rental of existing ADUs to individual(s) who are not members of the family living in the primary dwelling unit at the February 21, 2018 meeting of the Zoning Committee of the Plan Commission. Occupancy of ADUs should be determined based on square footage and room configuration, with no familial relationship requirement. Considerations include:

- Requiring that either the primary dwelling unit or the ADU have income and rent restrictions to maximize effectiveness to address the need for affordable units. This would not affect properties with ADUs that are occupied by members of the same family as the primary structure, as currently allowed.
- Putting limits on short-term/vacation rentals of ADUs

Future actions for consideration by City Council that would be needed following zoning amendments to allow rental of existing ADUs to non-family members include:

- Developing a process to identify, register and inspect existing ADUs, including those that are already being rented to non-family members. “Amnesty” from fines or penalties for a limited time for ADUs constructed without building permits to encourage registration and inspection.
- Establishing any fee structure for registration and inspections, as well as any fines/penalties for unregistered ADUs that are being rented to non-family members
- Requiring that ADUs are inspected by City Property Standards before rent-up to non-family members to ensure that units meet City property and occupancy standards. An inspection/certification could be provided and posted in the unit so potential renters. Offering “amnesty” to property owners already renting to non-family members for a limited time.
- Determining how addresses for ADUs will be assigned. A system that differentiates between AADUs and DADUs, such as by assigning letters to the former and numbers to the latter, is recommended to facilitate response to calls for emergency services, postal delivery, etc. Evanston currently uses a variety of ways to assign addresses when two units are on a single PIN, including A and B, street numbers between primary structures when available, adding ½ or Rear to the primary structure address, depending on the individual situation. A recommendation would be developed by staff in Public Works/Engineering, Police, Fire and Community Development. Based on research to date, other communities follow similar processes based on their existing address assignment process and accounting for historical practices.
Memorandum

To: Honorable Mayor and Members of the City Council

From: Johanna Leonard, Community Development Director
Sarah Flax, Housing and Grants Administrator
Savannah Clement, Housing Policy and Planning Analyst

Subject: Pilot Landlord Rehabilitation Assistance Program

Date: January 24, 2018

Recommended Action:
Consideration of the Pilot Landlord Rehabilitation Assistance Program to support improvements and repairs for rental units that are committed to be rented to households earning 60% of AMI. Staff recommends allocation of $200,000 for the 2018 fiscal year. At its meeting on January 8, 2018, the Administrative and Public Works Committee directed staff to develop a pilot rehabilitation assistance program for local landlords who currently provide rental units at affordable rates but need funds to improve their properties.

Funding Source:
Funding would be from the City’s Affordable Housing Fund, 250.21.5465.65535. The Affordable Housing Fund has a current uncommitted cash balance of approximately $800,000.

Livability Benefits:
Built Environment: Support housing affordability; provide compact and complete streets and neighborhoods; and

Equity & Empowerment: Ensure equitable access to community benefits, and support poverty prevention and alleviation.

Discussion:
The Landlord Rehabilitation Assistance Program (LRAP) is a grant program based on the Economic Development Division’s Storefront Modernization Program and would provide eligible participants with a rebate upon the completion of their approved building rehab work. Applicants seeking funding for building improvements and repairs are eligible for a rebate of up to 50% of the total project cost, with a maximum rebate of $50,000. As with the Storefront Modernization Program, the rebate will be in the form of a forgivable loan. The affordability period, or term, of the forgivable loan will be contingent on the amount of the loan. For loans under $10,000, the term is five years;
for loans between $10,000 and under $25,000, the term is ten years; and for loans between $25,000 and $50,000, the term is 15 years. If the rehab work is for one unit, then the affordability terms will only apply to that unit. If the rehab work is for something that affects the whole building, such as roof work or HVAC systems, then the entire building is subject to the affordability terms. Landlords will be required to submit annual compliance reports for the duration of their forgivable loan’s terms in order to ensure the building or unit(s) maintain affordability.

