

The City of Lake Forest
Housing Trust Fund Board
Proceedings of the January 29, 2019

A Regular Meeting of the Housing Trust Fund Board was held on Thursday, January 29, 2019, at 7:30 a.m. at the City's Municipal Services Facility, 800 Field Drive, Lake Forest, Illinois.

Board members present: Chairman Donald P. Schoenheider and Board member Charlie King

Board members absent: Board member Chris Baker

Guests present: Kim Ulbrich, Executive Director of Community Partners for Affordable Housing and representatives of the Senior Resources Commission and the Senior Foundation

Staff present: Catherine Czerniak, Director of Community Development

1. Consideration of the Minutes from the September 20, 2018 Housing Trust Fund Board meeting.

The minutes of the September 20, 2018 meeting were approved as submitted.

2. Public Comment on Non-Agenda Items.

Chairman Schoenheider invited comments on non-agenda items. Hearing none, he invited an update from Kim Ulbrich of Community Partners for Affordable Housing (CPAH). He stated that CPAH has been a tremendous partner for the City and because of that partnership, the City has made great strides in its affordable housing efforts.

3. Update: Community Partners for Affordable Housing (CPAH) – Kim Ulbrich, Executive Director

Ms. Ulbrich reviewed recent activity that has occurred through the City's partnership with CPAH noting that one house on Park Avenue was recently purchased and another house, on Frost Place, is under contract. She stated that a third bedroom will be added to the house on Park Avenue to meet the needs of the buyer who has already been identified. She stated that the house on Frost Place is in generally good condition and already has three bedrooms and bathrooms. She stated however that issues related to lead pipes and asbestos in the Frost Place home will be addressed prior to sale, and the windows will be replaced. She stated that both houses were purchased with funds from the City's Housing Trust Fund in combination with Community Development Block Grant (CDBG) funds received from Lake County. She stated

that under the terms of the funds received, eligible buyers are permitted to have incomes of up to 80% of Area Median Income (AMI) for one of the homes, and up to 100% of AMI for the other. She added that recently, CPAH was notified by Lake County that additional funds are available because a project in another community did not proceed and said those additional funds, in combination with additional funds from the City's Housing Trust Fund, could support the purchase of another home. She stated that CPAH continues to provide limited assistance to the leasing agent for the Focus Development project, Kelmscott Park, on Laurel and Western Avenues, answering questions and providing direction when requested. She stated that CPAH has received about 20 phone calls related to the project noting that providing this type of assistance is part of CPAH's mission. She added that on occasion, she and her colleague, Amy Kaufman, have attended meetings of the Lake Forest/Lake Bluff Senior Resources Commission to get the word out about the available affordable units and to provide general information.

In response to questions from Board Member King, Ms. Ulbrich said that the cost of improvements at the 236 Park Avenue house is estimated at \$75,000 which includes the addition of a third bedroom. She stated that she does not yet have an estimate for the work proposed at the 440 Frost Place house but noted that the cost is expected to be significant because of the lead pipes and the related concrete work, and the asbestos abatement that is needed. She noted however that the house is in good condition otherwise. She stated that it is important for CPAH to address the lead pipes and asbestos prior to the sale of the house to an eligible family so that they buyers are not caught off guard with unexpected expenses.

In response to questions from Chairman Schoenheider, Ms. Ulbrich explained that most homes that are purchased by CPAH are found by watching the real estate listings or based on tips from City staff about available houses. She explained that successful acquisitions most often include negotiations or occur after one or more reductions in the listing price. She noted that the original sale price for the 236 Park Avenue house was significantly higher however, CPAH staff monitored the listing and when the price dropped to within CPAH's price range, pursued the property. She stated that the Park Avenue house was previously owned by a developer who intended to demolish the house and build a new house on the property however, the project did not move forward and the house was re-listed for sale. She stated CPAH staff also watches for Sheriff's sales and auctions. She stated that once grant monies become available, CPAH tries to pursue houses quickly, before prices increase. She stated that additional grant money is expected to soon be available and it would be useful to have additional funding approved by the City so that when a house, or houses are identified, CPAH can move quickly. She stated CPAH is requesting additional funding from the City in the amount of \$360,000. She

