

ITEM NO. _____ TO THE CITY COUNCIL OF PEORIA, ILLINOIS, IN COUNCIL,
ASSEMBLED YOUR COMMITTEE OF THE WHOLE to Whom was
Referred a POLICY SESSION Regarding AFFORDABLE and to
Provide Direction to Staff as Appropriate.

A Policy Session was held on Tuesday, June 18, 2019, beginning at 6:54 P.M. at the at City Hall, Council Chambers (Room 400), 419 Fulton Street, Peoria, Illinois, with Mayor Jim Ardis presiding, and with proper notice having been given.

ROLL CALL

Roll Call showed the following Council Members were physically present: Ali, Cyr, Grayeb, Jensen (Arrived at 6:35 P.M.), Kelly, Montelongo, Moore, Oyler, Riggenbach, Ruckriegel (Teleconference), Mayor Ardis – 11. Absent: None.

Others present were: Assistant City Manager Deborah Roethler, City Attorney Don Leist, City Clerk Beth Ball, Chief Deputy City Clerk Stefanie Tarr, Community Development Director Ross Black, and interested citizens and members of the media.

Communication from the City Manager and Community Development Director with a Request to RECEIVE and FILE a POLICY REPORT on AFFORDABLE HOUSING

Community Development Director Ross Black Distributed binders to all Council Members entitled "Policy Session on Decent Affordable Housing" dated June 18, 2019. Council Member Kelly distributed the following handouts:

- How New York Solved Its Housing Crisis, by Charles Johnson Post
- Proposal – North Valley Incentive Initiative

Director Ross said this meeting was Part 1 of a multipart discussion. He said he would follow-up with Report Backs to questions the Council had after the presentation. He recognized Grants Coordinator Kathryn Murphy and Staff for their efforts on gathering the information. He reviewed the following goals for the Policy Session:

- Provide a summary of Affordable Housing terms
- Provide an overview of national and local Affordable Housing issues
- Present local and national housing strategies
- Conduct discussion and receive direction from the City Council

Director Black defined "affordable" noting it was relative to gross income. He said housing was affordable if the occupant did not spend more than 30% of their gross monthly income on typical housing expenses. He reviewed subsidized examples and income limits for a one-person household and a four-person household in Peoria County. He reviewed the "why" and the "how" of affordable housing. He explained low income housing tax credits (LIHTC), the Home Investment Partnership Program (HOME) and various other programs. He reviewed "NOAH" (Naturally Occurring Affordable Housing) noting that units became more affordable as newer units were built and the older units dropped in value; however, he said it presented the issue of "decent condition." He reviewed the "where" and listed the IHDA location goals. He presented a map of IHDA opportunity areas as well as a map showing the location of subsidized housing and housing choice vouchers. He reviewed the Area Housing Authority Summary and Housing Choice Vouchers as of 2011.

Director Black provided a national snapshot providing an overview of other cities and their housing market. He reviewed the rental market in Peoria compared to other cities across the United States. He said the National League of Cities created a Taskforce on Housing to address the affordable housing issue. He reviewed home ownership in Peoria noting that Peoria remained a very affordable housing market for home owners in comparison to the rest of the United States. He reviewed maps showing the median sale price of houses in Peoria, the homeowner cost burden, the renter cost burden, and the percentage of those housing burdened by zip code. He identified the weak market development challenges and provided examples of subsidies.

Director Black reviewed past actions and future opportunities and commented what was being done at the local level. He said the City provided HOME and TIF funds towards affordable housing development, provided letters of support when developers applied for LIHTC, waved permit fees for affordable housing developments, and relaxed zoning regulations to permit multi-family development within more zoning districts. He provided case studies in other cities and the success of their programs.

Director Black reviewed upcoming local actions such as the HUD Consolidated Plan that was required every five years that outlined projects and activities to be funded by HUD funds; the Affordable Housing Plan, which would be inclusive of the Consolidate Plan; and future Policy Sessions.

Questions, Discussion and Direction

Council Member Oylar commented on the case studies and he inquired as to which one would be of highest potential for the City of Peoria. Director Black reviewed Case Study 1: Housing Trust Fund, noting it was a dedicated funding source that went into a segregated account that would go towards the development of affordable housing. However, he said it varied for each community. He said it was a simple process, but it had the consequence of taking money from another allocation. He reviewed inclusionary zoning stating it would not be feasible for Peoria. He reviewed infill/missing middle development noting the City Council had relaxed a lot of development procedures to make the process easier and relaxed some standards for residential development. He commented on the missing middle and how it would be beneficial for a number of families. He said many times a duplex was an entry point for moving on to single-family home ownership.

Council Member Ali expressed her appreciation for the information, and she requested Director Black to compile, based on the census data, how many households in Peoria fell within the 30%, 50% and 80% threshold.

Council Member Moore commented on the Policy Session held on March 10, 2018, as it related to Affordable Housing. She asked Director Black to compile that information and provide it to Council Member Ali and Council Member Kelly.

In response to Council Member Moore regarding the level of support the City provided as it related to affordable housing, Director Black said there was nothing solid for someone to review in terms of how the Council wanted to proceed on affordable housing. He said the City Council had been very receptive and open on a project-by-project basis and had been receptive to conversations to make multifamily and duplex development easier in Peoria.

