

Planning and Development Committee
February 26, 2007

*Please note that two pieces of material handed out at this meeting follow at the end:
Affordable Housing Cover Memo from the Housing Commission and
Affordable Housing Trust Fund Draft Ordinance*

This observer report was filed by Nancy Bashook, observer for the Planning and Development Committee. All aldermen were present at this meeting, as well as Jim Wolinski, Director of Community Development. The Evanston Review and RoundTable covered the meeting, which began at 7:50 p.m.

Items for Consideration

(P1) Ordinance 24-O-07 – Amending Ordinance 114-O-06 – Granting a Special use for a Planned Development at 2424 Oakton Street

Consideration of a staff recommendation to list the special uses approved in Ordinance 114-O-06. this item was introduced and referred back to Committee on February 12, 2007.

Ald.Rainey wants to make sure that a MacDonald's Restaurant is not part of the plan. Understands there will be a convenience store within the gas station and a car wash. The site plan did not show any surprises.

Unanimous approval

(P2) HOME Fund Request from Housing Opportunity Development Corporation for Single-Family New construction at 1820 Dodge

Consideration of the Housing Commission recommendation to grant the request for \$95,000 in HOME funds to subsidize the new construction of a pre-fabricated single family home at 1820 Dodge to be sold at an affordable price to a household under 60% of Area Median Income.

The Director of HODC presented visuals. HODC is a non-profit on the North Shore which has many successful developments, with 13 properties, over 200 units, and 123 rentals. Has helped over 20 families purchase homes. Would build an affordable single family home at 18 20 Dodge, giving preference to qualified residents for purchase. This would be a factory built, prefabricated Contempri Home, with two-stories, a porch, 3 bedrooms, 2 ½ baths, 1500 square feet, open floor plan, energy efficient, two-car garage.

--\$300,000 project cost

--\$155,000 sale price

--\$45,000 income target

--Buyer selected by lottery

--Financing – donor land contribution

--Mortgage 1 ½% below current market rate from National City Bank

--\$15,000 HOME subsidy

Ald. Rainey: Any conflicts with code?

Wolinski: first major prefab project in Evanston

Ald. Holmes: Look at this as a way to bring affordable housing into Evanston

Why difference in cost: Everything is manufactured on-site – more quality control. All comes at once in two pieces. After the foundation is poured one box is set on top of another.

Wolinski: This is great project.

Unanimous approval

(P3) West Side Master Plan for Sub-Areas 1, 2 and 3

Consideration of the recommendation from the Plan Commission to approve the West Side Master Plan for sub-areas 1, 2 and 3, including its recommendations related to land use, building type and location, public streets and pedestrian accessibility. A special meeting was held on January 29, 2007 and continued to February 22, 2007.

This item was taken off the agenda, but Todd Smith, a third-generation Evanstonian and resident in the area spoke about the problem with the plan as it is now. His presentation was long and difficult to understand. He did say that a new Civic Center should be built in the 5th ward to bring in lots of other development and investors. This will be held in committee for further information.

No (P4)

(P5) Ordinance 31-O-07 – Extending the Moratorium on New Construction on Central Street from Ashland to 2200 Central Street for Another 90 Days

Consideration of extending the moratorium on new construction on Central Street from Ashland to 2200 Central Street for another 90 days. The current moratorium Ordinance 90-O-06 expired on March 10, 2007

Ald. Tisdahl made an amendment to the Ordinance to extend the moratorium to 120 days because this will probably be a contentious issue and will need more time.

Jeff Smith, who lives in Northwest Evanston spoke in favor of extending the moratorium because good planning takes time. He is concerned that Central Street is over-zoned. Residents are not crying out for redevelopment. Instead, there is consensus among residents that: (a) development be limited to two or three stories; (b) area is over-zoned; (c) moratorium should be extended.

Unanimous approval to extend moratorium for 120 days.

Items for Discussion

(PD1) Affordable Housing Fund

Presentation by the Housing Commission on use of the Affordable Housing Funds

Susan Monroe, chair of Housing Commission, and the Vice chair of the Housing Commission made a slide presentation. Their visuals are attached, along with other information about the Housing Trust Fund Ordinance.

Ald. Moran believes there should be a separate body set up to administer the Trust Fund. Duties will be sufficiently demanding to need a dedicated person other than the Housing Commission. We should be proactive, soliciting private as well as public funds. The Planning and Development Committee and the Council should have oversight.

Ald. Tisdahl asked Wolinski about need for staffing. He replied that being proactive takes more time and this would require more staff to handle the greater influx of money.

