

Rolling Meadows:

*Preserving Local Housing Options in the Path of
Redevelopment*



METROPOLITAN PLANNING COUNCIL

**Community Building Initiative
Rolling Meadows Task Force**

The Metropolitan Planning Council Rolling Meadows Task Force

Founded in 1934, the Metropolitan Planning Council (MPC) 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 Rolling Meadows 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 Rolling Meadows Task Force members:

Chair: Mindy Turbov, Principal, Turbov Associates

Ben Applegate, President, Illinois Housing Council and Partner, Applegate and Thorne-Thompson, P.C.

Peter Friedman, Government and Housing Law Attorney and Partner, Holland & Knight LLP

Bob Kornecki, Managing Director and Midwest Market Leader, Burson-Marsteller's

David Hoffman, Chairman, Red Seal Development Corporation

Juanita Irizarry, Executive Director, Latinos United

Richard Koenig, Executive Director, Housing Opportunity Development Corporation

Steve Porras, Vice President of Acquisitions and Affordable Housing, LR Development Company

Robin Snyderman, Housing Director, Metropolitan Planning Council

David Walker, AICP, Architect/Planner, RTKL Associates

Charles Buki, czb LLC, also provided valuable consulting services to inform and support the Task Force deliberations.

Staff support provided by Joanna Trotter, Housing Associate, Metropolitan Planning Council.

MPC is also deeply grateful to the following whose support made this work possible: Chase, Grand Victoria Foundation, Fannie Mae Foundation, The Chicago Community Trust, The Allstate Foundation, Washington Mutual, Bank of America, The John D. and Catherine T. MacArthur Foundation, and McCormick Tribune Foundation.

Table of Contents

I. Executive Summary	4
II. Issue in Context.....	6
a. The Site.....	6
b. Local Housing and Commercial Market.....	7
c. Redevelopment Proposals.....	8
III. Task Force Recommendations.....	9
a. Preserving Affordability.....	9
b. Maximizing Options for Existing Residents.....	14
c. Innovative Site Design.....	17
d. Getting the Message Across.....	19
IV. Appendix	
Guidelines for Structuring an Agreement between Centex and Rental Developer.....	A
In-lieu Fee Formulas.....	B
Housing Endorsement Criteria	C
Inclusionary Housing Ordinance.....	D
Affordable Housing Trust Fund.....	E
Community Land Trust.....	F
Inter-governmental Employer-Assisted Housing Program Description.....	G
Uniform Relocation Act Guide.....	H
Messaging Materials.....	I
Demolition Fee Ordinance.....	J
Metropolitan Mayors Caucus Guidelines for a Model Affordable Housing Plan.....	K
V. Inserts	
Housing messaging materials	

Executive Summary of Charge and Recommendations

In recent years, the City of Rolling Meadows has intensified efforts to support its economic base, and become one of the region's economic leaders. The City has also made it a goal to ensure that the local workforce and other residents in need of affordably priced homes continue to have options within the city. Rolling Meadows recognizes that economic growth and workforce housing go hand-in-hand, which many existing and prospective Rolling Meadows companies have corroborated. City officials have voiced commitment to ensuring that at least 20 percent of Rolling Meadow's housing stock is and remains affordable and, in 2005, engaged the Metropolitan Planning Council to help identify ways to meet this goal.

Soon after MPC began collaborating with the City on strategies to preserve and expand Rolling Meadows' workforce housing options, the owner of 12 Oaks at Woodfield – a 692-unit, affordable rental property in Rolling Meadows – signed a contract with the national homebuilder Centex Homes to redevelop the site. As a condition of this contract, the owner was required to vacate the property within 90 days of consummating the sale, and relocate the 600 families living there. At the City's request, MPC brought together 11 experts in the fields of urban planning, real estate development, housing finance, policy, housing advocacy, communications, and law to assist them in developing a plan of action to help address the substantial loss of affordable homes in this large-scale redevelopment effort.

