St. Charles Housing:
Today and in the Future
EXECUTIVE SUMMARY

In 2004, the City of St. Charles formed a partnership with the Metropolitan Planning Council to assist with the development and implementation of a Housing Action Plan. This partnership spurred the formation of the MPC St. Charles Housing Task Force, which has provided technical assistance and expertise to this process. Members of the task force have backgrounds in finance, development, affordable housing law, community outreach, and urban planning. Responding to the city’s desire to coordinate the development of affordable homes with the private market, the task force is offering an array of options to assist St. Charles with its action plan. The task force’s research has found that the St. Charles’ housing challenge has significant future impact on the city’s economic stability, and as such, progress should be made without delay.

The task force’s leading recommendation for the city is to create a St. Charles Housing Commission charged with planning for, prioritizing and implementing housing policies. Although several recommendations can and should be implemented in advance of the commission’s formation, there are a variety of resources and policy components to consider once the city has defined its housing priorities. This type of work is most effectively carried out through a commission that is comprised of both public officials and community members, so that the commission’s policies and programs address both the city’s and the public’s priorities and concerns. MPC will support the commission and other elected and appointed city officials with training on the Sensible Tools for Healthy Communities workbook, which will help them to ask important questions and make sound planning decisions that adhere to the Housing Endorsement Criteria, which were adopted by the City of St. Charles in 2002 (see Appendix A).

The policy options presented in this document are designed to address three overarching goals affecting the City of St. Charles.

GOAL 1: Preserve the existing affordable housing stock.

GOAL 2: Encourage and channel market forces to build new homes that meet the Housing Endorsement Criteria.

GOAL 3: Develop programs that will assist in accessing and linking new opportunities at the local, state and federal levels.

The task force has developed this report to provide a brief background the housing work that has been undertaken in St. Charles since 2002, a summary of key research findings, and several policy options under each goal, including definitions and policy examples. The MPC St. Charles Housing Task Force hopes the city will use this resource to tap the many tools available to advance its housing policy goals. MPC is available to assist the city in moving forward in its action plan through additional technical assistance, trainings, and community outreach and education.

1 The St. Charles City Council established a housing commission in December 2005 and appointed seven commissioners in February 2006.
ABOUT THIS TECHNICAL REPORT

This technical report is intended to provide the City of St. Charles with a range of tools it can pick and choose from to advance its housing goals and Housing Endorsement Criteria. The initial pages of this report provide useful background, followed by a more focused assessment of which tools advance specific city goals (related to housing preservation and production, as well as to financial leveraging and ensuring long-term sustainability). For the readers’ convenience, the task force has provided expanded definitions of these options in the glossary section. Finally, the resources and sample ordinances listed in the Appendix can be found at www.metroplanning.org.

Since first engaged by St. Charles, the task force has been impressed by the city’s dedication to its housing stock, and remains available as a resource for advancing innovative housing policy, preservation and production in the future.
# MPC ST. CHARLES HOUSING TASK FORCE POLICY OPTIONS AND TIMELINE

