ORDER OF BUSINESS

(I) Roll Call – Begin with Alderman Wynne

(II) Mayor Public Announcements
    *Hispanic Heritage Month – September 15, 2019 – October 15, 2019*

(III) City Manager Public Announcements
    *Robert Crown Update*

(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) Evanston Development Cooperative Accessible Dwelling Unit Pilot Proposal
The Housing and Homelessness Commission and staff recommend approval of a loan of up to $220,000 from the Affordable Housing Fund to an Evanston homeowner to finance the building of an Accessory Dwelling Unit (ADU)/coach house by Evanston Development Cooperative (EDC). The homeowner will rent the ADU at 80% AMI for 20 years to households from the City’s centralized waitlist managed by Community Partners for Affordable Housing. This pilot project will inform the development of programs to construct and finance ADUs for residents, community members, private investors and future financial partners with the goal of integrating additional affordable housing, particularly in single family neighborhoods. Funding is from the City’s Affordable Housing Fund, 250.21.5465.65535, Rehab Loans. This line item has a budgeted amount of $500,000 for 2019. The Affordable Housing Fund has a cash balance of approximately $900,000.

For Action

(SP2) Affordable Housing Work Plan Progress Update
Staff recommends that the City Council accept and place on file the affordable housing work plan progress update.

For Action: Accept and Place on File

(SP3) Zoning, Regulation, and Licensing of Cannabis Businesses for Adult Use
Staff requests direction regarding the zoning, regulation and licensing of cannabis businesses for adult use in the City of Evanston.

For Discussion

(SP4) Resolution 88-R-19, Regarding the Zoning, Regulation, and Licensing of Cannabis Businesses for Adult Use
Staff recommends that City Council adopt Resolution 88-R-19 “Regarding the Zoning, Regulation, and Licensing of Cannabis Businesses for Adult Use” to provide direction to the Plan Commission and Notice to the Public and Cannabis Businesses of future consideration and a public hearing on future zoning regulations for adult use cannabis businesses seeking to locate in Evanston, taxation, and personnel.

For Action
Lorraine H. Morton Civic Center Discussion

Staff recommends City Council move forward with a space planning study for City Hall functions in lieu of moving forward with the planning and design of the Civic Center HVAC, Electrical and Security Improvements project. Staff also recommends moving forward with a site identification study to determine potential options for new space (this study would need to lag the space planning study by several months in order to incorporate findings from the space planning). Staff also seeks direction from City Council on whether a space planning study should be limited to only City Hall functions or if it makes sense to look at other buildings/functions where City buildings are in need of significant capital investment. Additionally, staff recommends evaluating options for the repurposing of the current facility is conducted separately from the process of moving forward on a new Civic Center. Staff will return at a future meeting to discuss the options available to the City Council regarding the existing facility.

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 SEPTEMBER 2019
Upcoming Aldermanic Committee Meetings

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Meeting</th>
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<tbody>
<tr>
<td>9/17/19</td>
<td>7:00 PM</td>
<td>Joint Meeting: Housing &amp; Community Development Act Committee and Mental Health Board</td>
</tr>
<tr>
<td>9/18/19</td>
<td>6:30 PM</td>
<td>M/W/EBE Committee - CANCELLED</td>
</tr>
<tr>
<td>9/19/19</td>
<td>7:00 PM</td>
<td>Equity &amp; Empowerment Committee</td>
</tr>
<tr>
<td>9/23/19</td>
<td>6:00 PM</td>
<td>Administration &amp; Public Works, Planning &amp; Development, City Council</td>
</tr>
<tr>
<td>9/25/19</td>
<td>6:00 PM</td>
<td>Transportation &amp; Parking Committee</td>
</tr>
<tr>
<td>9/25/19</td>
<td>7:30 PM</td>
<td>Economic Development Committee</td>
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</table>

Information is available about Evanston City Council meetings at: [www.cityofevanston.org/citycouncil](http://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 Manager
Savannah Clement, Housing Policy and Planning Analyst
Marion Johnson, Housing and Grants Intern

Subject: Evanston Development Cooperative ADU Pilot Proposal

Date: September 6, 2019

Recommended Action
The Housing and Homelessness Commission and staff recommend approval of a loan of up to $220,000 from the Affordable Housing Fund to an Evanston homeowner to finance the building of an Accessory Dwelling Unit (ADU)/coach house by Evanston Development Cooperative (EDC). The homeowner will rent the ADU at 80% AMI for 20 years to households from the City’s centralized waitlist managed by Community Partners for Affordable Housing. This pilot project will inform the development of programs to construct and finance ADUs for residents, community members, private investors and future financial partners with the goal of integrating additional affordable housing, particularly in single family neighborhoods.

Funding Source:
Funding is from the City’s Affordable Housing Fund, 250.21.5465.65535, Rehab Loans. This line item has a budgeted amount of $500,000 for 2019. The Affordable Housing Fund has a cash balance of approximately $900,000.

Livability Benefits:
Built Environment: Support housing affordability;
Equity & Empowerment: Ensure equitable access to community benefits, and support poverty prevention and alleviation.
Climate & Energy: Improve energy and water efficiency, reduce greenhouse gas emissions
Economy & Jobs: Expand job opportunities, develop workforce, and support green jobs and businesses

Discussion:
ADUs have been identified as a strategy that can address multiple affordable housing needs in Evanston, including increasing the supply of affordable housing units, particularly in single-family neighborhoods where rental is limited, as well as help
address displacement of lower income residents by providing them with rental income and increased equity, and enabling seniors to age in place. ADUs can increase housing supply and density while maintaining the character of existing neighborhoods. The addition of ADUs addresses the City Council goal to expand affordable housing options and will further Evanston’s capacity to remain an economically and racially/ethnically integrated community.

Currently financing of ADUs is reliant on the financial capacity of the property owner in the form of savings, equity loans or refinancing of their property. Establishing additional financing options will ensure a broader and more equitable access to building ADUs to address different needs. This pilot loan will also provide an opportunity for EDC to build its first ADU in Evanston using its sustainable panelized construction materials and showcase the opportunities available to private investors and financial partners to finance future ADU projects, as well as illustrate ADUs’ potential to homeowners and residents. The pilot would also help establish and confirm all processes necessary between all parties (property owner, EDC, building contractors, City departments, etc.) for the building and renting of an affordable ADU.

The property owners at 1118 Sherman Avenue reached out to EDC after hearing about its community dialogue on affordable housing, with the intention of constructing an affordable, 2-bedroom ADU that could house up to four people. The property owners do not qualify as low- or moderate-income residents (LMI), but they do not have the resources to privately finance ADU construction.

The property owners’ commitment to use their private property for a public good also helps demonstrate how residents can use their property creatively to finance and expand affordable housing options for other residents, and collaborate in the development of economically integrated neighborhoods in our city. This pilot can help develop programs to incentivize the creation of additional affordable, healthy homes on private land, particularly in single-family neighborhoods.

The loan amount will be $150,000 at minimum but not exceed $220,000, with an interest rate of 1% for a 20 year term. The ADU will be rented at 80% AMI to income eligible households from the centralized waitlist for the duration of the loan term. The loan and land use restrictions will be recorded on the property. See draft agreement attached.

As noted above, this is a pilot project that will help inform the development of financing programs for ADUs for individual home owners who lack cash resources to undertake the construction of an ADU. Other pilots are being developed to help low-income homeowners avoid displacement by providing them additional income to help pay property taxes, etc., and to enable seniors to age in place. In addition to detached coach house ADUs, revising City zoning to allow internal and attached ADUs is being considered in the development of the City’s comprehensive Affordable Housing Plan.