Council Member Moore inquired about the use of CDBG funds and Director Black said CDBG funds could only be used for the renovation of existing housing. He said there was not necessarily a limit on renovation, but was based on a reasonable cost based upon the local market.

Council Member Moore said she would like the City Council to direct Staff to be intentional on the creation of the Consolidated Plan so it would address the areas in most need first. She recommended developing a tiered system that would limit the number of Letters of Support. She remarked on the importance of knowing where the funds were being distributed in the First District and more specifically to the South Side, noting it needed to be a priority. She asked that the next Policy Session or meeting regarding Affordable Housing be more conversational and to review previous general policy questions. She requested a five-year overview from 2013-2018 of Federal funding according to Council District, the type of funds, and how those funds were dispersed according to zip code in order to determine how to distribute the money. She said the next meeting should include more direction from the City Council. She remarked on the importance to make a decision and to provide direction so the community knew the City Council was addressing their needs.

Council Member Riggerbach remarked on the importance of clearly defining affordable housing. He commented that the Peoria Opportunities Foundation had an affordable housing program in the East Bluff wherein 25 family units and duplexes were built. He remarked on the success of the program and the positive impact it had on that neighborhood. He expressed his enthusiasm for encouraging affordable housing and said it was his hope it would increase the housing stock in Peoria and encourage landlords to provide better housing. He remarked on how the City Council needed to encourage and be involved, and support the steps to get that matter started.

Council Member Jensen expressed her appreciation for the presentation and she inquired as to the number of affordable housing units that were available in the community. Director Black said the 2018 data had not yet been updated, noting it was a constantly moving number in terms of affordable housing units, based upon the number of households in Peoria and what was being charged for rent. He said there had always been an estimated gap of approximately 3000 and 4000 units that would be needed to provide decent affordable housing.

Council Member Jensen requested the number of affordable housing units available for 2018 and the number of homeless in Peoria. She also requested information from other cities, stating she would like to explore inclusionary or offer incentives. She said she was in favor of removing the barriers to allow fourplexes to be built within single-family areas. She said she was interested in providing a tax abatement incentive and the need for a comprehensive plan. She also commented on the importance of soliciting public input.

Council Member Kelly expressed his appreciation for the presentation noting it was a very comprehensive report. He remarked on utilizing tax abatements as a tool for affordable housing, noting it would provide a tax break for 10 years. He said it would not cost the City nor the taxpayers anything, unlike some programs wherein the City would need to budget a certain amount or to tax another entity. He said with a tax abatement, should the project fail, then the City and the taxpayers would not lose any money. He said a tax abatement would provide for and encourage mixed neighborhoods, and he reviewed a proposal he drafted for the North Valley using a tax abatement.

Council Member Cyr commented on self-funding affordable housing projects, and Director Black said he did not think it would be manageable for the City. He provided an overview of HUD and the Peoria Housing Authority, noting that funding for the PHA was primarily from HUD.

Discussions were held regarding tax abatements and whether it would be feasible for the City, and Council Member Cyr commented that using a tax abatement had the potential of generating additional future costs.

Council Member Grayeb asked for a proposal that would be more meaningful and relevant to the City of Peoria and for specific neighborhoods.

Council Member Moore requested information that compared and contrasted tax abatements with TIFs.

Council Member Cyr commented that the best tool to use toward affordable housing was job creation and tax credits.

Council Member Montelongo said there needed to be a better definition of the problem in order to develop a good solution and to quantify it with the number of units needed. He commented on possibly incorporating tiny homes to address the issue of affordable housing, noting it was intriguing to younger people. He requested additional information on duplexes as a step towards homeownership. He commented on a potential program where the homebuyer would contribute to the completion of the house.

Mayor Ardis expressed his appreciation for the presentation and Council comments. Within 60 days he asked Council Members to provide any additional information they may have to Director Black or to Assistant City Manager Deborah Roethler.

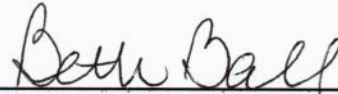
CITIZENS' OPPORTUNITY TO ADDRESS THE CITY COUNCIL/TOWN BOARD

Ann Smith, a citizen of Peoria, spoke on the issue of affordable housing and using the tax abatement tool. She recommended including a program in the schools to teach the students how to renovate homes on the South Side and to teach them various trades. She said providing students the opportunity to learn trades would give them the initiative to revitalize the community.

Robin Grantham, a concerned citizen, said there needed to be a real commitment to the community along with impactful funding. She recommended reviewing the use of TIF funds, tax abatements or inclusionary zoning. She said inclusionary zoning could either be voluntary or mandated. She recommended creating a timeline of when items should be completed. She commented on the Spring Grove development tax abatements that were available. She said she was looking forward to the City moving forward on the topic, noting there was a great need for affordable housing.

Andre Diaz, a citizen of Peoria, invited the Council, the Community Development Department and the community to continue these types of discussion on Sunday, June 30, 2019, at 3:00 P.M. at the new Springboard Market to talk about what Urban Acres was planning. He said he would send City Clerk Beth Ball notice in order to invite the Council.

The Policy Session closed at 9:15 P.M.

A handwritten signature in cursive script that reads "Beth Ball".

Beth Ball, MMC, City Clerk
City of Peoria, Illinois

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