The MPC Rolling Meadows Task Force was charged with recommending tools that can be used to preserve the affordable character of Rolling Meadows and serve 12 Oaks' current tenants, while also supporting economic and residential development on this site and throughout the city. The group's tasks included assisting the City with the following:

- Evaluating the developer's proposed plans and the seller's relocation plan.
- Identifying the appropriate city role in responding to these plans.
- Exploring the option of engaging a third party developer to build affordable homes on-site.
- Outlining an optimal development partnership agreement.
- Working with the City to ensure the principals of the Metropolitan Mayors Caucus Housing Endorsement Criteria are met.
- Outlining key components of the relocation plan.
- Creating an effective public relations strategy to communicate the City's role in and goals for the redevelopment.

Redevelopment of the 12 Oaks at Woodfield property is a crucial issue for the City of Rolling Meadows. The site comprises approximately 30 percent of the rental housing stock and eight percent of the overall housing stock in the city. At the same time, land use studies recently commissioned by Rolling Meadows have shown that the site, due to its location at the intersection of three major highways, can support a more dense mixed-use development, which attracted Centex to the property.

For two days in early November 2005, MPC convened its Task Force, which met with city officials, the current owner, and the developer to understand each party's goals and constraints in this redevelopment effort. The Task Force then met privately to generate recommendations for the City. Several of the Task Force members presented the following policy options to the Rolling Meadows City Council the following week:

- 1) The City can, as part of the Planned Unit Development entitlement process:
 - Require the developer to do the following: a) price 20 percent of the new homes at levels affordable to moderate and low-income households; b) rent or sell these affordable homes to families, not just seniors; c) include both rental and for-sale homes in the development and; d) encourage the developer to make the majority of the affordable homes rental.
 - Address the loss of existing affordable homes through a contribution or fee in-lieu from the developer, which can seed a local and/or inter-governmental housing trust fund and/or a community land trust to finance and preserve affordable and workforce housing.
 - Require the current owner to meet federal relocation guidelines in order to vacate the property, including contracting with an experienced nonprofit organization to provide tenant counseling and support, supplementing the owner's current plan, and providing needed checks and balances.
- 2) Centex, a national homebuilder, suggested a willingness to work with an experienced mixed-income housing developer to create an affordable rental housing component on site. The Task Force suggests the City assist with engaging an appropriate developer and to leverage financing tools to support such an effort.
- 3) To advance its broader goals, the City of Rolling Meadows was also advised to implement a number of initiatives that are distinct from the Planned Unit Development process for this site, including:
 - Implement a citywide and/or inter-governmental inclusionary housing policy to incorporate affordable and workforce housing in all new developments, and possibly condominium conversions, to address the loss of the affordably priced homes in this property and create new opportunities for working families and other residents in need of housing priced below-market. An inclusionary housing policy will draw additional private-sector investment and ingenuity into the creation of workforce and affordable housing.
 - Adopt the Metropolitan Mayors Caucus Housing Endorsement Criteria, clearly articulating the kind of quality housing options the City will preserve and expand in the future.
 - Launch a citywide and/or inter-governmental Employer-Assisted (EAH) Housing initiative to leverage investment from local companies and businesses in workforce housing solutions.

The Rolling Meadows Task Force concluded that the future development of this particular site can meet the City's goal for mixed-income housing by including a 20 percent component on site that is affordable to current residents and other moderate-income working families. The Task Force also stressed that it is both imperative and feasible for the City to ensure that the affordable housing lost on this site will be preserved or developed through other innovative city policies.

What the City of Rolling Meadows decides to do, and the role it chooses to play in the redevelopment of 12 Oaks, will affect not only this site and its families, but also future housing and economic development within its borders and may influence strategies in the region. To date, the City of Rolling Meadows has shown meaningful and significant leadership around the 12 Oaks redevelopment, as well as their overall housing goals. The City has indicated an interest in implementing a tear-down fee ordinance to help preserve much of the vital affordable stock in the city, and forming a housing commission to build the internal capacity necessary to develop and monitor future housing policies and programs. In addition, the Task Force commends the City on its commitment to communicating its plans, goals and concerns around the development of the 12 Oaks site to stakeholders and constituents.