Other local governments already offer ADU financing through various programs. Boston, MA, and Denver, CO, provide interest-free deferred loans (due at the time of sale of the property) to eligible homeowners. L.A. County, CA, is piloting a program that provides forgivable loans to homeowners building ADUs for residents transitioning out
of homelessness. And, Santa Cruz, CA, provides loans for affordable ADUs in collaboration with a local credit union. While many of these programs have lower loan amounts, the majority are for attached or internal units which are considerably less expensive to create. Given that Evanston's zoning does not allow attached or internal ADUs, there is a need to develop viable financing of detached ADUs, preferably through private financing or public-private partnerships. This loan provides a first step in this direction.

Additionally, this loan will enable EDC to begin hiring and training LMI residents to work in sustainable construction by building homes that are 90% more energy efficient than the average single-family home.

**Legislative History:**
The Housing and Homelessness Commission voted 5-0 with two abstentions to approve the Evanston Development Cooperative ADU Pilot Proposal, and recommend its approval to City Council, at its meeting on September 5, 2019.

**Attachments**
- Draft Loan Agreement
- EDC pro forma for 1118 Sherman Avenue
- Summary of other local governments financing programs
- Evanston Development Cooperative executive summary
DRAFT OF LENDING TERMS

Project: 2-Bedroom ADU at 1118 Sherman Avenue (“Project”)

Partners: Stuart Jessup and Elizabeth Jackson (“Owner,” 1118 Sherman Avenue)
City of Evanston (“Lender”)

This non-binding document (“Document”) aims to establish the lending agreement (“Loan”) between Owner and Lender to construct the coach house (“Project”) at 1118 Sherman Avenue. Owner and Lender have both expressed interest in executing an agreement to construct affordable, sustainable housing in Evanston through a local workforce.

1. Amount

Owner shall receive a line of credit totaling no more than $220,000 to be used for site work, construction, fees (architectural, engineering, permit, etc.), maintenance, and all project-related costs. The final amount will be issued as a second mortgage on the property.

2. Terms

Initial minimum draw: $150,000 ($30,000 at zoning approval + $120,000 after building permit)
Maximum draw: $220,000
Period of time: 1 year draw up to 30 days after issuance of Certificate of Occupancy (COO), and 20 years repayment (beginning at 90 days after COO or receiving rental income, whichever comes first)
Interest rate: Fixed 1% on principal balance (beginning at 90 days after COO or receiving rental income, whichever comes first)
Monthly payments: Principal plus interest
Interest-only payments: If facing unforeseen financial difficulties, Owner may request making interest-only payments for a specific period of time to be agreed upon by Lender.

3. Project Affordability

Owner shall agree to rent the Project at 80% of the Area Median Income (AMI) as determined in the Illinois Housing Development Authority’s Schedule of Maximum Monthly Gross Rents in Chicago (Cook, Du Page, Lake, Kane McHenry, and Will Counties). The 80% AMI rental rate shall be determined and published by IHDA on an annual basis.

4. Owner Financial Verification

Prior to issuance of the Loan, Lender shall carry out a credit check and income verification of Owner to ensure their capacity to meet the financial requirements of the Loan. Additionally, Lender shall ensure that Owner is current with all City of Evanston and property accounts, including property taxes, water bills, mortgages, and property insurance.

5. Evanston Development Cooperative’s Role as General Contractor
Issuance of the Loan shall be contingent upon Owner’s decision to hire Evanston Development Cooperative (“General Contractor”) to complete construction of the Project.

6. Loan Issuance Terms

Upon approval of the Project’s plans and specifications through the completion of a Zoning Analysis form, as approved by the City of Evanston’s Zoning Office, $30,000 of the loan amount shall be distributed to the Owner to cover project-related costs. This date starts the 1-year draw period.

Upon submission of all relevant documents and issuance of a building permit to the General Contractor, the Owner shall submit verification of the building permit, signed construction invoice, and other relevant documents required by the Lender. Upon receipt of certification of the building permit, the Lender shall begin distribution of funds to the General Contractor (totaling a minimum of $120,000 and maximum of $220,000), with each draw to be approved by the Owner.

No additional funds can be drawn after 30 days after the issuance of the Certificate of Occupancy or 1 year after the issuance of the loan, whichever comes first. The final principal balance will constitute the “loan amount.”

City will issue a note on the property to record said “loan amount.”

7. Loan Payment Period

Owner’s monthly payments shall commence in the first month (“Month 1”) in which the Owner receives rental income from the Project or 90 days after issuance of Certificate of Occupancy, whichever comes first. Monthly payments are due to the City of Evanston by the last business day of the month.

8. Renter Outreach, Identification, Screening, and Administration

Owner shall follow the “Policies and Procedures” for Affordable Rental Housing established in the City of Evanston’s Inclusionary Housing Ordinance. Therefore, Owner shall provide Community Partners with Affordable Housing (CPAH) with the rights and responsibilities to carry out tenant outreach, income verification, and screening for qualified applicants on the City of Evanston’s Centralized Waitlist.

As the “Policies and Procedures” states, the Owner shall be responsible for offering the rental lease to identified and screened tenant applicants. Additionally, as the “Policies and Procedures” indicate, it is possible that not all income-qualified applicants will receive an offer of a lease from the Owner.
9. Definition of “Opting Out”

For the Owner, the following actions shall be defined as “opting out”:

a. Selling the property on which the Project exists.
b. Transferring ownership of the property on which the Project exists.
c. Subdividing the property on which the Project exists.
d. Carrying out a cash-out refinance on the property on which the Project exists.
e. Renting the Project at a rate higher than that established in this Document.
f. Renting the Project in a manner that fails to align with the “Policies and Procedures” of the City of Evanston’s Inclusionary Housing Ordinance.
g. Renting the Project on Airbnb or other short-term rental services.

10. “Opting Out” Fee in First Five Years

From the time period of Month 1 to five years thereafter, the Owner shall be responsible for the following payment if the Owner opts out:

a. Payment of the principal balance due
b. A flat sum payment equating to 5% annual interest rate of the “loan amount” during the time period.

For example, if the Owner opted out 3 years after Month 1 with $179,000 in principal balance on a $200,000 “loan amount,” they would pay the Lender $179,000 (Item a) with an additional $30,000 ($200,000 x 5% x 3 years) payment (Item b).

11. “Opting Out” in Remaining Years of Loan Term

From five years after Month 1 to the conclusion of the 20-year repayment term, the Owner shall be responsible for payment of the remaining principal balance due on the total loan amount.

12. A New Property Owner

If a person or entity different from the Owner attains ownership of the property on which the Project is located, the owner of the property (“New Owner”) may, if they meet the financial verification requirements defined in Clause 4, assume the loan amount, terms, and affordable rental agreement. Otherwise, the loan would be repaid at time of transfer.
# Financial Pro Forma for 1118 Sherman Coach House Project

<table>
<thead>
<tr>
<th>Cost of Coach House + Fees</th>
<th>$210,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permit Value of Coach House</td>
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## Funds

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<td>Community Support</td>
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<td>City Assistance (Grant)</td>
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<tr>
<td>Loan</td>
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## Term Loan

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<td>Periodic Interest Rate</td>
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<td>Monthly Principal Payment</td>
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<td>1st Interest Payment</td>
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<td>Last Interest Payment</td>
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<td>Total Interest Paid</td>
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## Monthly Cost of Coach House

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<tr>
<th>Property Tax Increase</th>
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<tbody>
<tr>
<td>Building Value</td>
<td>$140,000</td>
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<tr>
<td>Assessment Level</td>
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<td>State Equalizer</td>
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<tr>
<td>Local Tax Rate</td>
<td>9.41%</td>
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<tr>
<td>Exemption*</td>
<td>1</td>
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</table>

<table>
<thead>
<tr>
<th>Annual</th>
<th>Building Value</th>
<th>Assessment Level</th>
<th>State Equalizer</th>
<th>Local Tax Rate</th>
<th>Exemption*</th>
</tr>
</thead>
</table>
| $319.64 | $140,000         | 10%                      | 2.9109                  | 9.41%                        | 1

