

# Memo

To: Lisa Shelley, Interim Village Manager  
From: Tammie Grossman, DCS Director  
CC: Paul Stephanides, Village Attorney  
Date: October 18, 2021  
Re: Affordable Housing Trust Fund

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**History of the funding and allocations of the affordable housing fund:**

In 2004, the Village entered into a Redevelopment Agreement for the Whiteco apartment building in downtown Oak Park. As part of that agreement, the Village received a total of **\$400,000** in a series of contributions starting with a \$50,000 contribution as part of the land transfer in 2005 and the final payment was paid upon the issuance of a final certificate of occupancy. The \$400,000 is the first contribution towards a dedicated funding source for affordable housing.

As part of the 2013, 2014, 2015, 2016, 2017, 2021 and 2022 budgets, the Village Board authorized the funding to the Oak Park Housing Authority to be allocated from the dedicated affordable housing funding for a total of **\$225,000**. Staff is requesting direction from the Board on if this expense should continue to be deducted from the dedicated funding for affordable housing as part of the 2022 budget process.

Thereafter, the Village Board entered into a series of negotiated redevelopment agreements for various Village owned parcels and directed a portion of the fund proceeds to be dedicated funding for affordable housing.

On January 9, 2016, the Village contributed **\$280,000** of the sale proceeds for the property located at 708-714 Lake Street (District House) to the dedicated funding for affordable housing.

On June 23, 2017, the Village contributed **\$744,291** of the sale proceeds for the property located at 323-329 Harlem Ave (Lincoln Properties) to the dedicated funding for affordable housing.

On September 25, 2017, the Village Board directed staff to initiate a Request for Proposal process to determine the appropriate disposition of the monies held in the affordable housing fund.

On April 25, 2018, Housing Programs Advisory Commission (HPAC) reviewed the proposals received in Response to the Request for Proposals and supported staff's funding recommendations. In evaluating proposals, staff and HPAC relied on an April 2012 report Homes for a Changing Region which provided an overview of the Village's housing market and outlined the housing types that would be needed over the next 10 years based on income levels. The Village partnered with our neighboring communities of Bellwood, Berwyn, Forest Park and Maywood in the creation of that report. The report can be found at [www.oak-park.us/westcookhousing](http://www.oak-park.us/westcookhousing). The report has very detailed information about types of housing needed in the Village based on population forecasts.

On July 30, 2018, the Village Board reviewed and approved the funding recommendations made by staff and the Housing Programs Committee (HPAC).

On August 28, 2018, the Village contributed **\$210,000** of the sale proceeds for the property located at 940-970 Madison (Lexington Homes, LLC) to the dedicated funding for affordable housing.

On September 4, 2018, A Resolution Approving a Funding Grant Agreement between the Village of Oak Park and Housing Forward, Inc. in the Amount of **\$230,000** for the Operation of a Flexible Rental Assistance Fund and Authorizing Its Execution. This grant has been completely expended.

On September 4, 2018, A Resolution Approving a Funding Grant Agreement between the Village of Oak Park and Housing Forward in the Amount of **\$268,108** for the Operation of an Interim Housing Program Located at 324 North Austin Boulevard and Authorizing Its Execution. Staff is projecting a carry forward of \$133,166 for budget year 2022.

On September 4, 2018, motion direct staff to draft inclusionary housing ordinance.

On November 5, 2018, A Resolution Approving a Funding Grant Agreement between the Village of Oak Park and the TCB Oak Park LLC in the Amount of **\$500,000** for the Redevelopment of a Vacant Lot at 809 S. Oak Park Ave., Oak Park, Illinois and Authorizing Its Execution as Directed at the September 25, 2017 Special Meeting. The Village has paid these funds to TCB Oak Park LLC.

On February 3, 2020, A Resolution Approving a Funding Grant Agreement in the Amount of **\$260,000** with Icon Clark, LLC Consistent with the Recommendation of the Oak Park Economic Development Corporation (Oak Park EDC) and Authorizing its Execution. Staff is projecting that these funds will be disbursed in FY 2022 and is showing it as an expenditure.