Staff recommends that the Housing and Homelessness Commission review applications and provide a recommendation to the Administration & Public Works Committee of the City Council for review and final approval by City Council.

More details on the pilot program can be found in the attached draft program guidelines. Based on feedback from the City Council, staff will finalize the draft program guidelines (attached) and finalize a program agreement (similar to the storefront improvement grant program) and provide publicly for application by landlords on or before April 1, 2018.

Prior to the conclusion of 2018, staff will return with an update on the progress of the program and seek direction on its continued use in 2019.

Attachments:
Draft Landlord Rehabilitation Assistance Program Guidelines
City of Evanston
Landlord Rehabilitation Assistance Program

Program Guidelines

COMMUNITY DEVELOPMENT DEPARTMENT
HOUSING & GRANTS DIVISION
2100 RIDGE AVENUE, EVANSTON, ILLINOIS 60201
847-448-4311 | WWW.CITYOFEVANSTON.ORG
Program Purpose and Overview

The purpose of the Landlord Rehabilitation Assistance Program ("the Program") is maintain existing affordable housing throughout the city by providing financial assistance to local landlords. The Program is for landlords that own and manage affordable rental units in Evanston.

Program participants are eligible to receive a rebate upon the completion of their approved rehabilitation work ("the Project"). The rebate is in the form of a loan, forgivable over a specified time year period that is contingent on the loan amount. Applicants seeking funding for building improvements are eligible for a maximum rebate of $50,000.

The Program is managed and administered by the Housing and Grants Division of the Community Development Department.

Eligibility Criteria

Eligible participants of the Program include rental property owners with income qualified tenants in the building or unit(s) being rehabbed. A property owner of affordable rental units must:

- Be current on all fees and taxes owed to the City of Evanston;
- Be in good standing with the City regarding code violations and inspections;
- Have income qualified tenants that are at or below 60% of area median income at initial occupancy; and
- Re-certify household incomes on annual basis to ensure that they are at or below 80% AMI after initial occupancy.

The needs of the property will be evaluated and rehabilitation project specifications will be prioritized to address the following conditions, listed in order of priority:

- Code violations and life-safety needs
- Incipient code violations
- Energy and resource conservation

Rehabilitation activities which are generally eligible are replacement of major building components (roof, HVAC, plumbing, electrical, etc.) that are no longer functioning, replacement of windows and/or doors that are not safe and do not properly secure the home, modernization of kitchens and bathrooms, and interior/exterior property preservation (such as painting, siding, tuck pointing, soffit and fascia repair or replacement, etc.).

Basic maintenance, including cleaning and repainting of units before being leased, and beautification, whether interior or exterior, would not be eligible expenses unless necessary to return the property to its condition after other eligible work described above has been performed. Creation of new or additional habitable space is not allowed as part of the scope of work.

Once the work specifications are agreed upon, the landlord will be responsible for soliciting a minimum of three (3) construction bids, with a preference for local MWEBE contractors, for all work. The landlord has the ultimate responsibility for selection of the contractor. If the lowest responsible bid is not accepted, the landlord must provide a justification for using another contractor.
Throughout the duration of the forgivable loan, the landlord will be required to submit annual compliance reports to the City in order to ensure the building or unit(s) remains affordable. If the landlord maintains compliance with the affordability restrictions for the life of the loan, the loan will be forgiven and the City’s lien will be released from the property.

**Landlord Rehabilitation Assistance Program Administration**

The Program provides participants the opportunity to receive a rebate upon the completion of their approved Project, up to an approved amount of less than or equal to $50,000.

**Funding Source(s):** Projects will be funded through: The City’s Affordable Housing Fund.

**Rebate/Forgivable Loan:** The rebate is in the form of a loan, forgivable over a specified time period contingent on the loan amount, as follows:

- Under $10,000: 5-year affordability term
- Between $10,000 and under $25,000: 10-year affordability term
- Between $25,000 and up to $50,000: 15-year affordability term

If the rehab work is for one unit only, then the affordability terms would apply to that unit. If the rehab work is for the building as a whole, such as roofing, HVAC, etc., then the entire building is subject to the affordability terms.