## Monthly Income

<table>
<thead>
<tr>
<th>80% AMI</th>
<th>Gross Rent</th>
<th>$1,605</th>
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<tbody>
<tr>
<td>City Subsidy</td>
<td>$0</td>
<td></td>
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<tr>
<td>Total</td>
<td>$1,605</td>
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<table>
<thead>
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<th>80% AMI</th>
<th>Gross Rent</th>
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<td>Total</td>
<td>$1,605</td>
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## Illinois Housing Development Authority (April 2019)

<table>
<thead>
<tr>
<th>2 Bedroom</th>
<th>100% AMI</th>
<th>80% AMI</th>
<th>60% AMI</th>
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<tr>
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<td>$1,203</td>
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<td>$1,153.00</td>
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## Homeowner

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<th>Years</th>
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<tbody>
<tr>
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<tr>
<td>Total Operating Costs</td>
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<tr>
<td>Loan Repayment</td>
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<td>Total Rent Collected</td>
<td>$385,200</td>
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<td>$14,521</td>
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## City of Evanston

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<tr>
<th>Years</th>
<th>This Proposal</th>
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<th>Voucher*</th>
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<tbody>
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<td>Loan</td>
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<tr>
<td>Loan Repayment</td>
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<td>$200,000</td>
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<td></td>
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<tr>
<td>Interest Collected</td>
<td>$19,916.67</td>
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<td>Monthly Outlay</td>
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<td>Net:</td>
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<td>$96,000.00</td>
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</table>

*Subsidy to bridge gap between 80% and 100% AMI, for 20 years
Summary of Local Government ADU Financing Programs

City of Denver
- Established in May of 2019.
- Allocated $500,000 from Denver’s Affordable Housing Fund.
- Forgivable loan if homeowners meet affordability requirements:
  - Homeowners or secondary tenant must earn less than 80% AMI.
  - ADU or primary house rent cannot exceed 80% AMI for 25 years.
- Program is offered to households earning up to 120% AMI.
- Deed restrictions are placed on the property of participating households.

County of Santa Cruz
- Established in 2003.
- Allocated $540,000 in 2018.
- Provides homeowners with a forgivable, 3% interest loan:
  - Loan is forgiven if homeowners rent at or below 70% AMI for 20 years.
  - Homeowners pay full loan amount plus interest if they do not rent affordably.
- Deed restrictions placed on the property.

City of Boston
- Established in April of 2019.
- Allocated $650,000.
- Zero-interest, deferred loans to homeowners:
  - No monthly loan payments – loan is due when homeowner sells property, transfers ownership, or undertakes a cash-out refinance.
- Program is offered to households earning up to 135% AMI.
- Must be current with all City of Boston and property debts.

Los Angeles County
- Established in August of 2017.
- Allocated $550,000 for an 18-month pilot program.
- Provides homeowners with a forgivable loan:
  - Loan is forgiven if homeowners rent to formerly homeless tenants for 10 years.
  - Interest stops accruing after 5 years.
- Homeowners receive rental income through Section 8 or other vouchers.
- Program aims to streamline ADU permitting process.

City of Evanston
- Proposed in September of 2019
- Allocating a maximum of $220,000 for a pilot project.
- Provides homeowners with a 1% loan if:
  - Homeowners rent the ADU at or below 80% AMI for 20 years.
- If homeowners sell the property, transfer ownership, or violate loan term agreements:
  - Homeowners pay full amount of the loan plus 5% interest.
- Deed restrictions are placed on the property.
- Homeowners must be current with all City of Evanston and property debts.
Executive Summary

The Evanston Development Cooperative (EDC) builds environmentally sustainable, affordable homes by and for our town’s residents. Our for-profit cooperative is democratically owned and governed by local workers and residents because EDC believes that Evanston possesses the human capital, financial capital, and moral goodwill to build an equitable city. Our airtight construction technologies create homes that are far more energy efficient than the average house, aligning with the City of Evanston’s Climate Action and Resilience Plan (CARP) goals. By allowing our residents to collaborate as the builder and developer of our town’s homes, we provide a business mechanism for our entire community to address citywide issues of affordable housing, workforce development, racial equity, and environmental sustainability.

EDC offers ownership to two types of shareholders: Worker-members (Class A) who are employed by EDC and Evanston community members (Class B) who invest in EDC. Class A shareholders must be Evanston residents and EDC employees that direct business operations and build EDC homes. Class B shareholders contribute their lived and professional expertise and introduce EDC to their Evanston network. Our cooperative model caps all shareholder investments at $10,000, and all shareholders have one vote regardless of investment size. Because all employees and resident members have an equal vote in our business, we provide the Evanston community with the power to decide the shape, color, and cost of housing in our city.

We are initially focused on constructing coach houses, or accessory dwelling units (ADU’s). ADU’s are detached, independent housing units on the property of a single-family home. ADU’s generate rental income for the existing homeowner, provide housing to elderly parents and other relatives, or help current homeowners downsize from their primary home. Under current Evanston zoning, approximately 4,700 coach houses that are 600 square feet or larger could be built today. Through partnerships between large national banks, regional community development financial institutions (CDFI’s), and local governments, cities are implementing programs to ensure affordability on properties with ADU’s. Learning from cities such as Portland, OR and Los Angeles, CA that build hundreds of ADU’s annually, EDC aims to develop similar public-private partnerships to make our homes livable, cost-effective, and healthy for all Evanston residents.

Incorporated on December 12, 2018, EDC plans to begin the construction of 1 pilot project in the Fall of 2019. We currently have 5 homeowners under contract for pre-construction services, aiming to build 4 ADU’s in 2020 to reach $900,000 to $1,000,000 in construction revenue. We currently have 27 cooperative members whose collective investment totals $125,000, and we plan to raise an additional $70,000 through shareholder memberships by the end of 2019. EDC has received a $60,000 grant from the City of Evanston, as well as a $50,000 grant from Cook County, to provide jobs in sustainable construction to low or moderate-income (LMI) residents. We aim to achieve profitability by 2021, gradually developing our community’s capacity to finance and build affordable, resilient homes for our residents.

EDC President Dick Co began full-time work with EDC in January of 2019 after directing “House by Northwestern” at Northwestern University, where he was on the faculty for 10 years. Cofounder and Vice President Robinson Markus began full-time work in late June. Eric Dingle, a local general contractor, EDC Class A shareholder and Board of Directors member, will oversee day-to-day construction for EDC’s pilot project. EDC’s inaugural cooperative meeting was June of 2019, with our next shareholders’ meeting slated for December of 2019.
Memorandum

To: Honorable Mayor and Members of the City Council

From: Johanna Leonard, Community Development Director
Sarah Flax, Housing and Grants Manager
Savannah Clement, Housing Policy and Planning Analyst
Quentin Crane, VISTA Housing Associate
Marion Johnson, Housing Intern

Subject: Affordable Housing Work Plan Progress Update

Date: September 16, 2019

Recommended Action:
Staff recommends that the City Council accept and place on file the affordable housing work plan progress update.

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.

Summary:
This memorandum and the summary chart attached provide the City Council an update on the projects and activities to address the City Council goal of expanding affordable housing options in Evanston that have been undertaken since the Affordable Housing Update on April 29, 2019.

Create New Housing Opportunities
Pilot ADU Project by Evanston Development Cooperative
The Housing and Homelessness Commission reviewed a proposal to fund the construction of a 2-bedroom ADU on privately owned property with a single-family home with a below market rate loan from the Affordable Housing Fund. The ADU would be restricted for households with incomes that do not exceed 80% of the area median income for 20 years. This item is on tonight’s agenda.

Expand Revenues for Affordable Housing
The City’s Demolition Tax was increased to $15,000 per single-family home and 2-flats, and to $5,000 per unit for properties with three or more units following approval by City Council.
City staff expects to receive a fee-in-lieu payment of $2,400,000 to the Affordable Housing Fund from the developer of 811 Emerson Street in the near future; payment is required before issuance of any certificate(s) of occupancy for the property.

