



Housing Trust Fund Revenue Sources Presentation

Oak Park Board of Trustees

October 30, 2023

Housing Trust Fund – Presentation Overview

- Anticipated Future Developer Contributions to HTF
- Potential New Additional Revenue Sources for the HTF
- Village Board Direction
- Questions?



Anticipated Future Developer Contributions To The Housing Trust Fund

Anticipated Future Developer Contributions To The Housing Trust Fund

- **Examples of most recent development contributions to the HTF:**
 - 1.) 435 Madison Street (\$550,000 on 11.02.21);
 - 2.) 835 Lake Street (\$1,000,000 on 2.8.22); and
 - 3.) Porter Development (\$1,600,000 on 4.4.22).
- **There is no qualifying development currently in the planning stages.**



Potential New Additional Revenue Sources for the Housing Trust Fund

Potential New Revenue Sources for the Housing Trust Fund

Increase to Hotel/Motel Tax

- Currently the Village's hotel/motel tax is 4% and the Village realized \$225,000 in 2022 and will realize approximately \$252,300 in 2023.
- This tax can be increased by Board action.
- The Village gave \$175,000 of this tax revenue to Visit Oak Park in 2023. The proposed 2024 budget request from Visit Oak Park is \$209,042.
- If the Village systematically and gradually raises the hotel/motel tax over a period of years, then the additional revenue generated, above the 2024 Visit Oak Park request (\$209,042), could be designated to support the Housing Trust Fund. The assumption would be that Visit Oak Park funding would top-out permanently at the designated 2024 request amount.
- Over 10 years, based on 2022/23 receipts, the 2024 Visit Oak Park funding request amount remaining constant and the new hotel opening in 2026, this new funding source could equal between \$970,620 to \$1,001,599, depending on the tax increase scenario supported.

Potential New Revenue Sources for the Housing Trust Fund

Current Hotel Motel Tax Rate in Neighboring Communities

Bolingbrook	10%
Schaumburg	8.0%
Evanston	7.5%
Skokie	7.5%
Tinley Park	7.0%
Rosemont	7.0%
Des Plaines	7.0%
Glenview	6.0%
Hoffman Estates	6.0%

Naperville	5.5%
Hillside	5.0%
Franklin Park	5.0%
Arlington Heights	5.0%
Bridgeview	5.0%
Westmont	5.0%
Downers Grove	4.5%
Elmhurst	4.0%
Oak Park	4.0%

Potential New Revenue Sources for the Housing Trust Fund

Potential Gradual Increase of Hotel / Motel Tax – 4 to 7.5%

**Reflecting New Hotel in 2026*

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	4%	5%	5%	6%	6%	7%	7%	7.5%	7.5%	7.5%	7.5%
Annual Estimated Return (Existing increase with natural growth)	252,300	254,823	257,371	268,484	279,709	291,046	302,497	314,062	325,742	337,540	349,455
Increase Resulted from the Tax Increase	-	2,523	2,574	5,370	5,594	8,731	9,074	10,992	11,401	11,814	12,231
Visit Oak Park Funding	175,000	209,042	209,042	209,042	209,042	209,042	209,042	209,042	209,042	209,042	209,042
Housing Trust Fund Support	-	48,304	50,902	64,812	76,261	90,736	102,530	116,012	128,101	140,312	152,644

Potential New Revenue Sources for the Housing Trust Fund

Potential Gradual Increase of Hotel / Motel Tax – 4 to 7%

**Reflecting New Hotel in 2026*

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	4%	5%	5%	6%	7%	7%	7%	7%	7%	7%	7%
Annual Estimated Return (Existing increase with natural growth)	252,300	254,823	257,371	271,945	283,205	294,578	306,065	317,667	329,384	342,219	353,173
Increase Resulted from the Tax Increase	-	2,523	5,147	8,158	8,486	8,837	9,182	9,530	9,881	10,236	10,595
Visit Oak Park Funding	175,000	209,042	209,042	209,042	209,042	209,042	209,042	209,042	209,042	209,042	209,042
Housing Trust Fund Support	-	48,304	53,476	71,061	82,660	94,373	106,205	118,155	130,224	142,414	154,726
TOTAL ESTIMATED SUPPORT IN 10 YEARS - \$1,001,500											

Potential New Funding Sources for the Housing Trust Fund

Amount of Taxes Paid Based on Current Averaged Hotel and B & B Rates

Location of Oak Park Accommodation	4%	5%	Difference	6%	Difference	7%	Difference	7.50%	Difference
Bed & Breakfast (Averaged Rate = \$311/Night)	12.44	\$15.55	\$3.11	\$18.66	\$6.22	\$21.77	\$9.33	\$23.33	\$10.89
Hotel (Averaged Rate = \$197/Night)	7.88	\$9.85	\$1.97	\$11.82	\$3.97	\$13.79	\$5.91	\$14.78	\$6.90

Additionally, any Oak Park Hotels, B & B and AirBnB type Rentals Must Pay a State of Illinois Hotel Operators Occupation Tax of 6% of 94 percent of gross receipts.