**Terms & Conditions**

In accordance with the Program Guidelines, the City of Evanston will provide financial assistance up to the approved amount of a project at no more than half of the total project cost. The rebate will come in the form of a loan forgivable over the time period specified above.

Any rebates paid by the City of Evanston pursuant to this program shall not be made until all work has been completed; all improvement work has been inspected and approved by the City of Evanston. If a partial rebate payment schedule with project completion benchmarks has been established with and approved by Housing and Grants Staff (for projects eligible for $10,000 or more), work must still be inspected and approved by the City prior to partial payment being issued. Additionally, all payments for said work must be made to contractors, material suppliers, and vendors. Participants of the Program must submit to the City of Evanston itemized invoices detailing work completed and materials purchased. Such invoices shall include proof of payment to all contractors, suppliers, and vendors. Documentation must be submitted within 45 days of project completion. The participant shall also submit unconditional lien releases and other documentation as required by this Program. **The participant is responsible for all payments to all contractors, material suppliers, and vendors.**

Any rebates paid by the City of Evanston pursuant to this Program constitute loans made to the Participants. Said loans will be forgiven, as described in the Program Agreement, however, if the property owner or successor-in-interest assumes the Participant’s obligations of the Program Agreement pursuant to a City-approved assignment and assumption agreement, and continues to own and/or occupy the rehabilitated property and maintain the improvements for a specified period time period (5, 10, or 15 years) from the date the program agreement is signed.
without removing or significantly altering the Improvements, as determined by the City of Evanston in its sole discretion.

If the property owner sells the property owner or fails to maintain affordability through the life of the forgivable loan, the remaining share of the loan (prorated on a monthly basis) shall become due, plus three percent (3%) interest per annum payable to the City of Evanston is due within thirty (30) calendar days, unless the succeeding property owner or business owner (i) assumes the obligations of the Program Agreement pursuant to a City of Evanston approved assignment and assumption agreement, and (ii) does not make any changes to the property resulting in the removal of significant alteration to the Improvements, and maintains the Improvements for the specified time period in the loan (5, 10 or 15 years) from the date of receipt of the rebate. The prorated amount due will be obtained by multiplying the original rebate amount times the percentage obtained by dividing the number of months remaining in the loan’s time period that commences on the month that the program agreement is signed and ends, which is the total number of months in the loan period.

**Prevailing Wages:** Projects utilizing CDBG must comply with Davis-Bacon Prevailing Wages. Participants will be informed if they will have to comply with Davis-Bacon Prevailing Wages.

**Project Completion:** Projects must be completed within 180 business days of receiving the Notice to Proceed by the City.

**Property Taxes and Liens:** Property taxes must be current, and participants may have no debts in arrears to the City when the Commitment Letter is issued. The property must also be clear of all other non-debt related liens.
Memorandum

To: Honorable Mayor and Members of City Council

From: Johanna Leonard, Community Development Director
Sarah Flax, Housing and Grants Administrator
Savannah Clement, Housing Policy and Planning Analyst

Subject: Rooming Houses Research

Date: January 24, 2018

Recommended Action:
At its meeting on January 8, 2018, the Planning and Development Committee requested a white paper on rooming houses. Staff seeks direction on next steps.

Funding Source: N/A

Livability Benefits:
Built Environment: Support housing affordability; provide compact and complete streets and neighborhoods; and

Equity & Empowerment: Ensure equitable access to community benefits, and support poverty prevention and alleviation.