**Create Pathways to Homeownership**

**Geometry In Construction**

1824 Emerson Street lot that was acquired through the No Cash Bid program was transferred to Evanston Township High School as the site for the 2019-2020 Geometry In Construction (GIC) home following City Council approval on 4/29/2019. In addition, the house constructed by students in GIC 2018-2019 was moved to its permanent site at 1729 Dodge Avenue in June for completion and sale to an income eligible household.

**Expand Development of Income Restricted Rental Units**

The Housing Authority of Cook County has submitted a planned development for zoning review to construct a new mixed-income development on the site of the Perlman Apartments at 1900 Sherman Avenue. This project was proposed and discussed at City Council on April 29, 2019.

Evergreen Real Estate Group received an award of Low Income Housing Tax Credits from the Illinois Housing Development Authority in May for its 60-unit senior housing development at 1015 Howard Street. Work to rezone the property and expand the Howard Street TIF is underway. Construction is projected to start in spring of 2020.

The City acquired 1805 Church Street through a deed in lieu of foreclosure following Council approval of that action on April 29, 2019. Alderman Rue Simmons held a meeting to begin discussion about its redevelopment on July 29, 2019.

**Maintain and Expand Rent Subsidies for Low-Income Households**

Renewal funding of $300,000 to Connections for the Homeless for Tenant-Based rental Assistance for McKinney-Vento homeless families with children in Evanston school districts was approved by HHC at its meeting on August 1, 2019 and is on the September 9, 2019 P&D/Council agenda for approval.

**Expand Programs to Overcome Barriers to Rental for Low Income Residents**

**Landlord-Tenant Services**

Renewal funding of up to $70,000 for Metropolitan Tenants Organization and Lawyers Committee for Better Housing to continue landlord-tenant services was approved by the Housing and homelessness Commission at its 9/5/19 meeting; the request will be on the P&D/Council agenda on 9/23/19.

**Inclusionary Housing Ordinance Waitlist Update**

Community Partners for Affordable Housing (CPAH) and staff met with the Albion’s management staff in August to begin preparation for rent up of the 15 inclusionary units in that development. Occupancy is anticipated in the first half of 2020.
Assessment of Fair Housing
Staff is working with Enterprise Community Partners, the Chicago Metropolitan Agency for Planning, Chicago Area Fair Housing Alliance, Cook County, and others on the Cook County wide Assessment of Fair Housing. Data collection is underway; community outreach will be undertaken this fall.

Comprehensive Housing Plan
Affordable Housing Plan Steering Committee
The Affordable Housing Plan Steering Committee (AHPSC) concluded a series of meetings to frame the need for affordable housing and identified key stakeholders for outreach at its meeting in June. The City contracted with Millennia Consulting to facilitate the community outreach phase of the plan in early August. AHPSC and Millennia Consulting will finalize the community outreach process which consists of one-on-one interviews with community stakeholders, and small group discussions that will be undertaken in October-November 2019, and one or more community meetings that will take place in early 2020. Millennia Consulting will provide a report summarizing community priorities following the outreach activities in 2020.

Attachments:
Affordable Housing Activities Summary chart
### Updates on City Council Goal: Expand Affordable Housing Options in Evanston