<table>
<thead>
<tr>
<th>INCREASE ORGANIZATIONAL CAPACITY</th>
<th>PRESERVE EXISTING HOUSING STOCK</th>
<th>ENCOURAGE AND REGULATE NEW DEVELOPMENT</th>
<th>ACCESS AND LINK NEW OPPORTUNITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Near-Term Options</strong>&lt;br&gt; (six months-one year)</td>
<td><strong>Near-Term Options</strong>&lt;br&gt; (six months-one year)</td>
<td><strong>Near-Term Options</strong>&lt;br&gt; (six months-one year)</td>
<td><strong>Near-Term Options</strong>&lt;br&gt; (six months-one year)</td>
</tr>
<tr>
<td>• Establish St. Charles Housing Commission (pg.10)</td>
<td>• Survey and convene current owners to explore strategies (pg.9)</td>
<td>• Adopt an Inclusionary Housing Ordinance (pg.10)</td>
<td>• Conduct community outreach (pg.11)</td>
</tr>
<tr>
<td>• Identify and implement immediate policy objectives from options below</td>
<td>• Create Housing Trust Fund (pg.9)</td>
<td>• Create a Housing Trust Fund (pg.9)</td>
<td>• Expand Employer Assisted Housing (pg.11)</td>
</tr>
<tr>
<td></td>
<td>• Advocate for county property tax relief program (pg.9)</td>
<td>• Identify potential sites for future use of Neighborhood Incentive Package (pg.10)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Work with DuPage and Aurora housing authorities on intergovernmental agreement to allocate subsidies (pg.9)</td>
<td>• Advocate for county property tax relief program (pg.11)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Create a tear-down fee structure (pg.9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Intermediate-Term Options</strong>&lt;br&gt; (one–two years)</td>
<td><strong>Intermediate-Term Options</strong>&lt;br&gt; (one–two years)</td>
<td><strong>Intermediate-Term Options</strong>&lt;br&gt; (one–two years)</td>
<td><strong>Intermediate-Term Options</strong>&lt;br&gt; (one–two years)</td>
</tr>
<tr>
<td>• Research policy tools</td>
<td>• Provide financial incentives and rehabilitation assistance for existing rental stock (pg.9)</td>
<td>• Explore other land use tools such as a community land trust, cooperative housing models, and nonprofit development partnership (pg.11)</td>
<td>• Create first-time homebuyer program (pg.11)</td>
</tr>
<tr>
<td>• Oversee immediate policy objectives</td>
<td>• Enact Condo Conversion Ordinance (pg.9)</td>
<td></td>
<td>• Conduct community outreach (pg.11)</td>
</tr>
<tr>
<td></td>
<td>• Partner with an experienced multi-family housing developer to rehab deteriorated housing stock (pg.10)</td>
<td></td>
<td>• Leverage state/federal resources (pg.11)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Site specific Technical Assistance Panel (TAP) (pg.10)</td>
</tr>
<tr>
<td><strong>Long-Term Options</strong>&lt;br&gt; (&gt; two years)</td>
<td><strong>Long-Term Options</strong>&lt;br&gt; (&gt; two years)</td>
<td><strong>Long-Term Options</strong>&lt;br&gt; (&gt; two years)</td>
<td><strong>Long-Term Options</strong>&lt;br&gt; (&gt; two years)</td>
</tr>
<tr>
<td>• Implement long-term objectives and oversee housing policies and programs</td>
<td>• Formalize existing partnership with nonprofit or establish a local Multi-Family Housing Development organization (pg.10)</td>
<td>• Implement Neighborhood Incentive Package (pg.9)</td>
<td>• Conduct community outreach (pg.11)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Review and update annexation policy to condition growth “at the boundaries” to meet the Housing Endorsement Criteria (pg.11)</td>
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</tr>
</tbody>
</table>
I.BACKGROUND
The City of St. Charles has made significant strides over the last three years in its efforts to promote the creation and preservation of housing affordable to the local workforce and other low-and moderate-income households. In 2002, the City Council adopted the Metropolitan Mayors Caucus Housing Endorsement Criteria, designed to promote well-built, well-designed homes near jobs and transportation and that are priced to meet the needs of various income levels. In 2003, the city created a small employer-assisted housing program, providing down payment assistance to municipal employees and demonstrating leadership on this issue to other municipalities and local employers.

Much of the city’s initial impetus for engaging in workforce housing issues came from lessons learned from the employer-assisted housing program launched by the local manufacturing plant System Sensor. Since then, this program and the subsequent leadership of the city have set an example that has informed many programs and policy shifts throughout the state. During this same period, in great part thanks to the voices of engaged mayors and employers, the state ramped up its leadership and commitment to affordable, workforce housing. In January 2005, the State of Illinois released Building for Success: Illinois’ Comprehensive Housing Plan, the first housing policy of its kind for the state. This plan has launched a multi-year agenda to promote affordability and choice, create and preserve the state’s supply of affordable and workforce housing, and engage more local and state leaders in advancing housing solutions for all Illinois families.

