

**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 HOUSING  
and to Provide Direction to Staff as Appropriate.**

A Policy Session was held on Saturday, March 10, 2018, beginning at 9:10 A.M. at the Peoria Civic Center, Room 401, 201 SW Jefferson Avenue, 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: Akesson, Jensen (Arrived at 9:37 A.M.), Montelongo, Moore (Arrived at 9:20 A.M.), Oyler, Riggerbach, Ruckriegel, Turner, Mayor Ardis – 9; Absent: Cyr, Grayeb - 2.

Others present were: City Manager Patrick Urich, Corporation Counsel Don Leist, City Clerk Beth Ball, Chief Deputy City Clerk Stefanie Tarr, Community Development Director Ross Black, interested citizens and members of the media.

**Communication from the City Manager and Community Development Director with a Request to Hold a POLICY SESSION to Discuss AFFORDABLE HOUSING.**

Mayor Ardis provided opening remarks stating that this Policy Session was moved up from June due to the number of requests from potential developers.

Community Development Director Ross Black provided a presentation on decent affordable housing. He reviewed the handout and what each tab included in the handout. He commented that the presentation was background information on both national and local issues as it related to affordable housing. He reviewed the outline of the Policy Session noting that it would conclude with discussions on how to proceed on affordable housing.

Director Black provided a national snapshot on affordable housing noting trends in housing affordability. He said the cost of housing was increasing faster than income. He reviewed the 2017 Worst Case Housing Needs report to Congress and he commented on the largest increase in worst case housing affected the elderly population. He provided a local snapshot on affordable housing noting that Peoria remained a very affordable housing market for home owners; however, he commented that those with an annual income below or in the mid \$30,000.00 annual income were not in the homeownership market. For homeowners, he said Peoria was considered very affordable as noted in a recent international survey. He reviewed the rental occupancy in Peoria, which showed a gap for low income households. He commented in Peoria County that nearly 62% of households were spending more than 32% of their income on housing. He reviewed housing conditions and property conditions by zip code and remarked on the importance of needing to discuss decent affordable housing. He reviewed the Consolidated Plan stating that the City was an entitlement community that received funds from the Department of Housing. He said a plan goes to Council for adoption every five years and along with an action to be adopted on an annual basis. He said the City had to certify projects that were trying to address affordable housing issues in the community.



Mayor Ardis said when the City received a letter and it was submitted back regarding a project, it was not necessarily an endorsement of that project; rather, it meant it met the Strategic Plan. Director Black commented that receipt of the letter provided for a technical review. He said all the agencies applying for CDBG funding had to get a Certificate of Consistency, which meant the project was consistent with the Consolidated Plan.

Director Black reviewed the Consolidated Plan as it related to rental properties noting that these properties were reviewed based on whether it was affordable, available and decent. He provided an overview on the definition of affordable housing stating it was relative to an individual's or family's gross income. He said those who were spending more than 40% on housing and transportation were not in affordable housing. He reported that Peoria's deficit was in affordable rental housing with households making less than 80% area median income. He reviewed the definition of "rent restricted," which was restricted rent through the use of programs such as low income housing tax credits and HOME. He said low income housing tax credits was a financing mechanism for housing construction, not for ongoing operational costs or for direct rent assistance to households wherein the development had to meet its operating subsidy. He reviewed the definitions of "assisted or subsidized housing," "public housing," "supportive housing," "place based vouchers," and "tenant based vouchers." He reviewed the definition of "decent" noting that Peoria had affordable units that would not be considered "decent" due to significant code violations, higher utility bills, or for units built before 1978, and lead-based paint.

Director Black reviewed the "how" of affordable housing noting that 90% of new units utilized the Low Income Housing Tax Credits. He commented that there had been no substantial public housing constructed since the early 1980's. He remarked on the difficulty of building new low income units without some type of financial subsidy. He commented on existing units stating that, as they became older, their value would drop due to new housing. He said the primary issue in Peoria was the issue of affordable housing stock, not the asking price for the units.

Director Black reviewed the "where" of affordable housing stating that opportunity areas were identified as "low poverty rates, high concentrations of jobs, low travel time to work, low unemployment rate, IHDA Market Share of 10% or less, and Affordable Market Share of 20% or less," as set forth by the IHDA. He reviewed the IHDA location goals noting jobs, healthcare, transportation, improvement in quality housing stock and affordable housing units. He reported on the percent of people in poverty pursuant to the US Census Bureau and American Community Survey 2010-2014. He said that according to IHDA, housing should be focused in areas that did not have a high level of poverty. He reviewed the jobs to population ratio stating that IHDA wanted to see housing in areas where jobs were available and accessible. He continued to review IHDA market share and affordable housing share. He discussed the opportunity areas in Peoria County as of 2017 noting Bartonville, Bellevue, West Peoria, and downtown Peoria up to north of McClure were not noted as opportunity areas.