<table>
<thead>
<tr>
<th>Goal</th>
<th>Activity</th>
<th>10/30/17 Meeting</th>
<th>01/29/18 Meeting</th>
<th>04/30/18 Meeting</th>
<th>07/30/18 Meeting</th>
<th>10/29/18 Meeting</th>
<th>02/04/19 Meeting</th>
<th>04/29/19 Meeting</th>
<th>09/16/19 Meeting</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Create new housing opportunities</strong></td>
<td>Allow rental of existing coach houses to non-family members</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Amnesty period for rental registration of existing ADUs was March 1 - May 31, 2019.</td>
</tr>
<tr>
<td></td>
<td>Evanston Development Cooperative Pilot ADU Proposal</td>
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<td>HHC recommends approval of a Pilot ADU Project by the Evanston Development Cooperative at tonight's meeting.</td>
</tr>
<tr>
<td></td>
<td>Comprehensive review of zoning code to allow for the creation and rental of new accessory dwelling units</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<td></td>
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<td></td>
<td>Develop strategies to expand ADUs to address housing needs as part of comprehensive plan. Zoning changes would be recommended by HPSC and HHC to Plan Commission</td>
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<tr>
<td></td>
<td>Text amendment to Zoning Bonuses in IHO to allow addition of an affordable unit to existing residential properties</td>
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<td>X</td>
<td></td>
<td>Council referred a text amendment to the Zoning Bonuses in the Inclusionary Housing Ordinance to allow the addition of affordable units within the footprint of an existing residential building at its 4/23 meeting.</td>
</tr>
<tr>
<td></td>
<td>Text amendment to Unique Use in Zoning Code to allow test of small lot housing at 2122 Darrow Avenue</td>
<td></td>
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<td>X</td>
<td></td>
<td>Council referred using the Unique Use in zoning code to test small lot housing at 2122 Darrow Avenue, property owned by the City at its meeting on 4/29/19.</td>
</tr>
<tr>
<td></td>
<td>Amend occupancy standards (3-Unrelated)</td>
<td>X</td>
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<td>Discussed at P&amp;D on 5/14/18. Staff seeks direction from Council on next steps</td>
</tr>
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<td></td>
<td>Support new initiatives in housing construction and funding</td>
<td></td>
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<td>X</td>
<td>Presentation by Evanston Development Cooperative on 10/29/18 City Council agenda.</td>
</tr>
<tr>
<td></td>
<td>Explore expansion of alternate housing forms including rooming houses and co-housing</td>
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<td>Memo on different types of shared housing included in 10/29/18 City Council packet. Staff seeks direction from Council on next steps</td>
</tr>
<tr>
<td><strong>Increase affordable units in market rate developments</strong></td>
<td>Amend the Inclusionary Housing Ordinance to incentivize onsite units more effectively</td>
<td>X</td>
<td></td>
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<td>Subcommittee proposed ordinance revisions introduced on 10/8/18 and adopted on 10/29/18, effective 1/1/19.</td>
</tr>
<tr>
<td></td>
<td>Increase the IHO fee-in-lieu</td>
<td>X</td>
<td>X</td>
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<td>Included in revised IHO effective 1/1/19.</td>
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<tr>
<td></td>
<td>Increase the demolition tax</td>
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<td></td>
<td>Demolition Tax was increased to $15,000 per single-family home and 2-flats, and to $5,000 per unit for properties with 3 or more units.</td>
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<td></td>
<td>Fee in lieu of affordable units onsite for 811 Emerson St development</td>
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<td>X</td>
<td></td>
<td>Developer fee-in-lieu payment of $2,400,000 to the Affordable Housing Fund is expected; payment is required before issuance of any certificate(s) of occupancy.</td>
</tr>
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<td></td>
<td>New revenue sources: fee based on building permit value on non-IHO covered development, portion of RETT for affordable housing</td>
<td>X</td>
<td></td>
<td></td>
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<td></td>
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<td>Staff seeks direction from Council on next steps</td>
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<tr>
<td><strong>Expand revenues for affordable housing</strong></td>
<td>ETHS Geometry in Construction</td>
<td>X</td>
<td></td>
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<td>1824 Emerson Street lot acquired through the No Cash Bid program was transferred to Evanston Township High School for the 2019-2020 Geometry in Construction home following approval by City Council. In addition, the 2018-29 GIC home was moved to its lot at 1729 Dodge Avenue in June for completion and sale to an income eligible household.</td>
</tr>
<tr>
<td></td>
<td>Leverage external resources for homebuyer assistance</td>
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<td></td>
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<td>Economic Development staff working with Evanston banks, credit unions, Center for Financial Services Innovation, non-profits, and other personal finance organizations and professionals on a private sector driven financial wellness initiative</td>
</tr>
<tr>
<td><strong>Create pathways to homeownership</strong></td>
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<td>Goal</td>
<td>Activity</td>
<td>10/30/17 Meeting</td>
<td>01/29/18 Meeting</td>
<td>4/30/18 Meeting</td>
<td>07/30/18 Meeting</td>
<td>10/29/18 Meeting</td>
<td>2/04/19 Meeting</td>
<td>4/29/19 Meeting</td>
<td>9/16/19 Meeting</td>
<td>Status</td>
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<tr>
<td><strong>Expand development of income-restricted rental units</strong></td>
<td>Leverage external resources to develop housing for low income and special needs residents</td>
<td>X</td>
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<td>Housing Authority of Cook County submitted PD application for a mixed income development on the Perlman site at 1900 Sherman Avenue.</td>
</tr>
<tr>
<td></td>
<td>Leverage external resources to develop housing for low income and special needs residents</td>
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<td>X</td>
<td>X</td>
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<td>Evergreen Real Estate Group expects to hear if 1015 Howard Street development is approved for Low Income Housing Tax Credits by the Illinois Housing Development Authority in May.</td>
</tr>
<tr>
<td></td>
<td>Leverage City-owned land for affordable housing development</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<td>Two neighborhood meetings were held to discuss the redevelopment of 506 South Blvd and adjacent HACC-owned parcel to the west.</td>
</tr>
<tr>
<td></td>
<td>Leverage City-owned land for affordable or mixed income housing development</td>
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<td>X</td>
<td>City acquired 1805 Church Street through a deed in lieu of foreclosure. Alderman Rue Simmons held a meeting to begin discussion about its redevelopment on 7/29/19.</td>
</tr>
<tr>
<td><strong>Preserve affordable housing</strong></td>
<td>Landlord Rehabilitation Assistance Program</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<td>Additional research into rental rehab needs that are not addressed by CDBG rehab program is needed to refine and implement an effective program.</td>
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<td>Handyman Program</td>
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<td>X</td>
<td>Renewed funding from AHF in the amount of $35,000 approved on 6/25/18</td>
</tr>
<tr>
<td><strong>Maintain and expand rent subsidies for low-income households</strong></td>
<td>Evanston Rental Assistance Program</td>
<td>X</td>
<td>X</td>
<td></td>
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<td>Next steps pending based on generating ongoing source of revenues for Affordable Housing Fund</td>
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<td></td>
<td>HOME Tenant-Based Rental Assistance</td>
<td>X</td>
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<td>Renewal funding of $300,000 to Connections for the Homeless was approved by HHC and is on the 9/9/19 P&amp;D/Council agenda for approval.</td>
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<td></td>
<td>Review changes to General and Emergency Assistance Programs</td>
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<tr>
<td><strong>Expand programs to overcome barriers to rental for low income households</strong></td>
<td>Landlord-Tenant education and assistance</td>
<td>X</td>
<td></td>
<td>X</td>
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<td>Renewal funding of up to $70,000 for MTO/LCBH to continue landlord-tenant services was approved by HHC at its 9/5/19 meeting, and will be on the P&amp;D/Council agenda on 9/23/19.</td>
</tr>
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<td></td>
<td>Inclusionary Housing Ordinance Waitlist</td>
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<td>X</td>
<td>See Work Plan memo for a summary of CPAH’s activities to expand and update the waitlist</td>
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<td></td>
<td>Pilot Landlord Mitigation Fund</td>
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<td></td>
<td>Assessment of Fair Housing</td>
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<td>Data collection to assess existing conditions is underway; community outreach efforts will be undertaken in fall 2019.</td>
</tr>
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<td></td>
<td>Tenant Relocation Assistance Policy</td>
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<td>X</td>
<td>Tenant Relocation Assistance Policy is being considered in the comprehensive Affordable Housing Plan.</td>
</tr>
<tr>
<td><strong>Comprehensive Housing Plan</strong></td>
<td>Scope of work for Housing and Homelessness Commission</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Draft scope of work proposed on 7/30/18. Next steps pending to be developed working with Steering Committee</td>
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<td></td>
<td>Steering Committee to oversee development of the plan</td>
<td></td>
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<td>X</td>
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<td>AHFSC concluded a series of meetings to frame the need for affordable housing and identified key stakeholders for outreach. The City contracted with Millennia Consulting to facilitate the community outreach phase of the plan.</td>
</tr>
<tr>
<td></td>
<td>Community Outreach and Education</td>
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<td>AHFSC and Millennia Consulting will finalize the community outreach process which consists of one-on-one interviews with community stakeholders, and small group discussions that will be undertaken in October-November 2019, and one or more community meetings that will take place in early 2020. Millennia Consulting will provide a report summarizing community priorities following the outreach activities in 2020.</td>
</tr>
</tbody>
</table>
Memorandum

To: Honorable Mayor and Members of the City Council
Members of the Administration and Public Works Committee

From: Erika Storlie, Assistant City Manager
Michelle L. Masoncup, Corporation Counsel

Subject: 88-R-19, A Resolution Regarding the Zoning, Regulation, and Licensing of Cannabis Businesses for Adult Use

Date: September 12, 2019

Recommended Action:
Staff recommends City Council adoption of Resolution 88-R-19 “Regarding the Zoning, Regulation, and Licensing of Cannabis Businesses for Adult Use” to provide direction to the Plan Commission and Notice to the Public and Cannabis Businesses of future consideration and a public hearing on future zoning regulations for adult use cannabis businesses seeking to locate in Evanston, taxation, and personnel.

Livability Benefits:
Innovation & Process: Support local government best practices and processes

Summary:
The Illinois General Assembly passed the Cannabis Regulation and Tax Act (the “Act”) on May 31, 2019. The Act allows state residents over the age of 21 to possess up to 30 grams of cannabis beginning January 1, 2020. Personal cannabis use will be allowed in most private residences, but not in prohibited areas including any public place or in close physical proximity to underage persons. An earlier proposal allowed households to grow up to five cannabis plants, but this new law would limit home cultivation to medical cannabis patients. The resolution provides direction from the Council to the Plan Commission on the issues that need to be addressed at a public hearing.

A. Zoning:
1. Permitting of Cannabis Businesses: One of the most pressing issues for the Council to address now is whether Evanston seeks to allow cannabis businesses to locate in Evanston. The bill allows local governments to ban or significantly limit cannabis businesses in their jurisdiction, including dispensaries, cultivation centers, craft growers, processing organizations, and transportation organizations.
2. **Zoning Restrictions:** The bill allows local governments to adopt (1) reasonable zoning ordinances that do not conflict with the Act; and (2) ordinances and rules governing the time, place, manner, and number of cannabis businesses consistent with the Act. Meaning, the City could address issues such as: distancing requirements, make the use a special use, hours of operation, and cap on the number of dispensaries. The Act sets the maximum hours of operation at 6:00 a.m. to 10:00 p.m.

3. **On-Site Consumption and Smoking Lounges:**
The bill grants local governments broad authority to authorize and regulate privately-owned facilities where cannabis and cannabis products may be consumed on-site (i.e., “cannabis lounges”) similar to hookah lounges. The Council needs to consider if on-site consumption and smoking lounges will be permitted.

4. **Taxation**
The Act allows a municipality, both home rule and non-home rule, to adopt ordinances to impose a local tax on the operation of a cannabis dispensary. The rate of tax cannot exceed 3% of the dispensary’s gross receipts from the sale of non-medical cannabis. If imposed, the tax may only be imposed in 0.25% increments. The tax will be collected and enforced by the Department of Revenue, which will retain 1.5% of the amount distributed to each municipality as an administrative fee.