Building on the above activities and refining its own strategy, St. Charles city staff completed a housing needs assessment, which identified particular populations in need of affordable homes. MPC staff and Charles Buki of czbLLC consulting finalized supply and demand research, documenting the housing market today and in the future. Shubhra Govind, St. Charles senior planner, Robin Snyderman, and Charles Buki presented those finding to the City Council’s Planning and Development Committee on June 13, 2005. City staff also worked to test some of the recommendations that surfaced out of the May 7, 2004 MPC St. Charles Task Force meeting to begin generating best practices to share with the City Council. For example, staff negotiated affordable set-asides with developers doing work in St. Charles, and has a pipeline of over 100 units (that may or may not secure all necessary approvals to proceed). MPC also worked with Shubhra Govind to submit an application to the Illinois Housing Development Authority (IHDA) for funding to negotiate with developers to bring down the cost of market-rate units. IHDA is now reviewing this application.

Early in 2005, MPC met with Mayor Donald DeWitte to review the progress that has been made so far in the city and define a future plan of action. At this meeting, the mayor emphasized his commitment to ensuring that the policy tools and programs that are offered as options by the task force will motivate the private market to invest in housing that meets the Housing Endorsement Criteria and is affordable to the workforce.

When the Task Force met in May 2004, the objectives were to review the city’s goals and limitations, comment on the city’s zoning ordinance and comprehensive plan, and explore upcoming development opportunities as they relate to the production of affordable homes that meet the Housing Endorsement Criteria. At this meeting and in subsequent conversations, the city has requested that the task force address several questions and concerns in the menu of policy options.

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2 In 2005 and early 2006, the St. Charles City Council gave final approval for two developments, one 100 percent affordable and the other mixed-income, that will generate between 57-67 new affordable homes.
II. QUESTIONS AND CONCERNS PRESENTED TO THE MPC ST. CHARLES HOUSING TASK FORCE:

RESEARCH: What are the salient facts and figures that should guide the city’s action plan?

LAND USE POLICIES: What elements are essential to set down in policy given our limited resources and interest in accomplishing something beyond studying and planning? How do we get to a realistic implementation strategy when there seem to be so many possible approaches?

MIXTURE OF HOUSING TYPES: While attempting to preserve the character of older neighborhoods (some of which have moderately priced housing) with a balanced approach to teardowns, what should we “watch out for” in new policies to ensure we have reasonable opportunities for affordable housing? Are there innovative regulatory approaches that would fit our circumstances and policies? We need to address redevelopment as well as new development.

DISPERAL OF AFFORDABLE HOUSING: We want to make sure our community has an adequate supply of housing affordable to entry- and mid-level workers and other low and moderate income families, but we don’t want to concentrate or segregate people by income level. There should be a share of our housing stock that’s always affordable, and we don’t want it all in one spot.

CONSTRUCTION OF HOMES THAT MEET THE HOUSING ENDORSEMENT CRITERIA AND ARE AFFORDABLY PRICED: Typically developers come in and promise to build “upscale” housing because that’s what they think St. Charles will embrace. How do we attract developers that are willing to do something different? Has anyone had success with “mixed-income” developments in a smaller community setting?

ORGANIZATIONAL CAPACITY AND SUSTAINABILITY: Should we be considering forming a housing commission? There is some administrative concern over how many commissions we can staff. Is it better to form a task force that expires after a set of tasks is complete? Is there any feasibility or interest in piloting a sub-regional housing entity to pool efforts?

STATE AND FEDERAL RESOURCES: What financial incentives are available to the city to assist in the development and preservation of workforce housing? What financial incentives can be made available to developers?

MARKET DRIVEN CONSTRUCTION OF AFFORDABLE HOUSING: What specific policy tools can we use to encourage the creation of new affordable homes?

PRESEVERATION OF EXISTING STOCK: St. Charles currently has a supply of affordable housing. How can we preserve and rehabilitate these homes?
III. RESEARCH FINDINGS

Supply and demand models run by MPC illustrate that the St. Charles housing market remains tight. According to the 2000 Census, 179 units, less than two percent of the housing stock, are available for-sale and 317 units, less than three percent of the housing stock, are available for-rent. Demand is outpacing supply. St. Charles has added significantly more single-family homes to its housing stock than multi-family, making it difficult to find smaller homes, town homes and condominiums. Although St. Charles is not yet facing a housing affordability crisis, that housing which is affordable now is unlikely to be affordable in 2010 due to home prices rising faster than incomes.