As of December 31, 2022, staff is projecting that there will be approximately **\$116,183** in the affordable housing fund.

#### **Anticipated Future Contributions:**

On March 11, 2019, the Village Board adopted an Inclusionary Housing Ordinance requiring developments of 25 units or more of rental housing or attached single family dwelling units (townhomes) to include 10% affordable units or pay a fee in-lieu of \$100,000 per unit. The following developments have been subject to the inclusionary housing ordinance and are expected to contribute the following amounts upon final certificate of occupancy:

Madison Apartments – 435 Madison- Spring 2023	\$ 550,000
Lake Street Apartments -835 Lake St – Summer 2023	\$1,000,000
Focus Development- 203 Marion – Fall 2024	\$1,590,000

Assuming no additional expenditures or contributions, at the end of FY2024, there will be approximately \$3,326,183.

#### **Housing Trust Fund Considerations:**

In 2011, the Village completed an Analysis of Impediments to Fair Housing and Fair Housing Action. As a Community Development Block Grant (CDBG) entitlement community, we were required to take complete an Analysis of Impediments (AI) to consider how the community could take steps to affirmatively further fair housing. One of the recommendations in the report was the adoption of an Inclusionary Housing ordinance and the creation of an Affordable Housing Trust Fund. It is important to note that the AI did not recommend a formal structure for the Affordable Housing Trust Fund and there are different alternatives that the Board could consider which would meet the intent of the recommendation.

At the time of the 2011 AI report, the Village Board did not elect to create an Inclusionary Housing Ordinance and instead focused on the negotiated contributions as part of the redevelopment agreement process. After securing the contributions from the development projects, the Village Board then decided to engage in a Request for Proposal process to allocate the funds currently held by the Village. Simultaneously, the Village Board directed staff to prepare the Inclusionary Housing Ordinance for review.

As presented in the FY2022 Budget, the affordable housing fund is shown as a separate special revenue fund with a detailed overview in the budget. Staff believes that this is an important first step in the creation of a

transparent process for review of the contributions and expenditures in the funding designated for affordable housing. There are many different ways to handle the fund going forward.

One option is to separate the funds on an accounting basis as special revenue fund in the budget like the Village's Sustainability Fund. Once there are sufficient funds to distribute, the Board could direct staff to issue a Request for Proposals and follow the process previously followed that included review by the Housing Programs Advisory Committee (HPAC) and final approval by the Village Board. This is similar to how Evanston, St. Charles and Highland Park handle their affordable housing funds. Staff supports this model.

Another option is to create an entirely separate governing structure like the Chicago Low-Income Housing Trust fund with a separate governing body and staff. The Chicago Trust Fund has a separately appointed Board of Directors and City Planning and Development staff provide administrative support. This type of structure would have additional legal requirements and costs. Staff does not support this option.

Once the Village Board has decided the type of governing structure, Village staff would present an ordinance to the Village Board for review and approval codifying the creation of the separate affordable housing trust fund. Additionally, the ordinance would specify eligible funding criteria and outline the process for funding recommendations to the Village Board which is similar to the other Illinois communities with such a fund.

The ordinance could be presented in early 2022 and could also be a part of the Board's conversation in the first quarter of the year discussing affordable housing goals. The Metropolitan Mayors Caucus (MMC) recently announced that they will be funding in partnership with the Illinois Housing Development Authority (IHDA) updates to existing Homes for a Changing Region reports as well as providing reports for new communities. Village staff submitted a request to MMC for an update to the Village's Home for a Changing Region report using 2020 census information. We are hopeful that our request will be approved and we will be able to provide the Board with updated numbers as part of its conversation related to its affordability goal in the first quarter of 2022. An updated Homes for a Changing Region report will contain data to show the projected housing needs of the community over the next ten years.