The total taxation through various taxes, including the municipal tax, is 40-45% of the purchase price. Summary of taxes assessed:

- **Cultivation** – 7% on wholesale (State tax) and applies to cultivators, craft growers, or processors who sell to dispensing organizations
- **Dispensaries** – Cannabis Purchaser Excise Tax (State)
  1. 10% on raw cannabis
  2. 20% on all cannabis infused products
  3. 25% on raw cannabis with THC above 35%
- **Municipal Tax**: up to 3% of retail purchase price
- **County Cannabis Tax**: 3% incorporated areas and 3.75% unincorporated areas
- **Existing state, county, and local sales taxes** will also apply

5. **Possession and Consumption:**
Adult (21+) use possession of cannabis is permitted for up to 30g flower/raw, 5 g concentrated, 500 mg of infused products. While local ordinances cannot prohibit home cultivation for medical use or unreasonably prohibit personal cannabis use for adults, the City can regulate these activities consistent with the Act and should consider adopting ordinances enforceable through municipal prosecutions. Several sections of the City Code will need to be amended to allow possession of cannabis.

What is prohibited:
- Consumption in public places: defined as “any place where a person could reasonably be expected to be observed by others.” Does not include residences or cannabis establishments locally authorized for on-site consumption
- Consumption on school grounds
- Consumption “in close proximity” to persons under 21
- Consumption by smoking anywhere it is prohibited by Smoke Free Illinois Act
- Home delivery
E. Expungements: Expungements will now take place in three different processes: petitions (for Class 4 felonies), pardons from the Governor, and automatic expungements (for offenses of simple possession of no more than 30 grams, in certain circumstances). Many of the records will relate to City code violations, which will be required to be expunged according to a schedule described in the bill that will give municipalities until January 1, 2025 to expunge records that precede January 1, 2000. The Illinois State Police Department and the Circuit Courts will take the lead on expungements per statute.

F. Adult Cannabis Use and Employees
The City has the authority to adopt zero tolerance policies or other policies concerning drug testing, smoking, consumption, storage, or use of cannabis in the workplace provided that the policy is applied in a nondiscriminatory manner. In addition, employers will have the power to discipline or terminate an employee for violating an employer’s employment policies or workplace drug policy, subject to an appeals process. An employer may consider an employee to be impaired or under the influence of cannabis if the employer has a good faith belief that the employee manifests specific, articulable symptoms while working that decrease or lessen the employee’s performance of the duties or tasks. Additionally, the law prohibits discrimination against employees for use of “lawful products” like cannabis during nonworking and non-call hours.

Primary questions for the Council:
- Determine whether to allow or prohibit cannabis use outside the workplace
- If adult cannabis use is allowed outside the workplace:
  1. Identify any positions for which adult cannabis use will be prohibited outside of the workplace (i.e. positions requiring CDL, sworn personnel with the Police and Fire Departments)
  2. Evaluate pre-employment drug testing policy
  3. Research available testing methods to identify impairment in the workplace
  4. Evaluate disciplinary policy as it applies to positive test results

Attachments:
Resolution 88-R-19
Power Point
88-R-19

A RESOLUTION

Regarding the Zoning, Regulation, and Licensing of Cannabis Businesses for Adult Use

WHEREAS, on June 25, 2019, Governor J.B. Pritzker signed into law the "Cannabis Regulation and Tax Act" (the "Act"), which legalizes the sale, possession, and use of cannabis sativa and its derivatives and subspecies ("Cannabis") for recreational purposes by adults over age 21 starting January 1, 2020; and

WHEREAS, the Act establishes five different types of businesses associated with the sale of Cannabis, cultivation centers, craft growers, dispensaries, processors, and infusers ("Cannabis Businesses"); and

WHEREAS, the Act authorizes municipalities to completely prohibit the location and operation of Cannabis Businesses, restrict the Cannabis businesses to specific zoning districts, require Cannabis Businesses to obtain special use permits to operate, and condition the grant of a special use permit on compliance with certain regulatory restrictions; and

WHEREAS, the Act also allows municipalities to impose: (i) a local retailer occupation tax of up to 3.0% of the retail purchase price of Cannabis; and (ii) determine whether and under what conditions Cannabis Businesses may allow for on-premises consumption of Cannabis; and

WHEREAS, the City of Evanston ("City") has a long tradition of utilizing its zoning and planning authority to ensure that compatible uses are maintained in its various neighborhoods; and
WHEREAS, the “City of Evanston Zoning Ordinance” as amended ("Zoning Code"), does not plainly address uses that would encompass Cannabis Businesses; and

WHEREAS, the City Council has determined that it is in the best interest of the City and its residents to direct the City’s Plan Commission to evaluate the classification of Cannabis Businesses and recommend to the City Council whether any, some, or all types of Cannabis Businesses should be allowed by permitted use or special use permit under the Zoning Code, as well as such other regulations as may be necessary, important, or beneficial to the City and its residents, including, without limitation, whether and under what conditions should on-premises consumption of Cannabis for adult use be allowed,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF EVANSTON, COOK COUNTY, ILLINOIS:

SECTION 1: Recitals. The foregoing recitals are incorporated into, and made a part of, this Resolution as findings of the City Council.

SECTION 2: Direction to Plan Commission and Public Hearing. The Plan Commission is hereby directed to hold a public hearing on the following questions:

A. Whether all or some Cannabis Businesses should be prohibited in the City; and

B. If allowed in the City, what zoning districts should Cannabis Businesses be allowed to operate in and add zoning definitions for the different cannabis businesses and uses; and
C. If allowed in a particular zoning district, should Cannabis Businesses be classified as a permitted or special use; and

D. What specific operating conditions should be applied to Cannabis Businesses as a condition of receiving a special use; and

E. Whether, and under what conditions, should on-premises consumption or social use space businesses be allowed in the City for consumption of adult use cannabis.

SECTION 3: The City Council provides this Resolution as Notice that future City legislation and regulations will be considered and put in place for Cannabis businesses.

SECTION 4: Effective Date. This Resolution will be in full force and effect upon its passage and approval by a majority of the members of the City Council.

___________________________
Stephen H. Hagerty, Mayor

Attest: Approved as to form:

___________________________  ___________________________
Devon Reid, City Clerk Michelle L. Masoncup, Corporation Counsel

Adopted: ___________________, 2019
Regulating Recreational Cannabis in Evanston

SEPTEMBER 16, 2019
Overview

- Compassionate Use of Medical Cannabis Pilot Program Act
- The Illinois Cannabis Regulation and Tax Act (HB 1438)
- Zoning Regulations Available to Municipalities
- Taxation
- City Code Changes
- Personnel
Illinois Compassionate Use of Medical Cannabis Pilot Program Act

The Compassionate Use of Medical Cannabis Pilot Program Act (410 ILCS 130/1) was signed into law by the Illinois Governor in August 2013 with an effective date of January 1, 2014. The statute allows for the establishment of medical cannabis dispensaries and cultivation centers and the prescribing of medical cannabis to qualified patients throughout Illinois. The Act addresses a wide range of topics, most notably:

- employment regulations;
- law enforcement provisions;
- state facility licensing requirements;
- production standards for medical cannabis;
- prescriber and patient requirements; and
- local facility siting.
Illinois Medical Cannabis Act Highlights

Cultivation Centers

Up to twenty two (22) medical cannabis cultivation centers, no more than one per Illinois State Police District, may be registered in the State for operation by the Illinois Department of Agriculture. 410 ILCS 130/85.

A cultivation center cannot be located within 2,500 feet of the property line from a pre-existing public or private preschool or elementary or secondary school or day care center, group day care home, or part day child care facility and prohibited in areas zoned for residential use. 410 ILCS 130/105.

Only registered cultivation centers are authorized to grow cannabis.

Must comply with all federal, state and local building, zoning and fire codes and all local ordinances.
Illinois Medical Cannabis Act Highlights

Dispensaries

Up to sixty (60) dispensaries

A dispensary cannot be located within 1,000 feet of the property line of pre-existing public or private preschool, elementary, or secondary school, day care center, day care home, group day care home or part-day child care facility, and prohibited in an area zoned for residential use. 410 ILCS 130/130.