There is \$1.8 million in HOME funds now from 1996. An additional \$500,000 is coming in April. HUD will question why this money is not being spent. Affordable Housing Fund has \$130,000???

Ald. Rainey said we need an affordable housing program that people can qualify for. Noted an example of a family with a boy and a girl that needed three bedrooms. They did not qualify for three bedrooms. Suggested a survey be done of people who want affordable housing and see what they need.

Ald. Baptiste noted that the Housing Commission initiatives are good. Right now there is not a lot of money to manage, but in the future more people will be needed.

Discussion of rehabbing boarded up housing. Ald. Rainey suggested the city do an assessment of the good and bad houses and start to seriously deal with these properties. They create police and fire issues. Wolinski said there are 35-40 boarded up buildings in Evanston. Majority are owned by bank in New York or others. Need a consultant to do research and go after the owners. The city must have the ability to knock down these houses.

(PD2 Inclusionary Housing Ordinance

Staff memorandum on Inclusionary Housing Ordinance status is transmitted herewith.

Discussion followed – very confusing. Sorry.

Meeting adjourned 8:30 pm.

**Affordable Housing Cover Memo,
Presented to the Planning and Development Committee of February 26, 2007**

To: Evanston Planning and Development Committee

From: Evanston Housing Commission

Re: Affordable Housing Trust Fund Ordinance

Date: February 26, 2007

On December 4, 2006, the Rules Committee charged the Housing Commission with making recommendations for a Housing Tax (or Trust) Fund Ordinance. The demolition fee and voluntary payments by developers, as well as a possible increase in the Real Estate Transfer Tax, will result in a fund to be used for affordable housing. We recommend that this be named the Housing Trust Fund, rather than the Housing Tax Fund, to reflect the diversity of funding sources. We also recommend that the Mayor's Housing Fund be merged into this Housing Trust Fund.

The Housing Commission is pleased to make recommendations about the uses and administration of the Housing Trust Fund. The charge of the Rules Committee led us to engage in a focused process. At our December meeting, we agreed on key principles regarding uses and administration of the Fund. We formed two committees, which met separately in early January to consider *uses* and *administration* of the Housing Trust Fund. Eric Beauchamp, Judith Hurwich, Susan Munro, and Susan Sinnamon served on the uses committee; Carol Balkcom, Sara Ashmore Diggs, and Jean Keleher served on the administration committee. Robin Snyderman Pratt served on both committees. The committees made recommendations that were discussed at the January 18 meeting of the Housing Commission (Michael Marcus joined the Commission at that meeting). They were revised after that meeting and reviewed by the members of the Housing Commission BPI before our February 15 meeting.

The Housing Commission would like to recommend a number of guiding principles for the Housing Trust Fund, as established by the City Council. The Fund should:

- Address a wide spectrum of housing needs throughout the city, i.e., ownership, rental, construction, rehabilitation, and preservation
- Align with city strategic plan and housing goals
- Align Evanston priorities with State priorities (housing for low- and moderate-income (1) seniors, (2) people with disabilities, (3) people unable to afford housing near their work, (4) persons at risk of homelessness, and (5) persons living in existing affordable housing in danger of becoming unaffordable) to take maximum advantage of State programs
- Give preference to persons who live and/or work in Evanston
- Target people earning less than 120% of area median income (AIM) for ownership construction or rehab or 60% AIM for rental construction or rehab
- Target the maximum length of affordability allowed by law whenever funds are used (as appropriate to the particular use)
- Involve the Citizens Lighthouse Community Land Trust to increase opportunities for long-term affordability
- Allow proposals from both not-for-profit and for-profit developers who propose to build or rehab affordable housing
- Include both grants and loans
- Allow grants to build the capacity of not-for-profit organizations to respond to housing needs of low- and moderate-income persons (e.g., with homebuyer counseling)
- Maximize the impact of the fund by looking for new opportunities that are not covered by federal allocations and/or supporting proposals that will use the allocated fund to leverage additional resources

- Be both responsive to proposals and proactive, issuing at least one request for proposals (RFP) a year based on an analysis of housing needs
- Conduct periodic analysis of housing needs and use results to determine percentage of yearly allocation to be granted through RFP process and the nature of the RFP
- Leverage additional public and private (corporate, foundation) funds, with the goal of obtaining matching dollars for funds released through the RFP process
- Use the RFP process to stimulate partnerships among developers, not-for-profit organizations, employers, and government
- Use an investment strategy for the Fund that leverages relationships with financial institutions and rewards them for investing in affordable housing in Evanston

Since the proactive strategy is new, we would like to give an example of how this might work. We imagine that in any given year the administrators of the Fund (presumably the Housing Commission working with staff), would look at current and projected housing needs, as well as the amount in the fund and projected contributions, and determine how much of the fund should be spend in the following year. A percentage of the annual budget would be allocated to the RFP process. We would use the RFP process to both take advantage of and create opportunities to support the City's affordable housing goals.