The Issue in Context

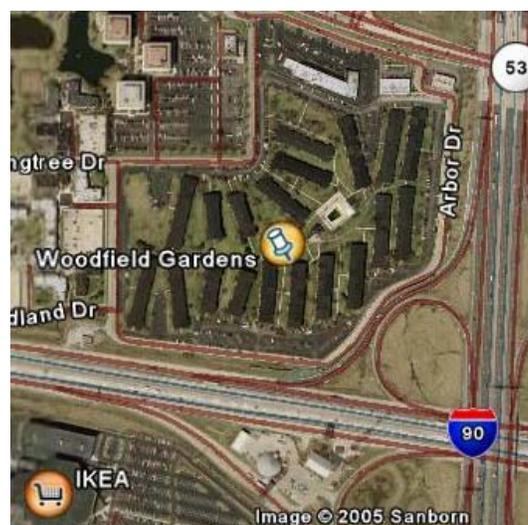
It was just 50 years ago that developer Kimball Hill founded Rolling Meadows to be an affordable town for working class families. Today, like many other cities striving to generate new sources of revenue, Rolling Meadows is focusing its efforts on economic development. Also like many other communities, it is quickly finding there is a fragile balance between improving the economic base and retaining community character. City leaders have stated their commitment to keeping at least 20 percent of the city's housing stock affordable and retaining Rolling Meadow's "blue collar" roots. Rolling Meadows is striving to serve existing residents and meet the growing needs of existing and prospective companies that require a strong, accessible local workforce.

Rolling Meadow's commitment is now tested by a redevelopment effort that can potentially displace over 600 families. While this dislocation raises many challenges for current residents and the City, the site itself, given its location, also offers a unique opportunity to test mechanisms in creating a well-designed, mixed-income and mixed-use neighborhood located conveniently near employment, transportation and quality schools. *As many towns struggle with how to balance and coordinate housing preservation and creation goals with economic development strategies, the questions and strategies explored by the Metropolitan Planning Council's Rolling Meadows Task Force can provide valuable lessons and ideas for other communities throughout the Chicago region.*

The Site

Twelve Oaks at Woodfield is a residential property located on 36 acres of land in southwest Rolling Meadows, at the Schaumburg border. It has been sold several times over the past few years and was purchased by Sparks and Associates in 2004. Sparks originally planned to convert the rental homes into condominiums, offering existing tenants a lease-to-buy option. In the fall of this year, Sparks accepted an offer from Centex Homes, a national residential builder, whose plans are to build a more dense mixed-use development. The sale may be finalized as early as April of 2006.

Twelve Oaks is located at the intersection of I-90, I-290, and Route 53, near several major employers and attractive amenities, such as Motorola, Streets of Woodfield, Ikea, the new Schaumburg Convention Center, and a planned Metra STAR Line train station. The site is just off of Algonquin Road, one of the city's commercial corridors, and is adjacent to an older shopping center.



Consisting of 692 garden-style apartments, the property currently carries no rental subsidies, although the homes are affordably priced for the over 600 working families of diverse backgrounds and ethnicities currently living there. The property comprises approximately 30 percent of Rolling Meadow's affordable housing supply and eight percent of its overall stock. Given the size of the property, the loss of these homes will have a significant impact on the character of the city. At the same time, given this prime location, the property could be considered underutilized by some standards. The City has recognized this challenge for many years, citing it as a potential site for redevelopment as far back as its 1993 Comprehensive Plan.

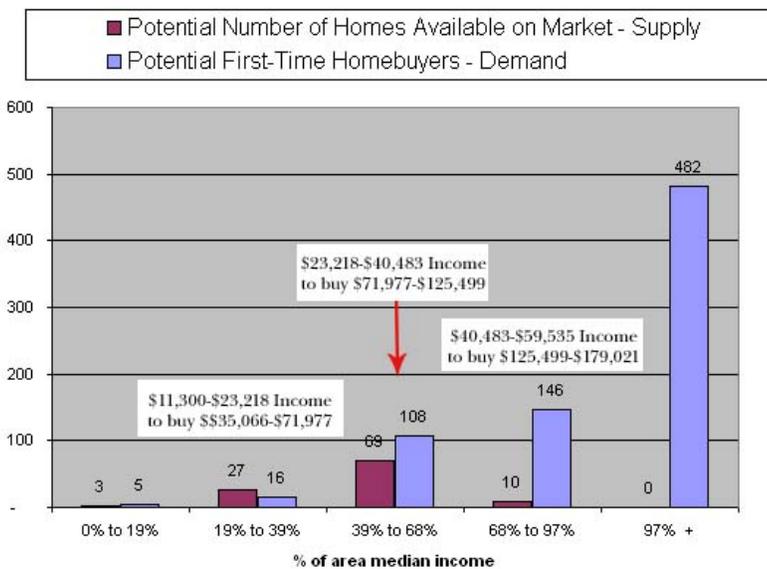
Local Housing and Commercial Market

There are approximately 8,833 households in Rolling Meadows, 77 percent of which are owner-occupied. This is significantly higher than the Cook County rate of 58 percent. The household median income in Rolling Meadows was \$60,000 in 2000 and, in 2003, the median house value was \$229,700.