Cannabis can be sold to patients and caregivers.

Must comply with all federal, state and local building, zoning and fire codes and all local ordinances.
Illinois Medical Cannabis Municipal Regulations – Summary of Evanston

- Zoning Regulations – Classified as a medical office and a permitted use in districts that permit medical offices
- Enacted a Sales Tax on the cultivation center sales at 6% of the sale price per ounce (24-O-15)
- Entered into a lease agreement with a licensed dispensary, PharmaCann LLC, for a City owned property at 1804 Maple Avenue (expiration date December 31, 2021) and discussing a potential new lease agreement for the same space with the tenant.
- PharmaCann has 5 medical dispensaries: Arlington Heights, Evanston, North Aurora, Ottawa, and Romeoville
Illinois Medical Cannabis Municipal Regulations – Evanston, IL
Illinois Cannabis Regulation and Tax Act

- Effective Date is January 1, 2020; passed 5/31/19 and signed by Governor on 6/25/19
- The Act legalizes the possession and private use of cannabis for Illinois residents over 21 from licensed dispensaries across the State of Illinois.
- Municipalities may not restrict the private consumption that is authorized in the Act. However, the Act prohibits the use of cannabis in public places, schools, child care facilities, and other locations.
- This Act does not alter the state’s medical cannabis pilot program regulations. If the State were to change the distancing requirements for medical cannabis dispensaries, this would open up additional locations in Evanston for the businesses to locate.
Key Components to Regulation

- Legalization of adult (21+) possession and use of cannabis for recreational purposes
- Rapid but controlled expansion of cultivation center and dispensaries
- New Cannabis businesses – craft growers, processors, and delivery
- State and Local Taxation
- Expungement of minor violations of Cannabis Control act
- Social Equity Programs
Types of Cannabis Businesses

- Cultivation Center: large scale industrial growing facility

- Craft Grower (New): smaller cultivation center (5,000 – 14,000 sq feet). Can be co-located with a dispensary or other licensed cannabis business

- Dispensary: retail business licensed by IDFPR to sell cannabis

- Processor (New): light industrial/manufacturing facility that extracts constituent chemicals or compounds to produce cannabis concentrate in oil, resin, or other forms for sale to dispensaries and infusers

- Infuser (New): Facility that produces cannabis-infused products (e.g. edibles).
Cannabis Business Licenses

- **Effective Date:** First legal sales and consumption starts right away – January 1, 2020
- **Existing Businesses:** medical cannabis cultivation centers (20) and medical cannabis dispensaries (56) eligible for:
  - Both businesses can open by 1/1/2020 and start selling recreational cannabis, with State approval and proper zoning approvals.
  - Second location: Open a second retail storefront with proof of zoning compliance within a certain region (based on Bureau of Labor Statistics).
  - Potential total dispensaries to open on January 1st: 112
Cannabis – New Businesses

New applicants to adult use cannabis market: cultivation centers, craft growers, infusers, transporting organizations, and dispensing organizations

- Wave 1:
  - Dept of Financial & Professional Reg: By 5/1/2020 – agency awards up to 75 new dispensary licenses
  - Dept of Agriculture: By 7/1/2020 - up to 40 licenses to infusers, 40 licenses to craft growers, and licenses to transporting organizations

- Wave 2:
  - Dept of Financial & Professional Reg: By 12/21/2021 – awards up to 110 new dispensary licenses
  - Dept of Agriculture: By 12/21/2021 – 60 new licenses to infusers,
Use & Sale Restrictions

- Adult Recreational Possession and Use – 21 and up
  - Possession up to 30g flower/raw, 5g concentrated, 500 mg of infused products
  - Non-Illinois residents are permitted to have half these amounts

- Sales:
  - Existing dispensaries will address the early demand for the product
  - Staggered expansion through 2021
  - Maximum number of dispensaries in State of Illinois: 500

- On-Premises Consumption: subject to City permission and regulation
  - Smoking lounges
  - Dispensary consumption
Zoning

- Local government regulations must be related to time, place, manner, and number of cannabis businesses consistent with the Act. Meaning: hours of operation, distancing requirements, special use permits, and cap on number of businesses.

- Plan Commission notice posted:

**Noticed Text Amendment- Accessory Recreational Cannabis Use 19PLND-0078**
A Zoning Ordinance Text Amendment pursuant to City Code Title 6, Zoning, to create definitions for recreational and medical cannabis related uses, establish any applicable general provisions for such uses, establish any applicable parking requirements for such uses, and amend the permitted and special uses in the Business, Commercial, Downtown, Research Park, Transitional Manufacturing, Industrial, and Special Purpose and Overlay zoning districts.

- Plan Commission discussion to begin following City Council input, likely September 25th.
Zoning

Primary considerations for the Plan Commission/City Council:

- Determine whether to allow or prohibit cannabis businesses; and if allowed:
  - Add definitions for medical and recreational cannabis uses;
  - Determine zoning districts for recreational dispensaries (prioritized), craft growers, cultivation centers, processing organizations, and infusers;
  - Evaluate permitted use or special use and/or establish distancing and cap requirements;
    - Statute requires any cannabis dispensary cannot be located within 1,500 feet of another pre-existing dispensary or medical cannabis dispensary. Add additional distancing requirements from sensitive uses such as residential zoning districts or schools and child care facilities?
    - Cap on the maximum number of dispensaries
  - Consider whether (a) on-premises consumption will be permitted; or (b) social use spaces (smoking establishments such as a hookah bar or cigar bar, not currently allowed in Zoning Ordinance).
# Zoning – Chicago & Suburbs Update

<table>
<thead>
<tr>
<th>Trending to Allow</th>
<th>Trending to Prohibit</th>
<th>To be Considered</th>
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<tbody>
<tr>
<td>Arlington Heights</td>
<td>Des Plaines</td>
<td>Deerfield</td>
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<td>Buffalo Grove</td>
<td>Glenview (to revisit in future)</td>
<td>Wilmette – end of the year make a decision</td>
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<tr>
<td>Chicago</td>
<td>Highland Park (informal consensus)</td>
<td>Winnetka</td>
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<tr>
<td>Niles</td>
<td>Lake Forest (informal consensus)</td>
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<tr>
<td>Northbrook</td>
<td>Libertyville</td>
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<tr>
<td>Oak Park</td>
<td>Morton Grove (voted ban 7/1)</td>
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<tr>
<td>Skokie (Plan Commission Rec 8/1, Village Board 9/3 and potential action 9/16)</td>
<td>Naperville</td>
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Taxation

- On April 13, 2015, the City Council adopted Ordinance 24-O-15 – Enactment of “Medical Cannabis Privilege Tax” establishing a 6% tax on all sales of medical cannabis or medical infused products to a dispensary.

- The Municipal Cannabis Retailers’ Occupation Tax (65 ILCS 5/8-11-22) – Starting 1/1/2020, the City may impose a tax on all persons engaged in the business of selling cannabis at retail locations.

- If the City opts to impose a tax, it may be imposed by .25% increments up to 3% of the gross receipts from the sales.

- Staff seeks confirmation that the Council seeks to set a sales tax for recreational sales and we will return with an Ordinance.
Cannabis Offenses

- Minor Cannabis Offenses will begin expungement starting January 1, 2021
- Illinois State Police and the Circuit Courts will be handling the expungements
- Possession sections in the City Code which need to be amended:
  - Title 8, Chapter 13, “Marijuana” of the City Code will be amended to allow possession of cannabis within the City limits;
  - Title 8, Chapter 14 “Drug Paraphernalia Control” will be amended to remove cannabis; and
  - Title 9, Chapter 5, Section 10, “Alcoholic Beverages; Consumption/ Possession Public Property” will be amended to include cannabis pursuant to the Illinois Cannabis Regulation and Tax Act (HB 1438).
Employers have the authority to adopt reasonable and nondiscriminatory employment policies concerning drug testing, smoking, consumption, storage or use of cannabis in the workplace. This includes the authority to adopt a zero tolerance policy on recreational cannabis use.

