Housing Trust Fund Presentation

Oak Park Board of Trustees

Study Session

February 13, 2023

Housing Trust Fund – Presentation Overview

- Update on Affordable Housing Study
- Eligible Activities that Qualify for Housing Trust Fund Funding
- Six (6) Affordable Housing Project Proposals
- Housing Programs Advisory Committee's (HPAC) Funding Recommendations
- Anticipated Future Developer Contributions to the Housing Trust Fund
- Potential New Funding Sources for the Housing Trust Fund
- Village Board Direction

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Update on Affordable Housing Study

Update on Affordable Housing Study

- **April 2012 – Current Report for Homes for a Changing Region***

- **April 2022 – Staff presented to the Board an overview of Oak Park's Affordable Housing Status**

- **February 2023 – Village Board approved a contract with Metropolitan Mayors Caucus for a revised Homes for a Changing Region Report**

* See "Attachment A" for the report

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Eligible Activities that Qualify for Housing Trust Fund Funding

Eligible Activities that Qualify for Housing Trust Fund Funding

- Production of affordable housing
- Weatherization of dwelling units
- Emergency repairs of dwelling units
- Financial assistance to rent dwelling units
- Financial assistance to purchase dwelling units
- Financial assistance to preserve and/or maintain existing affordable housing

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Eligible Activities that Qualify for Housing Trust Fund Funding (Continued)

- Grants or loans to not-for-profit organizations that are actively engaged in addressing the housing needs of eligible households
- Acquisition and disposition, including, without limitation, vacant land, single family homes, multi-unit buildings and other existing structures that may be used in whole or part to provide affordable housing

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Six (6) Affordable Housing Project Proposals

Six Affordable Housing Project Proposals

Housing Forward - Crisis Housing and Rental Supports for Families and Transitioned Aged Youth*

- Serve unsheltered transition-aged youth and families
- Locations: 12 W Washington Blvd. and 232 N Euclid Ave, future sites TBD
- $658,082 requested over 3 years

* See “Attachment B” for the proposal

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Six Affordable Housing Project Proposals

Oak Park Homelessness Coalition - Flexible Rental Assistance Program (FRAP)*

- Households below 50% AMI
- Serve an estimated 60 households per year
- $251,341 requested over 2 years

* See "Attachment C" for the proposal

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Six Affordable Housing Project Proposals

Oak Park Regional Housing Center - Live in Oak Park Capacity Building*

- Hire a Grants Manager (Full-Time)
- Hire an Office Manager (Full Time)
- $200,000 requested

Also Requested

- Cash Flow Assistance
- $150,000 low-cost loan requested

* See “Attachment D” for the proposal

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Six Affordable Housing Project Proposals

Oak Park Residence Corporation – Condo Deconversion and Affordability*

- Acquire 8-10 units of condominium housing
- De-convert into affordable multi-family rental
- $450,000 requested

* See “Attachment E” for the proposal

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Affordable Housing Project Proposals Received

West Cook YMCA - West Cook YMCA Housing Renovation Initiative*

- Renovation of housing units (60%)
- Elevator Renovation (20%)
- Housing Rental Assistance (20%)
- $125,000 requested

* See "Attachment F" for the proposal

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Housing Programs Advisory Committee's (HPAC) Funding Recommendations

Housing Programs Advisory Committee's (HPAC) Funding Recommendations

APPLICANT	Total Amount Requested
Housing Forward	$658,082.00
Oak Park Homelessness Coalition	$251,341.00
Oak Park Regional Housing Center (Grant)	$200,000.00
Oak Park Regional Housing Center (Loan)	$150,000.00
Oak Park Residence Corporation	$450,000.00
West Cook YMCA	$125,000.00
TOTAL AMOUNT REQUESTED	$1,834,423.00
Housing Trust Fund Amount*	**$3,266,183.00**
Amount requested	$1,834,423.00
Remaining Funds	**$1,431,760.00**

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* Source: 2023 Adopted Budget

Anticipated Future Developer Contributions To The Housing Trust Fund

Anticipated Future Developer Contributions To The Trust Fund

- No project currently in the planning stages has indicated that they will be making a contribution to the Village's Housing Trust Fund

- One developer has indicated their intent to put affordable housing units in its project utilizing Illinois' new Property Tax Relief Program*

* See "Attachment G"

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Potential New Funding Sources for the Housing Trust Fund

Potential New Funding Sources for the Housing Trust Fund

- Hotel/Motel Tax – Currently the Village's hotel/motel tax is 4% realizing an annual estimated return (2022) of $225,000.
- The Village donates $175,000 of this tax revenue to Visit Oak Park to promote tourism.
- Going forward, if the tourism donation remains at $175,000 annually and if the Village raises the hotel/motel tax 1% to 5%, the amount of revenue generated, above the tourism donation, would equal $106,250. This amount, anything over $175,000, could be designated to support the Housing Trust Fund.
- This tax can be increased by Board action.
- Over 10 years, based on 2022 receipts, this new funding source could equal approximately $1,062,500.

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Potential New Funding Sources for the Housing Trust Fund

- Demolition Tax – Add a $5,000 Housing Trust Fund Support Fee to any single-family demolition permit issued in the Village. The revenue from this new fee would be transferred into the Housing Trust Fund.
- This fee can be increased by Board action.
- Past demolitions by year: 2022 - 2; 2021 - 2; 2020 - 3; 2019 - 4; and 2018 7. A total of 18 single-family demolitions occurred over the past five years.
- Over 10 years, based on five years of data shown above, this new funding source could equal approximately $200,000.

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Potential New Funding Sources for the Housing Trust Fund

- Increase Multi-Family (4 or more units) Licensing Fee – Currently, this fee is $20 per unit and the fee has been in place, at this rate, since 2009. In 2021 the rate was reduced to $10 per unit.
- This fee can be increased by Board action.
- Total year-end licensing fee numbers and collections by year:
  - 2022 – 5,258 units
  - 2021 – 3,624 units
  - 2020 – 3,412 units
  - 2019 – 1,914 units
  - 2018 – 2,579 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.

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Potential New Funding 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 and collections by year:
  - 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 would equal approximately $9,820.

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Potential New Funding 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 current rate is $8.00 for every $1000 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 year-end transfer tax collections, by year: 2022 - $5,197,099; 2021 - $4,499,788; 2020 - $4,175,300; 2019 - $ 3,237,156; and 2018 - $4,298,368.
- If the transfer tax was increased $1 to $9.00 for every $1,000 or fraction thereof and the additional $1.00 increase was dedicated to the Housing Trust Fund, based on the five year history above, over ten years, this increase would raise approximately $5,353,111.

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Potential New Funding Sources for the Housing Trust Fund - Summary

- Summary of revenue generated, over a ten year period, from the potential options, as presented.
  - ✓ Potential 1% increase to hotel/motel tax: $1,062,500.
  - ✓ Potential Demolition tax: $200,000.
  - ✓ Potential 50% increase to multi-family licensing fee - four or more units: $335,740.
  - ✓ Potential 50% increase to multi-family licensing fee - three or less units: $9,820.
  - ✓ Potential $1/$1000 increase to real-estate transfer tax: $5,353,111.
- Summary of estimated revenue raised from all five options, over ten year period, as presented: $6,961,171.

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Village Board Direction

Village Board Direction

- On Housing Programs Advisory Committee's (HPAC) Funding Recommendations
- On Potential New Funding Sources for the Housing Trust Fund

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Questions?