For instance, say that in 2007 the administrators of the Fund determined that there was \$100,000 that could be distributed through the RFP process and that an identified need/opportunity in Evanston was for preservation and rehabilitation of multifamily rental properties serving low-income residents (below 30% AIM). The City could apply for funds from the new State Rental Assistance Program to enhance this amount. In addition, the City could seek funds from the MacArthur Foundation, which supports preservation of affordable rental housing, and ask MacArthur (or another foundation or a corporation) to be a partner in the RFP.

A RFP would be issued to local for-profit and not-for-profit developers, who would have to meet all the City, State, and foundation criteria. The competitive process would not only allow the city to take advantage of other funding opportunities but also stimulate creation or preservation of affordable units in response to documented needs. Partnerships would be encouraged or in some instances required. For instance, two developers—one not-for-profit and one for-profit—might partner in applying for funds to rehab a large rental building, half of which would be maintained as affordable for residents with incomes of 30% AIM or below.

Forming partnerships with foundations, responding to state opportunities, writing RFPs, evaluating proposals, and monitoring this process will require an energetic and creative staff. The right person(s) could “earn their way” and pay for their salaries by bringing additional funds for affordable housing into Evanston.

We appreciate having this opportunity to present our ideas to the City Council and look forward to working in collaboration with the Council to further develop the Affordable Housing Trust Fund ordinance.

A Draft of an Ordinance for an Affordable Housing Tax (Trust) Fund Presented to the Planning and Development Committee February 26, 2007

(Please note: we have dealt only with administration and uses in this document.—Housing Commission)

Affordable Housing Tax [Trust] Fund

(A) Management and Administration. Pursuant to the provisions of the Inclusionary Housing Ordinance, the Affordable Housing Tax [or Trust] Fund (AHTF) was created. The AHTF is to be held as a separate fund within the City, for the purpose of advancing Affordable Housing opportunities. The AHTF is to include the following funds:

1. Proceeds from the affordable housing demolition tax
2. Fee in lieu payments as specified in the Inclusionary Zoning Ordinance
3. Any existing housing funds, including the Mayor's Special Housing Fund
4. Proceeds from any future housing related taxes or fees
5. Any donations from the public and private sector

The City, by and through its Community Development Director, with assistance from Community Development Department staff, shall be responsible for the day-to-day maintenance and management of the AHTF.

(B) The fiscal maintenance and management of the AHTF shall be undertaken pursuant to the approved investment policies and practices used by the City for other similarly held funds.

(C) Purpose. The purpose of the Evanston Housing Tax [Trust] Fund is to provide financial resources to address the affordable housing needs of individuals and families of low- and moderate-income households by promoting, preserving, and producing long-term affordable housing; providing housing-related services to low- and moderate-income households, and providing support for not-for-profit organizations that actively address the affordable housing needs of low- and moderate-income households. The Affordable Housing Tax [Trust] Fund may provide financial support for a wide variety of eligible activities that serve persons in low- and moderate-income households, including, without limitation, (a) seniors; (b) persons with disabilities; (c) persons employed in Evanston but financially unable to live in Evanston; (c) persons at risk of homelessness; and (d) persons living in existing affordable housing in danger of becoming unaffordable.

(D) Distribution of the AHTF funds. The City Council shall be responsible for the approval of distribution of AHTF resources and funds in accordance with the requirements of this Section. Distribution of funds from the AHTF shall be in the form of grants, loans, or such other funding mechanisms that support the purposes of the AHTF. Any AHTF money unused at the end of any year shall remain in the Fund for future Eligible Activities, pursuant to the requirements of this Chapter.

Affordable Housing Tax [Trust] Fund Oversight

(A) Creation. The Housing Commission shall advise the Community Development Director's office in the management and administration of the AHTF.