explained that with the anticipated grant, two additional homes can be purchased with funding for each in the amount of \$165,000 from the City. She stated that consistent with the homes purchased in the past, a fee of \$15,000 for each home, in addition to the \$165,000 to help support the purchase and improvement of each home, would be paid to CPAH. She confirmed that the request for funding is for two new homes, beyond the homes on Park Avenue and Frost Place. She reviewed that including the homes on Park Avenue and Frost Place, eight houses have been purchased in Lake Forest in addition to the five existing senior cottages. She stated that although the number may seem small, these units will, overtime, assist over 100 families.

In response to questions from Chairman Schoenheider, Ms. Czerniak noted that during the last round of funding approvals for CPAH from the City's Housing Trust Fund, money for consulting fees were also approved recognizing that CPAH is providing advice and assistance to the developers who are providing new apartments and condominiums in the Central Business District as required by the City's Inclusionary Housing Code provisions. She encouraged Ms. Ulbrich to invoice the City for the time spent assisting the developers on behalf of the City. She stated that the most recent report from Focus Development is that eight of the twelve affordable apartments are rented and occupied. She stated that Focus has reported that there is greater interest in the units that have more than one bedroom.

Ms. Ulbrich added that one of the affordable units is up for a renewal of the lease adding the CPAH is assisting with that process.

Hearing no further comments, Chairman Schoenheider invited a motion in support of recommending to the Council that additional funding from the City's Housing Trust Fund be approved as requested by CPAH.

Board member King made a motion to recommend approval of the requested funding to the City Council.

The motion was seconded by Chairman Schoenheider and approved by a 2 to 0 vote.

4. Update and Consideration of a Request for Support for Senior Cottages at Grove Campus – Steve Potsic, Chairman, Senior Resources Commission

Chairman Schoenheider invited a presentation from Steve Potsic, Chairman of the Senior Resources Commission.

Mr. Potsic introduced various members of the project team: Bob Shaw, pro bono consultant; Paul Lemieux, President of the Senior Foundation; and Gail Strenger, a member of the Senior Resources Commission. He stated that the Senior Resources Commission is charged with looking out for the needs of seniors in Lake Forest and Lake Bluff and making recommendations to the City Council and Village Board in support of seniors. He reviewed that at the last meeting he presented demographics showing that the number of seniors is growing and that some seniors in the community have limited assets. He stated that the number one need the Commission has identified is the need for affordable housing for seniors to allow them to remain in our communities. He reviewed the work that was done since the last meeting and reviewed the materials provided to the Board. He noted that a conceptual site plan for five senior cottages at Grove Campus was prepared pro bono, by architect Tim Archibald using the plans for the previous senior cottages that were constructed on Conway Road. He added that a grant in the amount of \$50,000 was awarded by a Chicago-based foundation in support of the project adding that the Senior Foundation accepted the award and has restricted it for use for this project. He stated that since the existing senior cottages on Conway Road have been successful, and to save money, the plans for those earlier cottages will be used as the starting point and will be updated as needed to meet current building and life safety Codes. He stated that representatives of CPAH have been instrumental in helping guide the discussions to date giving freely of their time and expertise. He stated that with the guidance of CPAH, a budget was developed and confirmed as being reasonable. He noted that CPAH representatives recommended a contingency for the project of 10% adding that the preliminary budget will be updated to reflect that recommendation. He reviewed the preliminary budget including the amounts that CPAH may be able to secure from the State and County and through tax credits. He stated that presently, based on the assumptions to date, there is a gap of \$799,000. He stated that a commitment for this amount needs to be secured to allow the project to move forward. He stated that the hope is that the needed funds can be secured from the City's Housing Trust Fund and from the Senior Foundation. He stated that at the November meeting of the Senior Resources Commission, the senior cottages project at Grove Campus was supported at a high level with support for the conceptual plan, preliminary budget estimate and overall timeline. He reviewed an updated timeline for the project. He requested that the HTFB vote to recommend funding for the project and a donation of land at Grove Campus on which the cottages would be located. He stated that the land will need to be donated in order to secure tax credits which will help to support the funding of the project. He noted that the involvement of CPAH will be critical to the project and the ability to demonstrate the availability of funding and willingness to donate land will be important when this project is presented to the CPAH Board. He noted however that since this project will be based on the successful model used for the existing senior cottages, there is every indication