**Primary considerations for the City Council:**

- Determine whether to allow or prohibit recreational cannabis outside the workplace;
  - Cannabis remains prohibited under federal law—adopting a cannabis-friendly employment policy has the potential to affect federal funding

- If recreational cannabis is allowed outside the workplace:
  - Identify any positions for which recreational cannabis use will be prohibited outside of the workplace (i.e. positions requiring CDL, sworn personnel with the Police and Fire Departments)
  - Evaluate pre-employment drug testing policy
  - Research available testing methods to identify impairment in the workplace
  - Evaluate disciplinary policy as it applies to positive test results
Personnel

- Evaluate pre-employment drug testing policy
  - Presently applicants for all City positions are to be tested for evidence of drug and alcohol use
  - Consider revising the policy to conduct pre-employment testing for only those positions for which recreational cannabis use will be prohibited

- Research available testing methods to identify impairment in the workplace
  - Identifying whether a positive drug test for cannabis is the result of use during work hours is extremely difficult
  - Review available options for testing for cannabis, particularly their ability to identify when it was used
  - Evaluate potential costs and other expenses of available tests (i.e. cost of urine test v. cost of saliva test)

- Evaluate disciplinary policy as it applies to positive test results
  - Incorporate amendments to the Right to Privacy in the Workplace Act requiring employer’s to provide an employee a reasonable opportunity to contest a determination that the employee was impaired at work
Staff recommends:

- Proceed initially—and temporarily—with a zero tolerance policy
- Research employee policies of municipalities in states where cannabis is already legalized
- Engage in a dialogue with neighboring communities regarding costs and benefits of having a cannabis-friendly employee use policy
- Analyze potential for liability and other exposure to the City in adopting—as well as failing to adopt—a revised drug and alcohol policy
- Return in November/December 2019 with alternate proposals
Next Steps

September
- Continued Plan Commission Discussion/public hearing on recreational and medical dispensary regulations
- City Council Initial Discussion

October - December
- Zoning Ordinance – Regulations on recreational and medical dispensary regulations
- City Code revisions for possession and Taxation Ordinance to be considered
- Revision to City Lease Agreement for 1804 Maple for co-location space/PharmaCann

January 2020 and beyond
- Plan Commission to consider craft growers, infusers, and other cannabis related businesses
- Additional research and any other Code updates
- Evaluate in 6 months after implementation any Personnel Manual updates
Questions?
For City Council Meeting of September 16, 2019
Lorraine H. Morton Civic Center Discussion
For Discussion

Memorandum

To: Honorable Mayor and Members of the City Council
   Administration and Public Works Committee

From: Erika Storlie, Assistant City Manager
       Lara Biggs, Bureau Chief – Capital Planning / City Engineer

Subject: Lorraine H. Morton Civic Center Discussion

Date: September 16, 2019

Recommended Action:
Staff recommends City Council move forward with a space planning study for City Hall functions in lieu of moving forward with the planning and design of the Civic Center HVAC, Electrical and Security Improvements project. Staff also recommends moving forward with a site identification study to determine potential options for new space (this study would need to lag the space planning study by several months in order to incorporate findings from the space planning). Staff also seeks direction from City Council on whether a space planning study should be limited to only City Hall functions or if it makes sense to look at other buildings/functions where City buildings are in need of significant capital investment.

Additionally, staff recommends evaluating options for the repurposing of the current facility is conducted separately from the process of moving forward on a new Civic Center. Staff will return at a future meeting to discuss the options available to the City Council regarding the existing facility.

Background:
Constructed in 1901 as a catholic parish boarding school, the City of Evanston acquired the building that is currently serving as the Lorraine H. Morton Civic Center in the late 1970’s. At that time, the building sat unused for almost a decade. In 1978, the City invested significant resources into adapting the building for use as a City Hall and health clinic, including the installation of air conditioning via a heat pump system. The boilers and other elements that provide heating are a combination of items that predate the building acquisition (including the boilers, which were installed in 1966) as well as some parts of the system that were installed in 1978.

In 1998, the Civic Center 2000+ report by Doyle and Associates evaluated the existing condition of the Civic Center and its various systems. At that time, the report indicated
that the heating and cooling were at the end of their useful life, and the two systems, especially the cooling system, would need to be replaced in entirety.

On July 18, 2018, the City Council awarded the Civic Center HVAC Architectural and Engineering Services (RFQ 18-07) to Grumman-Butkus Associates to determine the best option to move forward on the Civic Center HVAC. The most long-term, cost-effective option included refurbishing the existing boilers and replacing the majority of the heating and cooling systems (including much of the piping and ductwork), at an estimated capital cost of $7.1 million.

During the HVAC study, it became apparent that substantial modifications to the electrical system would be needed to support the new HVAC and to address building code issues. Simultaneously, staff working on Civic Center security issues realized that additional modifications, if they were made, would need to completed prior to or in conjunction with the HVAC and electrical modifications. These items were not included in the scope of the study by Grumman-Butkus; budget estimates are provided by staff based on similar work completed at other City facilities.

<table>
<thead>
<tr>
<th>Item</th>
<th>Budget Cost</th>
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<tr>
<td>HVAC System (Heating and Cooling)</td>
<td>$7.1 million</td>
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<tr>
<td>Electrical System</td>
<td>$3 million</td>
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<tr>
<td>Architectural/Security Modifications</td>
<td>$2 - $7 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12 - $17 million</strong></td>
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Because of the existing condition of the HVAC, staff is recommending that this work be scheduled as soon as possible. If this work is to be completed, the following schedule is recommended:

- Issue RFP for Architectural/Engineering Svcs: November 2019
- Council Award of Architectural/Engineering Svcs: January 2020
- Planning and Design: 2020
- Construction: 2021 - 2022

Analysis:
During the budget presentation on August 5, 2019, staff discussed the need to upgrade these systems. Several aldermen provided feedback that indicated staff should consider the possibility of relocating City Hall functions out of the existing Civic Center building. A number of studies were completed from 1998 – 2008 that investigated this possibility, but these are over 20 years out-of-date at this point. If this option is of interest to the City Council, the first step would be to complete a space planning study. This study would provide estimates on the amount and type of space that would be required to house the different City Hall functions, including office space (by department), Council Chambers and other various support facilities (e.g. conference rooms, restrooms, hallways, etc.).
Either simultaneously or following the completion of the space planning study, an investigation of appropriate locations would begin, which could include a range of options, such as renting office space and/or construction of a new building on the existing site or in a different location.

**Funding:**
The 2019 Capital Improvement Program has $250,000 in 2019 General Obligation Bonds allocated to begin the planning and design of the Civic Center HVAC and Electrical Improvements. If a decision to relocate out of the existing Civic Center is preferred, this funding could be reallocated to beginning the space planning study now. Below is a schedule for the space planning/site identification effort.

<table>
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<tr>
<th>Event</th>
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<tr>
<td>Issue RFP for Space Planning Study</td>
<td>November 2019</td>
</tr>
<tr>
<td>Council Award of Space Planning Study</td>
<td>January 2020</td>
</tr>
<tr>
<td>Study Completion</td>
<td>May 2020</td>
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<tr>
<td>Site Evaluation and Investigation (separate study)</td>
<td>Jan – October 2020</td>
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**Other City Facilities:**
The City has a large number of buildings requiring significant investment. If a decision is made to move forward with relocation of the civic center function, it may be of interest to determine if there are any other facilities that should be relocated in combination with the civic center functions. If so, these could be investigated as separate options in the space planning and site investigation studies.