(B) Purpose. The Housing Commission shall make recommendations to the City Council regarding the programs, operations and disbursements of the AHTF, including without limitation:

- (1) the goals for the Affordable Housing Tax Fund (AHTF);
 - (2) the AHTF's operating budget--projected revenue and expenditures;
 - (3) the AHTF's funding and award policies and priorities;
 - (4) the AHTF's program requirements;
 - (5) the AHTF's procedures for disbursing Fund resources;
 - (6) the review of applications for AHTF awards;
 - (7) the granting of awards;
 - (8) the monitoring of Eligible Activities funded by the AHTF;
 - (9) the evaluation of expenditures of funds by recipients; and
 - (10) the evaluation of AHTF activities.
- (C) **Members.** The Housing Commission shall consist of nine members, appointed by the Mayor with approval of the City Council. Each shall have demonstrated interest, knowledge, ability, experience or expertise in housing related issues. The composition shall seek balance between for-profit and non-profit sectors in Evanston.
- (D) **Appointment, Terms, Vacancies and Ethical Responsibilities.**
- (1) Commission members shall be appointed for terms of three (3) years.
 - (2) Commission members shall be eligible for re-appointment, provided that no member shall serve more than two (2) consecutive full terms.
 - (3) Permanent vacancies on the Commission shall be filled by the Mayor with the advice and consent of Council for the unexpired term of the former Commission member.
- (1) Any Commission member may be removed from office at any time for failure to regularly attend meetings or inattention to duties or responsibilities.
 - (2) Commission members shall be subject to the provisions of all rules, regulations, ordinances and statutes governing conduct of members of the boards and commissions of the City of Evanston.
 - (3) **Compensation:** Commission members shall serve without compensation.

AHTF Operations

The Housing Commission shall have responsibility for the operation of the Fund, including, without limitation, the following:

- (A) Recommending AHTF annual goals, and reporting and presenting those goals to the City Council;
- (B) Recommending policies, funding priorities, AHTF program requirements, procedures for investing Housing Trust Funds, procedures for disbursing Housing Trust Fund awards, and, in conjunction with

the Community Development Director, an annual estimated budget to be reported to the City Council prior to the beginning of each fiscal year of the AHTF;

- (C) Recommending AHTF awards for Eligible Activities;
- (D) Monitoring Eligible Activities funded by the AHTF;
- (E) Evaluating AHTF activities;
- (F) Accepting donations and grants, except that any grant agreement shall be subject to approval of the City Council; and
- (G) Reporting no less than annually to the City Council on the expenditures, accomplishments, and activities of the Affordable Housing Trust Fund.

Eligibility Requirements

- (A) Purpose of Eligible Activity. Each Eligible Applicant shall be required to demonstrate that the requested Eligible Activity will advance and support the purpose of the Housing Trust Fund.
- (B) Eligible Applicants. Developers, not-for-profit organizations, housing owners/operators, and units of government shall be eligible applicants for Housing Trust Fund resources. The Housing Trust Fund Board shall develop and issue eligibility guidelines, program requirements, and application forms for Housing Trust Fund grants and loans. Eligible Applicants may apply to the Housing Trust Fund Board for Housing Trust Fund awards for Eligible Activities. The Housing Trust Fund will issue at least one request for proposal per year based on analysis of current needs and opportunities to access additional funds to support the city's affordable housing goals.
- (C) Types of Eligible Activities. The following housing-related activities are the types of activities that may receive Housing Trust Fund resources:
 - (1) Housing production, including, without limitation, new construction, rehabilitation, and adaptive re-use. Housing produced or rehabilitated for ownership will meet affordable guidelines for households with incomes below 120% of the area median income. Housing produced or rehabilitated for rental will meet affordable guidelines for household with incomes below 60% of the area median income.
 - (2) Acquisition and disposition, including, without limitation, vacant land, single-family homes, multi-unit buildings, and other existing structures that may be used in whole or part for residential use and held by the Evanston Citizens Lighthouse Community Land Trust (CLCLT).
 - (3) Capacity-building grants for not-for-profit organizations that are actively engaged in addressing the Housing needs of Low- and Moderate-Income Households.
 - (4) Any other activity that the Housing Trust Fund Board determines would address the City's Affordable Housing needs, including, without limitation,
 - (a) Rental assistance.
 - (b) Home ownership assistance.

- (c) Preservation of existing housing.
- (d) Weatherization.
- (e) Emergency repairs.

(D) Priorities For Trust Fund Awards.

Among proposals for Eligible Activities that otherwise meet established program requirements and eligibility criteria, priority shall be given (a) to applications that provide for leveraging of funds for projects, (b) to applications that provide the longest term of affordability of affordable housing, and (c) to applications that provide housing to serve the needs of households who live or work in Evanston.

Review and Approval of Applications.

All complete applications and proposals for AHTF awards shall be submitted to the Housing Commission. The Commission shall review and make recommendations to the City Council to approve or deny an application or proposal. The City Council shall make the final decision to approve or deny all applications for funding by the AHTF, but in any case, any recommendation of the Commission shall be deemed approved within 60 days after delivery of such recommendation to the City Council unless a three-fourths vote of the City Council members then holding office overturns such recommendation of the Commission.