The most severely underserved populations in St. Charles are households earning less than $50,000, households earning $100,000-$124,999, and households earning more than $200,000. While the private market will respond to the demand by households earning over $200,000 annually, the city must work to address these other income groups. If recent trends continue, household incomes in St. Charles will rise significantly slower than city property values (by just 3 percent annually versus roughly 10 percent). As a result, for-sale housing will become increasingly unaffordable to working families. Projections show that only two percent of the housing stock will be affordable to these workers in 2010. In order to curtail this trend, St. Charles will need to preserve and add approximately 480 affordable for-sale homes (or 120 homes annually) and 481 affordable rentals.

ST. CHARLES HOMES NEEDED BY 2010
(either preserved from current stock or new)

- 96 ownership units priced between $116,000-$138,000 or 24 homes per year
- 72 ownership units priced between $138,000-$184,000 or 18 homes per year
- 72 ownership units priced between $184,000-$230,000 or 18 homes per year
- 240 ownership units priced between $230,000-$280,000 or 60 homes per year
- 130 rental homes at $338 per month serving 14 percent AMI or 33 homes per year
- 112 rental homes at $938 per month serving 39 percent AMI or 28 homes per year
- 101 rental homes at $1,425 per month serving 59 percent AMI or 25 home per year
- 138 rental homes at $2,000 per month serving 83 percent AMI or 35 homes per year
- 152 rental homes serving above 83 percent AMI per month or 38 homes per year

In 2005, according to the Center for Housing Policy, the Chicago region’s median cost of housing is $230,000. In St. Charles, according to 2003 data from the Multiple Listing Service of Northern Illinois, the median home sales price in 2003 was $325,000 for detached single-family homes and $204,900 for attached single-family homes. To afford these prices, a family would have to earn $70,000-80,000 annually. Many of the city’s most valued employees cannot afford these prices.

Recently, the St. Charles city staff completed a housing needs assessment that identified key sectors of the local population that are most affected by rising housing prices. The assessment found that the city’s own employees are being locked out of the housing market.
MUNICIPAL WORKERS AND TEACHERS IN ST. CHARLES

Median sales price figures of detached and attached homes were provided by the Multiple Listing Service of Northern Illinois Inc. (see Appendix D for sales figures of properties in St. Charles for 2002 and 2003). If the 2-1/2 times earnings rule is applied (a person can generally afford to buy a residence that is 2-1/2 times their annual earnings,) there are many municipal workers in St. Charles in 2002 that could not afford to buy a house, condominium or town home at the median sales price. Obviously, this rule does not take into account all the other variables that play into home ownership, but it does give a sense of the challenge to housing affordability.

In terms of whether a teacher working in St. Charles can afford to buy a home in St. Charles, it is evident from the information in Table 12 that a teacher could not afford to buy a single family home, a town home or a condominium on his/her salary alone. In terms of whether a teacher working in St. Charles can afford to buy a home in St. Charles, it is evident from the information in Table 12 that a teacher could not afford to buy a single family home, a town home or a condominium on his/her salary alone.

CAN A MUNICIPAL WORKER IN ST. CHARLES AFFORD TO BUY A HOME IN ST. CHARLES?

<table>
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<tr>
<th></th>
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<tbody>
<tr>
<td>Municipal Full Time Staff</td>
<td>$67,270.74</td>
<td>Can not afford</td>
<td>Can not afford</td>
<td>$168,178</td>
</tr>
<tr>
<td>Firemen</td>
<td>$69,573.83</td>
<td>Can not afford</td>
<td>Can not afford</td>
<td>$173,935</td>
</tr>
<tr>
<td>Policemen</td>
<td>$67,727.79</td>
<td>Can not afford</td>
<td>Can not afford</td>
<td>$169,320</td>
</tr>
<tr>
<td>Exempt (non-union) Employees</td>
<td>$81,808.56</td>
<td>Can not afford</td>
<td>Yes, can afford</td>
<td>$205,000</td>
</tr>
<tr>
<td>Non Exempt (non-union) employees</td>
<td>$49,370.18</td>
<td>Can not afford</td>
<td>Can not afford</td>
<td>$123,425</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>$43,214.40</td>
<td>Can not afford</td>
<td>Can not afford</td>
<td>$108,036</td>
</tr>
<tr>
<td>IBEW (Electric Utility Union) Employees</td>
<td>$86,981.53</td>
<td>Can not afford</td>
<td>Yes, can afford</td>
<td>$217,453</td>
</tr>
</tbody>
</table>

CAN A ST. CHARLES TEACHER AFFORD TO BUY A HOME IN ST. CHARLES?