Rolling Meadows is a community that provides quality amenities and a reasonably-priced housing stock. If left unchecked, the housing that is currently affordable is unlikely to be so in the near future. According to recent U.S. Census sales and income data, *homes in the Rolling Meadows area are appreciating by 9.2 percent annually, while incomes are rising more slowly at an average of just 5.6 percent per year.* By 2010, according to growth projections compiled from the Northeastern

12 OAKS AT WOODFIELD



Illinois Planning Commission, U.S. Census, and czbLLC, the typical home will be priced at nearly \$425,000, unaffordable even to households earning the projected city median income of \$108,638. In 2000, households earning Rolling Meadows' median income could afford 76 percent of the city's owner-occupied housing and households earning 80 percent of the median income could afford over half of this same stock. Projections show that by 2010, just half (53 percent) of Rolling Meadows' owner-occupied homes will be affordable to households at the city's median income and just 23 percent will be within reach of households at 80 percent of the city median income.

Much of the single-family housing stock in Rolling Meadows consists of smaller homes, built in the 1950s and 60s on large lots. In addition, households in Rolling Meadows are getting larger, which is indicated by the fact that population grew by nearly nine percent from 1990 to 2000 while the number of households grew slower, by roughly eight percent. With this growth in household size and the amount of developable land continuing to shrink, there will be increased pressure to build larger homes and a greater potential for teardowns, threatening these more modest, affordably priced homes.

Sparks and Associates hired Strategy Planning Associates to conduct a residential and retail market study for the site. According to the residential condominium market study, the site is ideal for a mixed-use condominium development. Market-rate pricing could range from \$225,000 to \$446,000 or \$203 to \$281 per square foot. According to the retail market study, the 12 Oaks trade area site could support new commercial uses that are geared towards entertainment and convenience stores, including restaurants. The site should also be able to support a major destination retailer that serves a unique market niche not found nearby, as well as community retail. Furthermore, the study suggested this site should include a mix of uses, avoiding additional strip mall development.

Redevelopment Proposals



In January of 2005, the City commissioned the Lakota Group - a planning consultant - to complete a redevelopment study for the 12 Oaks at Woodfield site and develop several site plans that include commercial and residential uses. Lakota submitted four site concepts. The City Council was most comfortable with Lakota's concept for 415,000 sq. ft. of commercial space and 1,584 residential units. The commercial uses include two-story anchor retail space near the southeastern intersection of I-90 and Route 53 and the northeastern intersection of Route 53 and Algonquin Road, as well as one-story neighborhood-scale retail scattered mostly along the eastern portion of the site. The plan

calls for residential buildings of varying heights, including three 20-story buildings along the southern portion of the site, facing I-90, two 12-story buildings on the western corner, and three eight-story buildings near the center of the site. There are three parking decks included in the site design, one five-level deck at the southeast corner, and two three-level decks, two of which are under ground, near the residential portion of the site. In addition, the Lakota Group's concept incorporates a spine road that connects traffic from the Route 53 exit onto Algonquin Road to the new Schaumburg Convention Center.

While Lakota's plans call for a substantial amount of commercial space, Centex Homes has proposed much less in their initial plans. Centex's draft concept plans propose 1600 condominium units in two to three tall buildings of 15 to 20 stories and nine to 11 buildings under 75 feet in height. According to Centex, it will bring in a retail developer. Those retail developers Centex's representatives initially contacted have suggested the market can only support 100,000-150,000 square feet of retail. While Centex has indicated a willingness to set aside 10 percent of the new homes as affordable and age-restricted, they also suggested the company would possibly consider selling or donating part of the site to bring in another developer to build the mixed-income rental component.