Council Member Montelongo inquired as to why the downtown area was not considered an opportunity area, citing the hospitals, Caterpillar and a large number of businesses offered jobs. Director Black said it was because there was already a high concentration of affordable housing in the downtown where IDHA put funds into development. However, he said he would follow-up with IDHA to see how they determined the calculation.

Director Black reviewed the concentration of rentals in the City noting that the majority of rentals were south of McClure with some exceptions in the north and west due to larger apartment complexes.



Council Member Moore inquired about the Jobs to Population Ratio Map and Director Black said the map showed the employment rate. He provided an explanation stating that in the downtown area there were approximately 11,000 jobs; however, there were very few people living in that area.

Director Black reviewed the location of subsidized housing in Peoria County noting the highest level was around downtown, parts of the South Side, middle of the Bluff, around north of the interstate up to Nebraska and then west of Peoria. He reviewed the location of housing choice vouchers noting that these were the percent of households using vouchers. He said the concentration lie in the middle of the City to the South Side. He reviewed the financing "dilemma" stating that Federal and State policy was designed to deconcentrate affordable housing. He said it made it difficult to use housing funds to create new areas of opportunity in existing areas of affordable housing. He reviewed community revitalization strategies stating that if it met IDHAs criteria, it could take the place of an existing opportunity area.

Director Black reviewed the "who" and "why" of affordable housing noting there was a wide variation on income caps; however, he stated that the greatest need for housing was in the 50% and below the area median income (AMI) range. He said as income declined, the need increased. He reviewed the eligibility for affordable housing noting that the majority of the tax credit units funded were in the 60%, 50% and maybe in the 30% area median income range. He reported that the fair market rent for 60% AMI could be as high as \$1,100 per month. He said in order to afford a two-bedroom unit, income would need to be approximately \$31,000.00 annually and for a one-bedroom unit, \$24,000.00 annually. He stated that the annual income for 60% AMI would equal to \$15.00 per hour. He said instability and substandard housing caused a decrease in school performance, increase in homelessness, decrease in behavioral health, and decrease in jobs.

Mayor Ardis inquired as to how the terms of the Department of Justice regarding the CSO would impact the City as it related to decent affordable housing, and Corporation Counsel Leist said HUD and the Department of Justice were scrutinizing the City; however, he was not under any belief that the DOJ had taken interest in Peoria or focused on Peoria. He said there would have to be evidence of intentional acts on the part of the City government or elected officials. He said the City was not suffering any sort of penalty the nation at large was not suffering. He said there would have to be something different with Peoria in order to garner the DOJ.

Council Member Montelongo inquired as to when a survey of people's needs was conducted that were in the area for affordable housing, and Director Black stated that the data used locally and the State and Federal was typically based upon census that was developed or collected and not necessarily by local organizations. He said every community relied on the same data source in order to get a better comparison of communities in the nation. He said the last official census was conducted in 2010 and the most recent American Survey Sample was done in 2016.

Council Member Montelongo said he would like to learn more about the long form American Survey. He said a number of things recently changed in the community that created many challenges. He remarked on the need for current data in order to help give direction to develop solutions. He said it was important to conduct a local survey, commenting that national surveys did not address or identify the needs of the community. He said in order to plan for the future, the City needed to conduct some kind of survey and get actual facts and data.



Council Member Riggerbach stated that the data being used was federally derived, which was the same metrics used across the country. He said since the majority of the projects were State or federally funded, those were the metrics that were requested. He said the City developing its own survey would not be what the funding agencies required and could affect its credibility and validity.

Council Member Turner inquired whether it was the expectation for affordable housing to be balanced by being spread throughout the entire community. Director Black said IDHA and the Federal government did not want to see further concentration of low income housing in low income areas because of all the aspects identified. He said it was important to remember that it was more about the access to jobs and services that everyone needs on a daily basis. He said there were communities who adopted inclusionary zoning that stated for every new development there needed to be some form of affordable housing. He said inclusionary zoning was generally in more expensive communities.

Council Member Akeson remarked on the importance of the availability of transportation to get people to jobs in certain areas. She said as a result of a Supreme Court case, the City could not allow low income individuals to be isolated and concentrated in certain areas. She expressed a concern for the City having a lack of areas of opportunity. She remarked on the need for a Master Plan noting that there needed to be a focus on revitalization by inserting more sidewalks, providing a better bus system, offering better and faster service.