<table>
<thead>
<tr>
<th>Type of Teacher</th>
<th>2003/2004 Salary</th>
<th>2003 Median Sales Price: $325,000 Detached Single Family Home</th>
<th>2003 Median Sales Price: $191,000 Attached Single Family Home</th>
<th>How much home can this teacher afford?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teacher (Average)</td>
<td>$49,000</td>
<td>Can not afford</td>
<td>Can not afford</td>
<td>$123,000</td>
</tr>
<tr>
<td>First Time Teacher with Bachelors with no additional hours</td>
<td>$31,575</td>
<td>Can not afford</td>
<td>Can not afford</td>
<td>$84,938</td>
</tr>
<tr>
<td>Teacher with bachelors with no additional hours</td>
<td>$37,966</td>
<td>Can not afford</td>
<td>Can not afford</td>
<td>$94,915</td>
</tr>
<tr>
<td>Teacher with bachelors with no additional hours</td>
<td>$50,083</td>
<td>Can not afford</td>
<td>Can not afford</td>
<td>$125,208</td>
</tr>
<tr>
<td>Teacher with Masters with no additional hours</td>
<td>$36,396</td>
<td>Can not afford</td>
<td>Can not afford</td>
<td>$90,990</td>
</tr>
<tr>
<td>Teacher with Masters with no additional hours</td>
<td>$44,732</td>
<td>Can not afford</td>
<td>Can not afford</td>
<td>$111,830</td>
</tr>
<tr>
<td>Teacher with Masters with no additional hours</td>
<td>$67,132</td>
<td>Can not afford</td>
<td>Can not afford</td>
<td>$167,830</td>
</tr>
</tbody>
</table>

Note: Median sales prices based on data available in 2003 from January 1 – October 17, 2003.
IV. POLICY OPTIONS

GOAL 1: PRESERVE THE EXISTING HOUSING STOCK

St. Charles can encourage the preservation and rehabilitation of its existing affordable housing. The city’s valuable affordable rental housing currently comprises approximately 73 percent of the total affordable housing stock in St. Charles, according to the Illinois Housing Development Authority. City resources, when available, can be directed towards maintaining existing affordable housing and securing replacement housing.

• Create Housing Trust Fund to invest in housing development and preservation that serves families earning 80 percent or less of the Area Median Income (AMI), which was $57,500 for a family of four in 2004 or less, with priority given to homes affordable to families earning 60 percent (45,240 for a family of four in 2004) or less of the AMI. This fund can be supported by a tear-down fee, a real estate transfer tax, tax-exempt bonds, in-lieu fees from an inclusionary housing policy and/or appreciation captured by resale covenants structured to gap finance home ownership for moderate income first-time buyers. This fund can be used for a wide range of programs, such as rehabilitation assistance, new construction, first-time homebuyer assistance, and rental assistance.

See Appendix B for sample fund
See Appendix C for affordability charts

• Advocate for county tax relief program to provide tax incentives for the rehabilitation and new construction multifamily rental buildings akin to what has worked under Cook County’s Class 9 program. The city should also work to educate property owners on the State Housing Opportunity Tax Incentive.

See Appendix D for sample program

• Implement a Condominium Conversion Ordinance that includes an affordable set-aside component. A conversion ordinance typically details the rights and responsibilities of the various parties involved in condo conversions, but can include an inclusionary housing clause that helps existing renters and other local residents access affordable homeownership opportunities within the new condo association.

See Appendix E for sample ordinance

• Create a tear-down fee structure coupled with zoning changes that limit the size of post-tear-down buildings to help preserve some single-family housing stock at an affordable range.