that the CPAH Board will be supportive of the project and supportive of taking ownership of the land and cottages, applying for grants and tax credits to support the project, managing the cottages once they are constructed and taking on the responsibility for screening applicants for income eligibility. He asked for the HTFB's support.

In response to questions from Chairman Schoenheider, Ms. Ulbrich stated that the existing senior cottages have been very sustainable explaining that tax credits were used to set up a reserve account which to date, has not been used. She stated that recently, the driveway was resurfaced and a unit was rehabbed after a long time owner passed away, all without the need to dip into reserves. She stated that as the units age, the reserves will be needed to replace appliances, replace the roof and for other rehab work. She stated that only one unit has been vacated since CPAH took ownership and she confirmed that there was no issue finding a new tenant. She stated that currently, the other four units are occupied by tenants in their 90's. She stated that currently, without advertising, there are nine people on the waiting list for the senior cottages, three from Lake Forest. She reiterated that CPAH is not actively working to build up the list because of the low turnover rates. She noted that potential tenants only need to fill out a pre-application and explained that the income qualification is only conducted once a unit becomes available. She stated that when a unit becomes available, a letter is sent out to the first five applicants on the waiting list requesting income information. She stated that the rent is \$804.00 per month and has not been increased since CPAH took ownership. She stated that the income level for three of the cottages is 60% of the Area Median Income (AMI) and 80% for the other two units.

Ms. Strenger commented that she has a friend who is 92 and very active adding that the senior cottage option would be a good fit for her because she is having a difficult time finding housing in the community that is affordable.

In response to questions from Chairman Schoenheider, Ms. Swarthout confirmed that the opportunity for senior housing at Grove Campus is identified in the Master Plan.

Mr. Potsic noted that the timing of marketing is difficult when the units are not available and when it is not known when units will be available. He stated that he has no doubt that if five more senior cottages are constructed, they will be filled.

Ms. Ulbrich agreed.

In response to questions from Board member King, Ms. Ulbrich stated that the tenants in the current senior cottages are all long time Lake Forest residents. She

acknowledged that having the range of 60 to 80 percent of the AMI is helpful to meet the needs of Lake Forest residents. She reiterated that filling the units with residents from Lake Forest has not been a problem in the past. She stated that if future units are marketed to both Lake Forest and Lake Bluff residents, an even larger pool of local residents will be available to fill the units. She reiterated her confidence that there is a demand for five additional senior cottages and that they will be filled.

In response to questions from Paul Lemieux, Ms. Ulbrich confirmed that the units can be restricted to seniors.

In response to questions from Chairman Schoenheider, Mr. Potsic stated that Lake Bluff does not have a Housing Trust Fund set aside like Lake Forest so no funds are readily available and restricted for uses related to affordable housing. He noted however that he has spoken with Village President O'Hara and found her to be supportive of the project in general. He stated that if the units are marketed and made available to Lake Bluff residents, the case may be able to be made in the future for some financial contribution from Lake Bluff.

Chairman Schoenheider noted that the Senior Resources Commission is a Lake Forest/Lake Bluff entity and financial partnership of the two communities in this project along with identifying residents of both communities as priority applicants over those from other communities, makes good long term sense. He encouraged further conversations with Lake Bluff representatives.