Potential New Revenue Sources for the Housing Trust Fund

Increase in Real Estate Transfer Tax

- This funding option needs voter approval. It must be done by referendum by a home rule municipality and there must be a public hearing on the proposed increase prior to adoption of the resolution for the referendum.
- The Village's **current rate is \$8.00** for every \$1,000 or fraction thereof and it is paid by the seller. (Oak Park Village Code at Sec. 23A-1-2 - There is no maximum statutory rate).
- Total transfer tax collections: '22 - \$5,197,099; '21 - \$4,499,788; '20 - \$4,175,300; '19 - \$ 3,237,156; and '18 - \$4,298,368.
- If the transfer tax was **increased \$1 to \$9.00 or gradually increased to \$10 over a period of years**, for every \$1,000 or fraction thereof, and the additional increase was dedicated to the Housing Trust Fund, over ten years, this increase would raise **\$5,854,710 to \$7,134,710** depending on the increase scenario supported.

Potential New Revenue Sources for the Housing Trust Fund

Current Real Estate Transfer Tax in Neighboring Communities

Schaumburg	\$1 per \$1,000
Des Plaines	\$2 per \$1,000
Skokie	\$3 per \$1,000
Hoffman Estates	\$3 per \$1,000
Naperville	\$3 per \$1,000
Evanston	\$5 per \$1,000
Bolingbrook	\$7.50 per \$1,000
Hillside	\$7.50 per \$1,000
Oak Park	\$8 per \$1,000
Berwyn	\$10 per \$1,000
Cicero	\$10 per \$1,000

Potential New Revenue Sources for the Housing Trust Fund

Potential \$1 Increase of Real Estate Transfer Tax

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<i>Rate for every \$1,000</i>	\$8	\$8	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9
Estimated Collection (Reflecting a 1% increase)	5,797,099	6,297,099	6,797,099	7,297,099	7,797,099	8,297,099	8,797,099	9,297,099	9,797,099	10,297,099	10,797,099
General Fund Support	5,797,099	6,297,099	6,234,128	6,729,128	7,224,128	7,719,128	8,214,128	8,709,128	9,204,128	9,699,128	10,194,128
Housing Trust Fund Support	-	-	562,971	567,971	572,971	577,971	582,971	587,971	592,971	597,971	602,971
TOTAL ESTIMATED SUPPORT IN 10 YEARS : <u>\$5,854,710</u>											

Potential New Revenue Sources for the Housing Trust Fund

Potential Gradual Increase of Real Estate Transfer Tax

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<i>Rate for every \$1,000</i>	\$8	\$8	\$8	\$8.50	\$8.50	\$9	\$9	\$9.50	\$9.50	\$10	\$10
Estimated Collection (Reflecting a 1% increase)	5,797,099	6,247,099	6,747,099	7,297,099	7,847,099	8,447,099	9,047,099	9,697,099	10,347,099	11,047,099	11,747,099
General Fund Support	5,797,099	6,297,099	6,184,628	6,679,628	7,224,128	7,768,628	8,362,628	8,956,628	9,600,128	10,243,628	10,936,628
Housing Trust Fund Support	-	-	562,471	617,471	622,971	678,471	684,471	740,471	746,971	803,471	810,471