Discussion:
During the January 8, 2018 Planning and Development Committee discussion on the City’s three-unrelated occupancy rule, Committee members requested more information on rooming houses in Evanston and nationwide. Presently, there are a total of 76 buildings registered as rooming houses in Evanston. However, most of the buildings are owned by Northwestern University and operate as dorms or fraternity/sorority houses. Evanston hotels are also registered as rooming houses. An attached map indicates the location of the current registered rooming houses throughout Evanston. Hotels such as the Homestead and Margarita European Inn offer extended stay options but do not consider themselves to be rooming houses. Many of the smaller, single family home structures offer rooms for rent to Northwestern University students.

Current zoning code stipulates that rooming houses must receive a special use zoning approval in all multi-family residential districts, and are not at all permissible in any other district. However, many of the rooming houses that currently exist do not have special use status since they were in existence prior to the adoption of the current zoning code
and are considered legal nonconforming uses. Many of these structures look like single family homes, but rent by the room with shared kitchens and common areas.

Background:

Evanston’s current rooming houses are regulated by the following language in the City Code:

**5-2-6. - ROOMING HOUSES; REQUIREMENTS AND STANDARDS.**

Every provision of this Chapter which applies to rooming houses shall also apply to hotels, except to the extent that any such provision may be found in conflict with the laws of the State.

(A) At least one flush water closet, lavatory basin and bathtub or shower, properly connected to a water and sewer system approved by the Director of Community Development and in good working condition, shall be supplied for each six (6) persons or fraction thereof residing within a rooming house including members of the operator's family whenever they share the use of such facilities, provided that in a rooming house where rooms are let only to males, flush urinals may be substituted for not more than one-half (½) of the required number of water closets. All such facilities shall be so located within the dwelling as to be reasonably accessible to all persons sharing such facilities from a common hall or passageway. Every lavatory basin and bathtub or shower shall be supplied with hot water at all times. No such facilities shall be located in a basement except by written approval of the Director of Community Development.

(B) The operator of every rooming house shall change supplied bed linens and towels therein at least once each week, and prior to the letting of any room to any new occupant. The operator shall be responsible for the maintenance of all supplied bedding in a clean and sanitary manner.

(C) Every room occupied for sleeping purposes shall contain the following floor space:

<table>
<thead>
<tr>
<th>One person .....</th>
<th>70 square feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than one person .....</td>
<td>50 square feet per occupant</td>
</tr>
</tbody>
</table>

(D) Every rooming unit shall have safe, unobstructed means of egress leading to safe and open space at ground level as required by the laws of the State and the City.

(E) The operator of every rooming house shall be responsible for the safe and sanitary maintenance of all walls, floors and ceilings and for the maintenance of a sanitary condition in every other part of the rooming house. The operator shall be further responsible for the safe and sanitary maintenance of the entire premises where the entire structure or building is leased or occupied by the operator.

**History of Rooming Houses:**

In the early 20th century, rooming houses offered affordable housing for America’s urban working class. However, with rising affluence over the course of the century, housing options such as rooming and boarding houses were mostly regulated out of existence.
Most American cities today control the low end of the housing market, by setting a minimum size requirement around 400 square feet for a studio. As a result, this frequently eliminates housing options for low income individuals in high cost markets. Additionally, building codes throughout the country established occupancy limits, capping the number of unrelated people who can room together under the same roof.

In his 2013 ebook, *Unlocking Home: Three Keys to Affordable Communities*, Alan Durning argues that limitations on housing options at the bottom end of the market results in creating an increase in demand, thereby increasing rents on all other portions of the housing market. Durning outlines three key ways municipalities can create more inexpensive housing options in walkable neighborhoods, at little or no cost to the public:

1. Legalize rooming houses;
2. Decriminalize roommates; and
3. Welcome accessory dwelling units.

In Seattle, WA, developers have built what are being called, “apodments.” The units in these buildings are more akin to a dorm room, with some units as small as 120 square feet. Each unit comes equipped with a bedroom, small bathroom and a microwave, and cost about half the price of a studio apartment. Alan Durning states that the old rooming houses served both upwardly mobile young people and middle-aged working-class singles. He asserts that new rooming houses could do this, as well.

