



APPROVED

MEETING MINUTES

INCLUSIONARY HOUSING ORDINANCE SUBCOMMITTEE

Tuesday, July 24, 2018, 7:00 P.M.

Lorraine H. Morton Civic Center, room 2404, Glacier Conference Room

Present: Ald. Fiske, Ald. Rainey, Ald. Revelle, Ald. Wilson, Rob Anthony, Kent Swanson, Stacie Young

Absent: Lynn Robinson

Presiding Member: Ald. Wilson

Staff: Sarah Flax, Housing and Grants Administrator; Melissa Klotz, Zoning Planner; Savannah Clement, Housing Policy and Planning Analyst

Call to order

Chair Alderman Wilson called the meeting to order at 7:07 PM with a quorum present.

Approval of meeting minutes

Kent Swanson made a revision in the second line, on page 5 of packet, change “seller” to “buyer,” then moved approval as revised, Rob Anthony seconded and the motion was approved unanimously.

Public comment

No comments.

Discuss revisions to Inclusionary Housing Ordinance

Staff provided brief a presentation to highlight the proposed revisions to the ordinance.

Covered developments in new IHO: 5+ units across the city – no longer a difference in TOD and non-TOD areas. Subcommittee members asked if a different formula for buildings under a certain size should be developed for inclusionary units or fee in lieu. Other Subcommittee members noted that developers aren't building smaller projects now because they don't make enough profit from them to justify all of the administrative work and construction costs.

The addition of rehabs that change the size and configuration of units dwelling units to covered developments was discussed. It was agreed that if the rehab changed the number of bedrooms in a unit or units, the project would be covered by the IHO ordinance.

Subcommittee members discussed market rate buildings that are generally affordable. Should they be included in the definition of “primarily affordable” and therefore exempt from the IHO? It could be easier for existing buildings to comply with the IHO requirements and result in Naturally Occurring Affordable Housing (NOAH). Staff explained that these projects/buildings would still have to maintain affordability for a specified amount of time through some type of written agreement. Having units renovated and rented at rates close to the median is a good thing, but the proportion of units and maximum rent levels would have to be established. Example, if 80% or more of the units in a building were rented at 120% AMI for a specified number of years then the building would be exempt from ordinance. A Land Use Restriction Agreement (LURA) would be recorded on the property. Subcommittee members asked about income certifications in these types of buildings. Staff noted that re-certifications would likely not have to be completed every year - compliance would not be as stringent as other inclusionary/affordable units, but maybe have affidavits, etc. to certify rents.

Minimum unit size was discussed. Staff explained there minimum size or square footage requirements should be based on the building code in effect at the time of application. The affordable units must be able to have the same occupancy as the market rate units.

Question about the definition of an “alternative equivalent proposal.” Staff said nothing specific had been spelled out, but a project with 20% project-based vouchers, or all units at rents below 120% AMI could be considered. Staff also noted that it is difficult to predict what could be proposed based on changing market conditions.

Subcommittee members raised concerns about the fees in lieu and the impact they could have on smaller projects outside of downtown and suggested changing the ordinance to downtown vs non-downtown zones for the fees and bonuses, and only keep the TOD vs non-TOD distinctions for parking requirements.

Question about parking spots - would affordable units not get a spot? Subcommittee members stated that parking is generally not one for one. Members pointed out that the development at 1571 Maple is not using all of its parking spaces, and it has much fewer parking spots onsite than other developments. If parking spots are deeded with units, as with some condo developments, affordable units would include parking.

Take a look at “in perpetuity” requirement for ownership units - maybe remove and just say affordable term renews at each sale.

Subcommittee members expressed concerns about the rental affordability periods and development cycles - all of the affordable units could drop off the market at the same time. Question about whether it makes more sense to stagger the affordability terms (30, 35, 40 years) to minimize this. Other members noted this would only be an issue

when there are a lot of units and phased affordability terms would make financing and management of projects more difficult, but would affect a very small portion of the market. Chair Wilson asked that staff highlight this as a discussion item for City Council.

The bonus structure for onsite units was discussed. Staff explained that the revised bonuses are now structured to be more meaningful and useful to developers. For example, a 10% height bonus in the existing IHO might result in 4 only additional feet, which would not result in an economic benefit to a development.

Allowing the same bonuses for projects that are primarily affordable housing was discussed. The Subcommittee discussed the possibility of offering the same bonuses that market rate developers can get, but only for 10% of the units to prevent affordable projects from getting out of scale with market rate development.

Other sources of revenue

Question about whether the demolition tax should be increased for multifamily structures. Subcommittee members are in favor of raising demolition fees, and would like to explore the possibility of tying the demolition tax to the sale price of the new building constructed. Example, if a modest single-family home were replaced by a McMansion, the demolition tax would be higher.

Impact/linkage fees could cover all developments, and several different types of calculations have been used in different municipalities, including square footage and construction value. City doesn't track square footage, but could look at evaluating permit fees which are based on construction valuations. Subcommittee members noted that Illinois has one of the most restrictive laws on impact fees.

Subcommittee members said the City also needs to get a handle on short-term rentals, but don't want to create more of a deterrent for people to get licensed with the City. Alderman Wilson asked that staff add additional Affordable Housing Fund revenue sources to the July 30th City Council agenda.

Chair Alderman Wilson said that his intention is to have one more meeting in late August in order to run through the IHO revisions before the amended ordinance goes to City Council.

Adjournment

Ald. Fiske motioned for adjournment and the meeting was adjourned at 8:37 p.m.

The next scheduled meeting is TBD, late August.

Respectfully submitted,
Savannah Clement, Housing Policy and Planning Analyst