TOTAL ESTIMATED SUPPORT IN 10 YEARS : \$7,134,710

Potential New Funding Sources for the Housing Trust Fund

Transfer Tax Amount Based on Home Sale Price

Home Sale Price	\$8 / \$1,000	\$8.50 / \$1,000	<i>Difference</i>	\$9 / \$1,000	<i>Difference</i>	\$9.50 / \$1,000	<i>Difference</i>	\$10 / \$1,000	<i>Difference</i>
\$200,000	\$1,600	\$1,700	\$100	\$1,800	\$200	\$1,900	\$300	\$2,000	\$400
\$300,000	\$2,400	\$2,550	\$150	\$2,700	\$300	\$2,850	\$450	\$3,000	\$600
\$400,000	\$3,200	\$3,400	\$200	\$3,600	\$400	\$3,800	\$600	\$4,000	\$800
\$500,000	\$4,000	\$4,250	\$250	\$4,500	\$500	\$4,750	\$750	\$5,000	\$1,000
\$600,000	\$4,800	\$5,100	\$300	\$5,400	\$600	\$5,700	\$900	\$6,000	\$1,200
\$700,000	\$5,600	\$5,950	\$350	\$6,300	\$700	\$6,650	\$1,050	\$7,000	\$1,400
\$800,000	\$6,400	\$6,800	\$400	\$7,200	\$800	\$7,600	\$1,200	\$8,000	\$1,600
\$900,000	\$7,200	\$7,650	\$450	\$8,100	\$900	\$8,550	\$1,350	\$9,000	\$1,800
\$1,000,000	\$8,000	\$8,500	\$500	\$9,000	\$1,000	\$9,500	\$1,500	\$10,000	\$2,000

Potential New Revenue Sources for the Housing Trust Fund

Demolition Tax

- Make the Village Demolition Tax a \$5,000 flat fee and dedicate the entire fee to the Housing Trust Fund.
- This fee can be increased by Board action.
- Past demolitions over the past four years : '22 - 2; '21 - 2; '20 - 3; and '19 - 4.
- Over 10 years an increase to the demolition permit fee could raise **\$150,000** in additional funding to the HTF.

Potential New Revenue Sources for the Housing Trust Fund

Demolition Tax in Neighboring Communities

Evanston	\$10,000 per building or \$3,000 per unit, whichever is greater
Lake Forest	\$12,000 for a single-family & two unit buildings, or \$6,000 per unit
Highland Park	\$10,000 per building or \$3,000 per unit, in addition to a \$750 permit fee
Oakbrook Terrace	\$5,000 flat fee
Westmont	\$2,500 flat fee
Clarendon Hills	\$2,511 flat fee
Elmhurst	\$2,279 permit fee and \$1,000 refundable deposit
Oak Park	\$0.35 per square foot per building (Example: 2,000sqft = \$700; 3,000sqft = \$1,050; 4,000sqft = \$1,400)

Potential New Funding Sources for the Housing Trust Fund

Potential Increase in Demolition Tax to \$5,000 Flat Fee

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<i>Single Family Demolitions</i>	3	3	3	3	3	3	3	3	3	3	3
New Demolition Tax	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Housing Trust Fund Support	-	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000

TOTAL ESTIMATED SUPPORT IN 10 YEARS : \$150,000

Potential New Revenue Sources for the Housing Trust Fund

Increase Multi-Family (4 or more units) Licensing Fee

- Currently, this fee is \$20 per unit and the existing fee has been this rate since 2009.
- This fee can be increased by Board action.
- Total year-end licensing fee numbers:
 - 2022 – 5,258 units 2019 – 1,914 units
 - 2021 – 3,624 units 2018 – 2,579 units
 - 2020 – 3,412 units
- If the multi-family licensing fee was **increased 50%** to **\$30** and the additional **\$10 increase** was dedicated to the Housing Trust Fund, over ten years, this increase could equal approximately **\$335,740** in potential funding to the HTF.

Potential New Revenue Sources for the Housing Trust Fund

Increase Multi-Family (3 or less) Licensing Fee

- Currently, this fee is \$10 per unit and the fee has been in place, at this rate, since 2015. This fee can be increased by Board action.
- Total year-end licensing fee numbers:
 - 2022 – 197 units
 - 2021 – 240 units
 - 2020 – 254 units
 - 2019 – 128 units
 - 2018 – 163 units
- If the licensing fee was **increased 50%** to **\$15** per unit and the additional **\$5 increase** was dedicated to the Housing Trust Fund, over ten years, this increase could equal approximately **\$9,820** in potential funding to the HTF.

Potential New Revenue Sources for the Housing Trust Fund - Summary

Summary of Revenue Generated, Over a Ten Year Period, from the Potential Options, as Presented.

- Potential increase to hotel/motel tax: \$970,620 to \$1,001,599.
- Potential demolition tax: \$150,000.
- Potential 50% increase to multi-family licensing fee – 4 or more units: \$335,740.
- Potential 50% increase to multi-family licensing fee – 3 or less units: \$9,820.
- Potential increase to RE transfer tax: \$5,854,710 to \$7,134,710.
- Summary of estimated revenue raised from all five options, over ten year period, as presented: \$7,320,890 to \$8,631,869.



Village Board Direction

Village Board Direction

- **On Potential New Funding Sources for the Housing Trust Fund for Staff to prepare ordinances for Village Board consideration.**



Questions?