See Appendix F for sample ordinance

• Survey and convene current multi-family property owners to explore strategies for maintaining the existing housing stock.

• Work with DuPage County or Aurora housing authorities to create an intergovernmental Memorandum of Understanding (MOU), enabling the City to allocate operating subsidies to developments that meet the Housing Endorsement Criteria or otherwise access federal resources to advance local goals.

See Appendix G for model initiative

• Engage nonprofit housing development expertise. This can be done in a variety of ways, including tapping an existing nonprofit housing organization to perform tasks such as homebuyer training for a city-sponsored first-time homebuyer program. The city can work with an experienced nonprofit developer to rehabilitate rental properties, including purchasing new affordable homes that are created as part of an inclusionary housing policy, or come in as a partner on redevelopment efforts to ensure a percentage of affordable homes is built. The city can also look into creating its own nonprofit development organization to fill this role in the long-run, as other cities have done.

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1 As of January 2007, the date of this publication update, the City of St. Charles is in the process of drafting a housing trust fund ordinance for review and approval by the city council.
2 As of January 2007, the date of this publication update, the City of St. Charles has negotiated $1.5 million in an annexation agreement, $500,000 of which the Mayor has earmarked for a housing trust fund.
GOAL 2: ENCOURAGE AND CHANNEL MARKET FORCES TO BUILD NEW HOMES THAT MEET THE HOUSING ENDORSEMENT CRITERIA

According to the St. Charles Housing Endorsement Criteria, housing that is affordably priced should be dispersed throughout St. Charles and compatible with the surrounding community. St. Charles can establish policies that control land cost and minimize development fees and other associated project costs to ensure compatibility with the overall goal of affordable housing.

• Codify an Inclusionary Housing Ordinance that will formalize existing city procedures to ensure that 10 percent of new homes are affordable to families earning 80 percent of the AMI or less. Incentives provided to the developer as part of an inclusionary housing policy may include:
  • Density bonuses, where the developer is permitted to construct the affordable units and additional market-rate units beyond what is allowed under the current zoning ordinance
  • Expedited permitting
  • Modified design standards
  • Reduced Parking Requirements
  • Municipal Fee Waivers
  • In-lieu fee, where the developer has the option of paying into a Housing Trust Fund instead of building the affordable homes

See Appendix H

• Identify one or two areas in which to implement a Neighborhood Incentive District to provide a mixture of housing types with varied price ranges and densities to meet broader housing needs. Target redevelopment zones and priorities for new investment. Once a St. Charles Housing Commission is formed, the commission can work to identify these key areas.

See Appendix I for sample incentive package

• Host an Urban Land Institute/Campaign for Sensible Growth Technical Assistance Panel to engage regional experts on key parcels. Again, if a St. Charles Housing Commission is formed, the commission can work to identify these key districts.

• Maintain long-term affordability through mechanisms such as deed restrictions, equity partnerships, and/or right of first refusal to maximize the sustainability of any new St. Charles affordable housing stock.

See Appendix J for case studies

• Also cited under Goal 1, a Housing Trust Fund can serve many purposes including investing in housing development that serves families earning 80 percent of AMI or less, with priority given to homes affordable to families earning 60 percent or less of AMI. See Appendix B for sample fund

• Create a St. Charles Housing Commission to explore these and other tools such as a multi-family housing resource center for current owners, a community land trust, cooperative housing models, municipal land assemblage, and nonprofit development partnerships.

See Appendix K for sample housing commission charter
See Appendix L for sample Community Land Trust

• Review and update St. Charles’ annexation policy to ensure that new growth at the city’s boundaries meets the Housing Endorsement Criteria.

• Advocate for county tax relief program to assess new affordable homes at a lower rate.

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5 As of January 2007, the date of this publication update, the City of St. Charles is in the process of drafting an inclusionary housing ordinance for review and approval by the city council.

6 In December 2005, the City of St. Charles established a housing commission and appointed its members in February 2006.
GOAL 3: DEVELOP PROGRAMS THAT WILL ASSIST ST. CHARLES IN ACCESSING AND LINKING TO NEW OPPORTUNITIES AT THE LOCAL, STATE AND FEDERAL LEVELS

Much has been done throughout the Chicago metro-area and Illinois to increase housing choice and affordability. St. Charles can benefit from these new programs and resources as the city moves forward with its housing efforts.