Council Member Ruckriegel commented on the difficulty of the issue, noting that discussions would continue in the future. He said in order for the City to move forward, it was necessary to understand where the City stood. He said there were a number of social agencies that had activities and would work with the data, and he said these agencies agreed the data was true. He said the City was not the only entity facing this issue, but the County and other communities as well. He said it was his hope to utilize the data to address the decent affordable housing issue.

Council Member Moore stated there were areas in the City that did not want affordable housing, Section 8 housing, or low income housing. She said certain districts in the City were not open to having these types of housing near their homes. Regarding opportunity zones, she said she would be willing to discuss some bond issue that would provide funds that would bring areas into the First District as opportunity zone concepts. She said there was a lot of opportunity to be done in the Southern Gateway, but there was a lack of financing. He said the Council was elected to make difficult decisions and to look at what was best for the City going forward.

Council Member Jensen said when this issue was presented four years ago and a meeting with the Peoria Housing Authority was held, she had advocated for a comprehensive systematic plan. She said having such a plan would solve the issue. She remarked on the importance of developing such a plan in order to move forward. She said the City needed to try to appeal the definition of "opportunity areas" as defined by the IDHA. She said the areas currently identified did not necessarily have the transportation needed. She recommended funding for the Southtown Gateway and Taft for a mixed income housing project to help solve affordable housing in the City.



Council Member Riggerbach said "Why Affordable Housing Matters" needed to be upfront and foremost. He said there are two points it would address: school performance and behavioral and health issues. He said those were the things the City continued to address as a community. He said poverty and lead poisoning had a lasting impact on the City's youth. He said neither poverty nor affordable housing equated to crime, rather the underlying issues. He said this was about the life and health of neighbors. He said the City had private developers coming forward who wanted to meet the needs of the community. He said the need was clear and obvious and he encouraged the City Council and the community to stand together and help those who need that step and make sure affordable decent housing was available.

Council Member Akeson said new projects would not solve the issues facing the community. She remarked on the importance of ensuring that landlords were held accountable for the housing they offered. She said the City was not allotting funds towards areas that should be of importance, such as code enforcement.

Pat Sullivan, an interested citizen and business owner in the community, expressed a concern that some of the proposed units for affordable housing would not be any bigger than a hotel room, and Director Black responded that there had not been specifications submitted for that type of housing.

Joe Richey, a concerned citizen, expressed a concern that affordable housing would draw individuals and families from other communities other than benefiting the people already established in Peoria. Director Black said the individuals who applied for affordable housing would have to meet certain qualifications and that it was illegal to put restrictions on those from outside the community.

Karrie Alms, a concerned citizen, remarked on CHDO properties in the areas that were perceived to be opportunity areas in Peoria. Director Black said Community Housing Development Organization funds were a portion the City received on an annual basis from HUD. He said the City received no more than \$400,000.00 annually, which would decrease next year. He said not much could be done with that amount, but they continued to work with community-based organizations. He said the difference between CHDO and IDHA was whether they were creating opportunity areas or creating areas of opportunity in existing neighborhoods.

In response to Council Member Jensen regarding CHDO funds, Director Black said there was a pending application that came to the City Council for funding for one organization to build houses. He said there was only one application from one organization last year. Generally, he said there were three organizations in the City that utilized CHDO. He said it was not a significant amount of money for developing units.

In response to Karrie Alms, Director Black said CHDO funds could be leveraged. He said, in order to make a project work, there needed to be multiple layers of funding.

### **GENERAL POLICY QUESTIONS**

Community Director Ross Black reviewed the following policy questions:

- 1) Where should affordable housing be located in Peoria?
- 2) What level of support for affordable housing does the City want to provide?
- 3) How does the City want to provide support?



Discussions were held regarding “point of sale” inspections. Corporation Counsel Leist said any sort of regulation would have to be on the City, which would have to be scrutinized in order to narrowly tailor or regulate. Director Black reviewed habitability inspections for rental units. In response to Council Member Jensen, he said when the City Council first adopted the registration requirement, there was an inspection component. He said habitability inspections were different because there was not a Certification of Habilitation.

Council Member Turner left the meeting at 11:05 A.M.

Director Black reviewed the “missing middle” housing as a path to legal multi-unit buildings in single-family districts. He reviewed design and material standards and provided an example. He requested, going forward, drafting an affordable housing strategy and policy from Council’s input and bringing back to the City Council for approval. After its adoption, he said it would be widely distributed in order for everyone to understand the policy and strategy.

### **QUESTIONS AND DISCUSSIONS**

Mayor Ardis said, in terms of developing a strategy, the Council and Staff should be supportive of beginning the process with community discussion and understanding where the community stood on this issue. He remarked on the importance of initiating public discussions in order to solicit input from the community. Once consolidated, he said the City Council could start its discussion on policy.