In response to questions from Board member King, Ms. Czerniak stated that the cottages on Conway Road are currently the only affordable housing units in Lake Forest that are restricted to seniors. She confirmed that if Lake Forest residents are not available to fill the units, the Code provides a hierarchy of preferences for other applicants including parents of Lake Forest residents and those who have lived in the community in the past.

In response to questions from Board member King, Mr. Potsic stated that although he would like to see the Housing Trust Fund Board recommend funding for the full amount of the gap that exists for the senior cottages project, the Senior Foundation is also being approached for funding.

Chairman Schoenheider stated that his expectation is that the Senior Foundation would match, dollar for dollar, any funding provided from the City's Housing Trust Fund.

Mr. Lemieux explained that some of the Senior Foundation's donations are restricted however, he noted that he has received a tentative indication that the Foundation may be comfortable with providing financial support for the

project of about \$300,000. He stated that some members of the Foundation are of the strong opinion that the donors' intent of their money going to support Dickinson Hall should be respected. He added that there is concern that future donations may not be of the same magnitude of some past donations. He added that the Foundation also funds projects such as providing transportation for seniors and funding the senior advocate position.

Board member King expressed concern about the projected construction costs per unit as presented noting that the number seems high for a 1,300 square foot unit. He questioned whether configuring the project with common walls could make it more cost effective and potentially result in more units.

Mr. Potsic stated that there is interest in building quality units rather than more units of a lower quality. He stated that the model of five units has proven to be sustainable and successful.

Bob Shaw stated that he was involved in the construction of the original five senior cottages 20 years ago. He stated that at that time, considerable study was conducted around qualitative factors, quality of life, and the perception of living in a "facility" as opposed to a single family home. He stated that the cottages have served the community well, without the stigma of lower quality housing. He stated that in his opinion, the data has not likely changed. He stated that lower quality units may result in fewer Lake Forest residents being interested in the units.

Ms. Strenger noted that multi-floor units require an elevator, adding to the cost.

In response to questions from Chairman Schoenheider, Mr. Potsic reviewed the timeline noting that there are rolling dates for the grants and tax credits which each have application deadlines and a several month period for decision making on the awards. He stated that the September, 2020 date was offered by CPAH as the date by which firm commitments will be needed from the parties involved in the form of approvals and a check. He acknowledged that the timing is not as expeditious as they would like, but there are many pieces that need to fall into place.

Chairman Schoenheider acknowledged that there is considerable work to be completed noting that since the City is expected to donate the property, an appraisal will be needed and environmental evaluation of the site will likely be necessary. He added that in his opinion, it is important to reach out to Lake Bluff and assess their interest and level of commitment to partner in funding the project. He stated that from the perspective of the Housing Trust Fund Board, he would like to have all Board members present to take action on any recommendation that would move forward to the City Council. He stated that

it is not his intent to hold up the project but noted that unanimous endorsement of any recommendation that comes out of the Housing Trust Fund Board will be important.

In response to comments by Chairman Schoenheider, Mr. Potsic stated that he will contact Lake Bluff representatives. He noted concern that without a commitment from the Housing Trust Fund Board, or, at least some sense of the likely amount of funding that will be recommended, the Senior Resources Commission and the Senior Foundation may be unwilling to make a commitment. He noted that both groups have upcoming meetings.

Chairman Schoenheider stated that his sense is that the Housing Trust Fund Board is supportive of the project and willing to recommend that the City Council make a financial commitment to the project. He stated that at this point, in his opinion, support from the Housing Trust Fund in the amount of about \$300,000 make be a reasonable expectation. He stated that to date, the Housing Trust Fund has been very pleased with what has been accomplished with the Housing Trust Fund dollars.