Attaches:
A map of the city’s rooming houses
To: Honorable Mayor and Members of the City Council

From: Johanna Leonard, Community development Director
Sarah Flax, Housing and Grants Administrator
Savannah Clement, Housing Policy and Planning Analyst

Subject: Steps Toward Homeownership: First-Time Homebuyer Programs, Mortgage Products and Other Strategies to Expand Homeownership for Moderate and Middle Income Households

Date: January 24, 2018

Summary:
Staff is providing information requested by the City Council at the October 30, 2017 City Council and January 8, 2018 Administration and Public Works meetings about homeownership assistance programs that are currently available. Staff has prepared a memorandum that reviews mortgage products that combine acquisition and rehab of homes and first time homebuyers programs, and City of Evanston homeownership programs provided in past years. Staff also includes potential new strategies to expand homeownership for moderate and middle income households for consideration by City Council.

Discussion:

Current Homeownership Assistance Programs

1st Homellinois, IHDA
The 1st Homellinois mortgage combines a 30-year fixed rate mortgage with a down payment assistance grant for first-time homebuyers, veterans, or anyone who hasn’t owned a home in the last three years. This program is offered through participating lenders listed on IHDA’s website. Features include:

- $7,500 down payment or closing cost assistance
- Choice of FHA, VA, USDA or Conventional loan through participating lenders
- Max income ranges from $79,000 for 1-2 member HHs to $94,800 for any HH size; this equates to 100% AMI and 120% AMI for a HH of four.
- Purchase price limits: single unit $336,706.20; two units $431,033.40
- Buyer contributes $1,000 or 1% of the purchase price, whichever is greater
- Meet the credit requirements
- Complete homeownership counseling (online or in-person)
Repeat buyers and owners refinancing their first mortgage for their primary residence may be eligible for a 30-year, fixed rate mortgage and $5,000 in down payment assistance through this program. Other features are similar to the 1st Homellinois program.

**Down Payment Plus (DPP), Federal Home Loan Bank (FHLB) of Chicago**

Member banks implement DPP for down payment and closing costs for income eligible homebuyers with whom they are financing first mortgages. Funds may also be used for homebuyer counseling costs (up to $700), and/or eligible rehabilitation costs on the home being purchased. The Down Payment Advantage Program has the same benefits as DPP but is implemented through FHLB’s non-profit partners. Features include:

- Household income ≤ 80% of AMI
- Minimum of $1,000 from buyers’ personal funds toward home purchase
- Completion of a homebuyer counseling program prior to purchase
- Can be combined with other local, state and federal homebuyer programs
- Five-year forgivable loan recorded on the property; repayment of a pro rata share if home is sold or refinanced before end of term

**HUD 203(k) Rehabilitation Mortgage**

This mortgage insurance program of the Federal Housing Administration (FHA) insures mortgages that cover the purchase and rehabilitation of a home that is at least a year old. Part of the loan is used for acquisition and part is escrowed to pay the rehab costs, which must be at least $5,000. Property value is determined by (1) the pre-rehab value of the property plus the cost of rehabilitation, or (2) 110% of the appraised value of the property after rehabilitation, whichever is less. Properties in Evanston cannot exceed the amounts in the chart below to be eligible for the 203(k) program in 2018:

<table>
<thead>
<tr>
<th>CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI METRO AREA</th>
<th>Single</th>
<th>Duplex</th>
<th>Tri-plex</th>
<th>Four-plex</th>
</tr>
</thead>
<tbody>
<tr>
<td>$365,700</td>
<td>$468,150</td>
<td>$565,900</td>
<td>$703,250</td>
<td></td>
</tr>
</tbody>
</table>