Council Member Moore remarked on the value of soliciting input from the South Side Office of Concern, Peoria Citizens Committee for Economic Opportunity and Habitat for Humanity who were already building in this community who could address questions or concerns with knowing our community better than anyone else.

Council Member Jensen said it was crucial to get public input in order to move forward with this issue. She recommended that it be similar to the public input sought during the budget process, noting the need for public meetings and online surveys.

Council Member Moore recommended seeking public input after soliciting expert advice.

City Manager Urich said, based upon the baseline presentation, the City could use that as a framework with the public and then have the conversation and gain the information in a number of formats in short order.

Council Member Jensen commented that local developers and agencies who were doing affordable housing, if it was possible, to get input from other projects in the nation or other people who have had successes. She said it would be helpful if the City had a presentation on projects and programs that had been successful throughout the country.

City Manager Urich said they would look into discussing the matter with developers nationwide. He said not just developers, but the policy makers or staff that moved forward with this to show how and why, and maybe things that did not work.

Council Member Moore said, in an effort to keep the matter local, the Executive Director from LISC has had experience outside the City. She said the more people included from outside the community, the less interest there would be. She said she wanted to provide the community with information from people in the community, with a touch of information from outside.



Council Member Montelongo commented that better information could be retrieved by reaching outside the community. He inquired whether other communities had a master plan that could be used as a template. He said the Fourth District was the most diverse District in the City, and he said his District was most concerned with a development that was good for the people. He remarked on the need for something that had quality and had access to transportation, sidewalks, and economic opportunities.

Council Member Ruckriegel said it would be good to see what other communities were doing. He said some of the projects, whether redeveloped areas or old structures and new developments, when looking at design standards, provided a perception. He recommended doing a presentation of projects in progress.

Mayor Ardis said, in terms of policy, Staff would reach out to the community to get direction before the City Council fine-tuned the policy. He commented that the most important thing for a homeowner was the value and integrity of their property. He said that issue needed to be kept in mind while discussing affordable housing. He said there was a balance and noted they were not separate issues. He remarked on the importance of being able to provide a comfort level in neighborhoods where these discussions would take place that the Council would provide that stability. He remarked on the importance of having a timeline of how to proceed on this issue.

### **PUBLIC COMMENTS**

Joe Richey, a concerned citizen, remarked on the needs of the East Bluff and the West Bluff. He said Peoria being the fifth most affordable City in the world was not a badge of honor. He commented on the infrastructure issues and lack of jobs. He said the housing market was decreasing. He said affordable housing was an important strategic plan to address areas of the City that was declining. He said there was residential housing on the Southside that needed improvement. He commented that the citizens of Peoria should benefit from affordable housing.

Kevin Nolan, from the Heart of Illinois Continuum of Care, remarked on the need to obtain input from people who needed affordable housing and to offer these individuals transportation to get to the meetings in order to provide their input.

Karrie Alms, a concerned citizen, remarked on how long the City had been discussing this issue. She said everyone needed to work together. She said people were concerned with property value and how it was going to impact them on a daily basis. She recommended that social service providers and developers reach out to areas of potential development beforehand in order to get a perception of the people.

Andrew Cole, from the South Side Office of Concern, remarked on the importance of revitalizing the community on several aspects. He said affordable housing worked, noting that housing was priceless in this country. Homelessness was due to the lack of affordable housing. He remarked on housing costs, noting those costs did not include taxes, children or groceries. He said these individuals should have the right to have a house and to afford it.

Joyce Harant, a concerned citizen, said affordable housing could be defined differently in different parts of the community. She said jobs earning \$11.00 to \$15.00 per hour were in all parts of the community. She remarked on the need to seek public input when developing a master plan. She said low income individuals should also have housing choices. She said working and talking together collectively would provide more opportunity for change.

Joe Richey, a concerned citizen, spoke on the square footage of affordable housing, commenting on what the International Building Code allowed for in apartments in Peoria. He commented on the need to establish a base size for apartments.

M. Jenkins, a concerned citizen, commented on scattered housing sites in the East Bluff. He said the main way for developing affordable housing was through the IDHA requirements, applications and funding. He said areas of opportunity and revitalization were two different ways to approach the application. He inquired as to what it took to do a revitalization plan for Peoria.

A employee from the South Side Office of Concern, expressed her appreciation for the Policy Session. She said IDHA had conducted a market study, which only focused on the City proper. She commented on the lack of affordable housing in the community.

Pat Sullivan, a business owner and concern citizen, said the Council needed concrete statistics and a solid goal. He said the Council needed to be careful in developing a goal and process in order to do this correctly.

Mayor Ardis left the meeting at 11:50 A.M.

The Policy Session closed at 11:54 A.M.



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

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