

Minutes for Inclusionary Housing Sub-Committee Meeting

Date of Meeting: Wednesday, February 7, 2018

Meeting began: 6:00 p.m. **Meeting Ended:** Around 8:00 p.m.

Committee Members Present/Absent:

Present: Ald. Ann Rainey, Ald. Donald N. Wilson, Rob Anthony, Lynn Robinson, Jolene Saul, Kent Swanson, Stacie Young

Absent: Ald. Judy Fiske, Ald. Eleanor Revelle

Staff Present: Sarah Flax, Savannah Clement

Media Present: Bill Smith, not sure about who else

Citizen Comment:

Sue Loellbach spoke, commenting on the difficulty of making decisions around the IHO without having a plan in place that defines other actions the City will be taking related to affordable housing.

Clare Kelly spoke, asking the committee members about the difference between profit numbers and other numbers that developers use to gauge the feasibility of a development. Sarah Flax provided some explanation that there are many different calculations that are used. The committee agreed that it would be good for everyone to understand these better.

Doug Sharp from Reclaim Evanston spoke to the need for a comprehensive plan, suggested a \$300,000 or \$350,000 buy-out amount, and called again for a moratorium on development until the IHO decisions were made.

Ray Friedman asked about how many units have been developed overall and how many of those are affordable. There was not a specific answer.

Discussion, Action:

The first order of business was to discuss the possible goals of updating the IHO, which primarily included creating more affordable units and obtaining fees in lieu or some combination of the two. Highlights of the discussion follow:

- The committee debated whether new units should be on-site in new developments or put into already existing and less expensive buildings—Mr. Swanson framed it as a choice between more units in less expensive buildings or fewer units in the new buildings. Ms. Young questioned whether there is enough difference in the pricing to make a greater number of units affordable in existing buildings. Mr. Swanson brought up the difficulties of administering a program that puts the affordable units in existing buildings. Mr. Anthony suggested that the difference in costs would not be that great, given that the units all generate revenue that would offset the costs to some extent.
- Mr. Anthony questioned whether the committee was trying to do too much with the IHO and that they need to consider it as part of a larger plan. He suggested that it makes sense to have the units on-site and that it should just be a policy that new housing should incorporate a diverse range of income levels.

- Alderman Rainey said that, because of the “anti-development mood” on the council, we are in a self-imposed moratorium and that we need to look at other ways to fill the Affordable Housing Fund.
- Alderman Wilson asked about the possibility of converting condos to rental, and the committee agreed that this could be a difficult approach—that subsidies might be more effective.
- Ms. Robinson asked whether the City has specific goals for creation of affordable housing, and there was no real answer provided.
- The committee discussed that there may not be a lot of new development, that home ownership is decreasing, and that the absorption rate at which vacant apartments are rented is very high.
- Alderman Rainey questions whether increasing real estate transfer taxes would be a good way to support the Affordable Housing Fund and wondered whether we should do a referendum to ask the community if they would buy into such a plan. Mr. Anthony asked whether staff could provide projections for transfer taxes, and staff will do so.

Without prioritizing goals or deciding on a plan to do so, the committee decided to move on to a discussion of suggested changes to the IHO, as follows:

- Mr. Anthony addressed the concern that an IHO that requires on-site units could lower land values by raising the topic of offsets to balance the costs of the on-site units. He tried to start a discussion of off-sets, but it did not move forward.
- Ms. Young supported the idea that the City institute a process that is predictable and transparent, stating that it is not fair that staff have to evaluate feasibility of developments.
- A somewhat disjointed conversation about parking started, with no conclusions drawn.
- Mr. Anthony questioned why the income level for residents of the affordable units in non-TOD areas is higher, because that seems to incentive development in the non-TOD areas. Ms. Flax indicated that the ordinance included those difference as a way to offset the differences between TOD and non-TOD areas—that we want to make it difficult to NOT include the affordable units in TOD areas (hence the higher buy-out amount and stricter AMI rules), but we also don’t want to discourage development in non-TOD areas (hence the lower buy-out amount and higher AMI thresholds).
- Staff are developing a workshop on housing development for the committee and suggested holding this as a session separate from the next committee meeting. They will do this before March 7.
- Alderman Wilson expressed interest in having the committee finish up their work within 2 more meetings.
- Mr. Anthony asked again what’s the plan for other planning, and Alderman Wilson said this could be a topic for the April meeting about affordable housing. Mr. Anthony asked again whether all the work being done would come together into a cohesive plan, and Alderman Wilson said that he doesn’t want to wait for a plan to be developed, even though we need a plan.

Next Steps:

- Staff will be planning a workshop on housing development.
- Staff will prepare projections on expected transfer taxes.