- **Expand local homeownership opportunities through employer-assisted housing and a first-time homebuyer programs** by partnering with neighboring cities to create an inter-jurisdictional EAH program for municipal employees and clusters of local employers to start their own efforts. The city can also look into ceding its tax-exempt bonding power to IHDA to create a first-time home buyer program for local residents of St. Charles.

  *See Appendix M for Employer Assisted Housing information*

- **Incorporate community outreach and education in all significant policy actions** via a comprehensive communications strategy, which is critical to the success of any housing policy. The city can advance its message using lessons learned from Housing Illinois and other communications tools, with which the Metropolitan Planning Council can assist. The city may also charge the new housing commission with providing constituents with housing resource information on programs they are eligible for through the city and DuPage and Kane counties, such as creating a page on the St. Charles Web site.

- **Explore and leverage state and federal resources** in light of many changes occurring in the availability of and flexibility in resources both for housing development and preservation. For example, the State of Illinois recently passed the Rental Housing Support Act, which will make new resources available for rental housing. The city can coordinate with the state and county to access these funds. The state also created a *Development Coordination Committee*, comprised of several state departments, to better support municipalities that are addressing the issue of local housing affordability. A new St. Charles Housing Commission would be responsible for exploring these options, and the Metropolitan Planning Council and Metropolitan Mayors Caucus are available to assist in these efforts.

  *See Appendix N for Rental Housing Support Bill*
V. GLOSSARY

AFFORDABILITY: There are numerous ways to define housing affordability. In order to leverage state and federal funds, it is best to use the affordability guidelines set by the US Department of Housing and Urban Development. There are different levels of funding support provided depending on the chosen income targets, which is based on the Area Median Income for the Chicago Region. Generally, a family earning 80 percent of the Area Median Income is considered to be "moderate-income". A family earning 50 percent or below is considered "low-income," and a family earning 30 percent or below is considered "very low-income." See Appendix C for affordability charts.

COMMUNITY LAND TRUST: An ownership structure created to acquire and hold land to provide affordable access to land and housing within the community. A community land trust, typically a nonprofit organization, receives land as a gift or uses public or private funds to acquire land. Quite often, a community may use revenues from its trust fund to acquire land for a community land trust. The trust maintains housing affordability by acquiring and holding land in order to separate the ownership of the home and ownership of the land on which it is built. The land is leased to the homeowner. A community land trust guarantees that prices remain affordable through resale formulas contained on the ground lease.

COOPERATIVE HOUSING: In a cooperative housing arrangement, each member household controls an equal share of the development entitling it to possession, but not outright ownership of a dwelling unit. Limited equity cooperatives promote long-term affordability for their members primarily through agreed-upon limits on resale prices of shares. Limits are also set on the incomes of prospective members so that the housing remains permanently affordable to low- and moderate-income households.

DEED RESTRICTION: A clause in a deed limiting the future uses of the property by requiring that the home is resold to another income-eligible buyer.

DEVELOPMENT COORDINATION COMMITTEE: An intergovernmental working group founded in 2005 to better coordinate transportation and economic development activity with affordable housing planning. This Development Coordination Committee is comprised of the Ill. Dept. of Commerce and Economic Opportunity (DCEO), Governor’s Office of Management and Budget, Ill. Dept. of Transportation, Ill. Housing Development Authority, Ill. State Toll Highway Authority, and Ill. Dept. of Natural Resources. By creating this working committee, the state hopes to effectively align planning resources and services around development and distribute them more evenly throughout the state.

EMPLOYER-ASSISTED HOUSING: A program that offers home-purchase or rental assistance as a benefit to employees. EAH provides incentives for employees to live near work. EAH can be used to support any comprehensive housing policy by better connecting the local workforce to new housing options and engaging employers in the local housing discourse.

EQUITY PARTNERSHIP: A contract between the municipality and a property owner that maintains long-term affordability by which the equity from the sale of the affordable unit is split between the city and the homeowner if the home is sold within a pre-designated time period. After that period is up, the homeowner retains the full equity of the sale. The equity received by the city from the home’s sale is then used to fund the creation, purchase or preservation of additional affordable homes.