Board member King agreed noting that it is important that the available Housing Trust Funds be leveraged to support as many initiatives as possible. He stated that he would be reluctant to dedicate a majority of the available funds to the senior cottages project but is supportive of partnering with others to provide the financial support needed to move the project forward. He re-emphasized the need to explore other revenue sources and to look at the project costs as now estimated. He stated that the cost per unit appears to be extraordinarily high.

Mr. Lemieux pointed out that if the Housing Trust Fund contributes \$300,000 to the senior cottage project that will result in only \$60,000 being dedicated to each unit.

Chairman Schoenheider acknowledged that \$60,000 per unit may be reasonable but noted that like the Senior Foundation, looking forward, future revenue sources for the Housing Trust Fund are not apparent. He stated that the Housing Trust Fund Board is trying to be reasonable and fair in allocating dollars in a manner that has the most impact in the community. He stated that he believes that the Board is committed to continuing the single family home acquisitions with CPAH and supporting the development of the additional senior cottages. He noted that exploring all possible revenue sources and bringing various partners to the table will allow the available dollars to be leveraged as effectively as possible.

Ms. Czerniak added that once a more detailed plan is prepared, the City will have an appraisal of the land completed. She stated that the land value will be factored in as part of the City's contribution to the project.

In response to questions from Mr. Potsic, Ms. Ulbrich stated that if there is a gap in funding, the project gets more complicated. She stated that she is not sure whether Mary Ellen Tamasy has spoken with Lake County about the project yet but stated that in her opinion, Lake County will be supportive of the project and will likely look favorably on awarding funds for the project. She stated however that in order to get the award of the HOME funds, the other funding for the project needs to be committed.

Chairman Schoenheider reiterated that now is the time to reconsider construction costs and explore bids for the project. He agreed that the quality and character of the units needs to be appropriate for the location on Grove Campus and the community but stated that there may be opportunities to tighten up costs.

Ms. Ulbrich stated that Ms. Tamasy is very familiar with construction costs and the numbers offered are based on recent projects however, she confirmed that the project will need to be competitively bid as a requirement of the grant funds. She stated that doing the project without tax credits will result in some cost savings.

Board member King suggested that rather than just assume the new cottages should be constructed based on the plans used for the existing cottages, it may be worthwhile to take a close look at the plans and re-evaluate what is working and whether there are revisions that may make the new units even more successful. He noted for example, relocating the water heater so that when replacement is needed, a wall does not need to be removed makes sense. He noted that the existing cottages are close to 20 years old. He encouraged review of the plans with an eye toward functionality, quality and cost control.

Chairman Schoenheider encouraged the Senior Resources Commission representatives to talk with Lake Bluff officials including Board President Kathy O'Hara and invite Lake Bluff to participate financially in the project. He also encouraged discussions with various contractors and efforts to value engineer the cottages in an effort to explore whether the cost per square foot can be reduced. He also asked for clarification on the overall timing and the timing for action by the City. He stated that the Housing Trust Fund Board is supportive overall of the project and agrees that there is a need for this project in the community. He stated that it is critical that all of the necessary due diligence be completed to assure that this initiative is successful and the best possible project is achieved as cost efficiently as possible. He stated that at this point in time, his

expectation is that the Housing Trust Fund Board may be in a position to recommend funding for the project from the City's Housing Trust Fund, in an amount of about \$300,000. He stated that it is important that all Board members are in attendance to deliberate and approve a motion. He stated that the Board believes strongly in affordable housing and is proud of what has been accomplished to date. He stated his willingness to be part of a meeting with Lake Bluff Village

4. Additional information from staff.

Ms. Czerniak noted that an update on the Housing Trust Fund budget was provided to the Board.

5. Future Agenda Items and Meeting Dates

The Board agreed that the next meeting should continue to focus on the senior cottage project.

6. Public Testimony on Non-Agenda Items

There was no public testimony presented on non-agenda items.

The meeting was adjourned at 8:44 a.m.
Respectfully submitted,

Catherine J. Czerniak
Director of Community Development