203(k) loans do not have income eligibility restrictions. Loan applications are submitted through an FHA-approved lender and have many features of FHA’s basic loans, including 3.5% down payment minimum, which can be a gift or grant, and mortgage insurance. 203(k) loans have additional costs including a supplemental origination fee, fees for architectural documents and review of the rehabilitation plan, and a higher appraisal fee. A 203k Consultant is required and functions as a project manager; consultant fees are set by HUD based on the rehab costs. Rehab can range from relatively minor to virtual reconstruction, including structural alterations, updated mechanicals, elimination of health and safety hazards, and accessibility and energy conservation improvements to meet basic energy efficiency standards. Section 203(k) may also be used to refinance and rehab a home, or to finance the rehabilitation of the residential portion of a mixed use property, or the conversion of a property of any size to a one- to four- unit structure.
Limited 203(k) Mortgage
FHA’s Limited 203(k) program enables homebuyers and homeowners to finance up to $35,000 into their mortgage to repair, improve, or upgrade their home, but cannot be used for structural work that requires blueprints.

City of Evanston Homeownership Programs in Past Years
Down Payment Assistance (DPA) Program funded with the City’s HOME Investment Partnerships Grant or Affordable Housing Fund
Program goals included: facilitating purchase of market rate housing by low/moderate income households, preserving economic diversity, and maintaining stable neighborhoods through homeownership. DPA amount of up to $30,000 for households (HHs) ≤ 80% of area median income (AMI) and up to $25,000 for HHs 81-100% AMI. Amount of DPA determined on a case-by-case basis to make homeownership affordable based on these criteria:
- 1st mortgage must be ≥ 80% of purchase price (loan-to-value is ≥ 80%)
- Underwriting standards: maximum 33% housing cost (principal, interest, taxes and insurance) to income ratio; maximum 40% total debt (mortgage + credit card debt, student loans, etc.) to income ratio

Program structure:
- First time buyer, or three years since homeowner
- Homebuyer contributes ≤ 3% of purchase price from personal funds
- Two household income limits: ≤ 80% of area median for HOME and 81-100% AMI for Affordable Housing Fund
- Property could be single-family, townhome, condo or co-op with an appraised value ≤ 95% of the median single family home sale price in Evanston
- Property must be the purchaser’s primary residence
- Fixed rate 1st mortgage through participating lender
- Homebuyer counseling prior to closing
- DPA loans < $15,000 were forgiven over five years; loans from $15,000 - $30,000 were forgiven over 10 years
- If sold before fully forgiven, unforgiven portion of DPA loan must be repaid

The City discontinued its down payment assistance program in 2012 when the NSP2 homebuyer program was active. In addition, with HOME-assisted properties, the household income of homebuyers can’t exceed 80% of AMI. It is difficult for most households at this income level to purchase qualify for a first mortgage due to credit history and/or the lack of homes on the market in Evanston that are affordable at this income level. In 2012, the City’s HOME grant was reduced from approximately $500,000 a year to about $260,000/year, making it infeasible to fund multiple activities.

Prior to the mortgage foreclosure crisis, the City used HOME funds for acquisition and rehab of homes for ownership, construction of new townhomes, and conversion of rental buildings to affordable condos, working with non-profit developers. In addition to the challenges of finding qualified buyers with incomes at or below 80% of AMI, changes in HOME regulations made it risky to use for homebuyer assistance programs. HUD regulations stipulate that if an eligible buyer is not found for a HOME-assisted ownership unit in nine months, the unit must be converted to rental. This creates
multiple challenges, including cash flow because rental is restricted to households at or below 60% of area median at rent up.

As a result of the changes discussed above, the City’s 2015-2019 Consolidated Plan that governs use of our HOME grants focuses all HOME funding on rental needs, including Tenant-Based Rental Assistance and limited small-scale acquisition and rehab for affordable rental projects.

**New Strategies to Expand Homeownership**

Many middle income households do not have enough equity accumulated to purchase a home. Down payment and closing cost assistance and employer-assisted programs can facilitate homeownership for this group. Federal HOME and CDBG funds are not effective for homebuyer programs because funds are restricted to HHs with incomes ≤ 80% AMI.