HOUSING ENDORSEMENT CRITERIA: Developed by the Metropolitan Mayors Caucus and adopted by the St. Charles City Council, these criteria outline how municipalities can plan for and encourage quality housing that is well-managed, well-designed, affordable to a broad range of local residents and located near jobs and transit.
HOUSING TRUST FUND: A distinct fund established by legislation, ordinance or resolution to receive public revenues that can only be spent for a specific purpose such as affordable housing. Administered by the local agency or department that handles federal housing programs, this dedicated funding source generates a consistent stream of funds that can be used to serve a variety of affordable housing initiatives, allowing maximum flexibility. In addition, trust funds can effectively harness and leverage additional resources for affordable housing programs.

INCLUSIONARY HOUSING: A policy that requires new residential developments over a certain size to price a particular percentage of their homes affordably. In exchange, municipalities may give the developers certain benefits such as:

- Density Bonuses: were the developer is permitted to construct the affordable units and additional market rate units beyond that allowed under the current zoning ordinance.
- Expedited Permitting
- Relaxed Design Standards
- Reduced Parking Requirements
- Municipal Fee Waivers

The most successful programs provide the developer with predictability as far as requirements and incentives and require the developer to thoroughly integrate affordable units with market rate units to prevent income segregation or extreme variations in the type and quality of the homes.

NEIGHBORHOOD INCENTIVE DISTRICT: Special districts where certain attributes such as affordable housing for working households, concentrated development, income dispersal, use integration, or reduced auto-orientation are encouraged. In these districts, developers can be assured of receiving a streamlined permitting process, reduced parking requirements, the possibility of obtaining tiered development bonuses, and transferred development rights.

REAL ESTATE TRANSFER TAX: County or municipal sales taxes that are used to generate revenue for either a general fund or specific uses such as affordable housing development. This tax is based on the sales price of property and is paid every time a property is sold. The real estate transfer tax provides a steady stream of funding without relying on annual budget processes.

RIGHT OF FIRST REFUSAL: A regulatory mechanism that requires the seller to first allow either the city or a designated nonprofit to purchase the home and maintain its affordability.

TAX RELIEF PROGRAM: A program that offers a tax incentive to encourage the rehabilitation of multi-family rental housing for use by low and moderate income households. Cook County’s Class 9 incentive program provides a assessment reduction of 50% for qualified properties during the first 10 years. Some properties may qualify for an additional 10-year period. Alternatively, counties can also assess new affordable units at a lesser rate to increase the home’s affordability. St. Charles can advocate for one or both of these programs.

TEAR-DOWN FEE OR TAX: A demolition permit fee and tax that applies to the tear down or removal of a residential structure. The demolition tax per unit is based on the type of residence. The tear-down fee or tax can provide a dedicated revenue stream for the creation and preservation of affordable housing, while at the same time attempting to mitigate tear-down activity that often removes older, more affordable homes and replaces them with high-end housing.

TECHNICAL ASSISTANCE PANEL (TAP): The Urban Land Institute (ULI) Chicago and Campaign for Sensible Growth partner with communities facing tough growth and planning challenges to make recommendations and guide the communities toward implementation. The TAP is a service offered to assist communities by bringing real estate, planning, and development experts together to provide unbiased pragmatic advice for addressing complex land use and development issues.
The Metropolitan Planning Council thanks the following supporters of its Community Building Initiative:

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The Metropolitan Planning Council is a nonprofit, nonpartisan group of business and civic leaders committed to serving the public interest through the promotion and implementation of sensible planning and development policies necessary for an economically competitive Chicago region. MPC researches and develops policy recommendations and conducts outreach and advocacy in partnership with public officials and community leaders to enhance equity of opportunity and quality of life throughout metropolitan Chicago.

The Council’s work in St. Charles is a part of its Community Building Initiative, which supports communities throughout the Chicago region in determining solutions to local development challenges, testing and refining policies and strategies, providing models for other communities, and creating a network of regional partners and contacts.

MPC would like to acknowledge its dedicated group of St. Charles Housing Task Force members:

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