- Develop a Special Use to allow development of modest-size homes on small lots. Current Evanston single family zoning districts have large lot size requirements that allow one primary dwelling unit. This limits density and drives up housing costs. More middle income ownership opportunities could be developed by encouraging moderately-sized single family homes on smaller lots. A developer would propose a plan for as specific site that would be evaluated individually. Some parameters, such as size limits to the homes, could be used to ensure that affordability goals are achieved. A recommendation could be developed for consideration by Plan Commission.

- Employer-assisted programs, working with Evanston employers with employees that cannot afford to live in Evanston, including hospitals, school districts, senior communities and Northwestern University.

- Continue to maintain long-term affordability of ownership housing through land trusts that retain ownership of the land but sell residential buildings. This minimizes the land cost, making homeownership achievable for less affluent households, and is particularly effective in high-cost housing markets. Land trusts can make home ownership possible to lower income households, who are able to build equity through ownership of the home and can sell and purchase a property outside the land trust with that equity, if desired.

- Develop an intergovernmental agreement with ETHS Geometry in Construction. Units are constructed by ETHS students, put into CPAH's land trust and sold to income qualified households. ETHS and City staff met on January 10, 2018 to discuss next steps. ETHS staff is seeking approval to involve their legal counsel to develop a draft IGA, working with Michelle Masoncup.
For City Council meeting of January 29, 2018
Rental Assistance Program
For Discussion

Memorandum

To: Honorable Mayor and Members of the City Council
From: Johanna Leonard, Community development Director
Sarah Flax, Housing and Grants Administrator
Savannah Clement, Housing Policy and Planning Analyst

Subject: Evanston Rental Program to Address Affordable Housing Needs
Date: January 24, 2018

Recommended Action:
At its meeting on October 30, 2017, City Council referred the Evanston Rental Program
proposed by Alderman Rainey to the Administration and Public Works Committee. Staff
provided a memo for discussion on January 17, 2018. Alderman Rainey stressed the
importance of rental assistance as a strategy in the City’s Affordable Housing Plan, but
that implementation of the program should be held until the City receives additional
funding from developer contributions. At the January 22, 2018 Planning and
Development Committee meeting, Alderman Revelle asked that work with McKinney-
Vento families, who are homeless and have school age children, be included in the
Affordable Housing Work Plan. Staff seeks direction on next steps for this program.

Funding Source:
Initial funding of $1,200,000 would be from developer contributions to the Affordable
Housing Fund, 250.21.5465.65535. Subsequent funding could be from the AHF or other
sources to be identified.

Livability Benefits:
Built Environment: Support housing affordability; provide compact and complete streets
and neighborhoods; and

Equity & Empowerment: Ensure equitable access to community benefits, and support
poverty prevention and alleviation.

Discussion:
Alderman Rainey proposed a Rental Program for families/households with incomes
between 30% and 80% of the area median income (AMI). The subsidies would enable
households to rent market rate units of their choice. In addition, each household would
receive $5,000 for costs including security deposits and moving expenses. Initial leases
would be for three years. Thirty households would be supported with $1,200,000 in
funding from the fee in lieu of on-site units from the 831 Emerson planned development.
Households must be Evanston residents and employed to be eligible. Households that increase their income would graduate from the program. Others would receive ongoing rent support following the initial three years on an as-needed basis.

The City has used its HOME grants to support a Tenant-Based Rental Assistance program (TBRA) since 2013. TBRA is currently providing rent and utility assistance to 19 Evanston families with children under the age of 18 that were homeless or unstably housed through subrecipient agreements with Connections for the Homeless. Virtually all families are referred from School Districts 65 and 202 and are homeless under McKinney-Vento. Connections raises additional funds for wraparound services including case management and job training to enable families to achieve economic self-sufficiency following 24 months of assistance. Not all McKinney-Vento families demonstrate this capacity and need more intensive support such as Permanent Supportive Housing to address their needs. Staff seeks direction on next steps to address McKinney-Vento families.