Thirty-six acres of real estate located near the intersection of three highways, near a major retail and industry corridor, a convention center, and a new transit stop is prime for a large-scale commercial and residential development. Because it is not adjacent to any single-family, residential neighborhoods, the 12 Oaks at Woodfield site is a good candidate for a mixed-income community with a rental component. The Lakota Group's concept plans and Strategy Planning Associate's market studies show that the site can support taller buildings, more commercial space, decked parking, green space, and many other amenities that serve more families and a broader base of shoppers. By working to redevelop this site, mixing household incomes and land uses, the City of Rolling Meadows is looking towards the future and anticipating residential and commercial growth, while also paving the way for increased tax revenue.

Task Force Recommendations

The Rolling Meadows Task Force had the unique opportunity of sitting down with the key stakeholders in this process, including the owner, buyer and City, and was able to learn many of their goals, constraints, and ideas for this site. The group appreciated the willingness of all parties to participate in candid discussions. This open exchange was essential to the Task Force's charge, as it demonstrated the competing interests of each of the parties and the middle ground that could be achieved through sound policy guidance. After meeting with these parties, the Task Force was confident in the City's leadership and the viability of securing the financing necessary for this effort to succeed. The 12 Oaks development is an interesting challenge in that it holds great potential to support future commercial uses. At the same time, there is still the reality that the entire plan is based on the premise of losing a stock of rental housing that is currently among the most affordable in the Northwest suburbs. Despite the range of viewpoints of the Task Force volunteers, it is encouraging the group was able to reach consensus on the recommendations offered below. MPC and the Task Force further believe these recommendations can translate beyond Rolling Meadows to other municipalities dealing with very similar redevelopment challenges.

The Task Force recommendations related to preserving affordability, maximizing options for existing residents, and addressing broader site issues are detailed below.

Preserving Affordability

The Task Force reviewed data provided by the City, the current owner, and Centex. The Task Force observed there will be significant dollars involved in the proposed transaction, and there will be room in the overall budget to accommodate the recommendations below, which were developed by housing experts, including bottom-line driven developers. Most importantly, the proposed development is not an "as of right development." This means that numerous zoning concessions will be required from the City in order to bring this proposal to reality. As such, the City has the right to, and should require, affordability concessions as part of granting the zoning variances. Additionally, it is anticipated that Tax Increment Financing (TIF) funding will be required. In this case, the City and other units of local government will be asked to forgo future tax revenues in order to assist the development. Here again, this public financing vehicle underscores the capacity of this development, and the necessity of the City to advance the public benefit of affordable housing both on-site and off-site.

Apartment rents at 12 Oaks at Woodfield range from \$859 for a one-bedroom unit to \$1,249 for a three-bedroom unit, but are now as low as \$699 due to the pending sale. These homes are affordable to families with annual incomes ranging from \$30,000 to \$50,000 respectively. Twelve Oaks at Woodfield provides a quality housing environment to ethnically diverse working families. Currently, 827 adults and approximately 300 children live at 12 Oaks at Woodfield, all of whom will be displaced at least in the short-term. The development has amenities including green space, access to transportation, and location in a high-ranking school district.

The new development is expected to consist of 1,600 condominiums in high-rise buildings, targeted to empty nesters and young professionals. Centex initially indicated its intent to include a 10 percent affordable housing component of homeownership units that would be age-restricted to people 55 and older. This would constitute 160 for-sale units for seniors. While exact sales prices were not discussed, market studies indicate prices in the \$225,000 to \$446,000 range. Centex also indicated that in Illinois, they are strictly a for-sale developer and not interested in rental housing, but would consider a transfer of some of the property to the City or a developer to build a rental component.

A unit affordable to a four-person household at 80 percent of the area median income would need to be priced in the \$150,000 price range, depending on condominium assessment fees. This price would still not be affordable to the vast majority of current residents at 12 Oaks at Woodfield. Clearly, there is a mismatch between the type and tenure of units currently provided and that which is proposed. Even if the new development had 320 units (20%) in the \$150,000 price range, it is not a substitute for the housing currently affordable to 12 Oaks and other moderate-income Rolling Meadows residents.

In light of the fact that 12 Oaks at Woodfield represents 30 percent of the rental housing stock and approximately 30 percent of the affordable housing stock in the city, the Task Force concluded the 10 percent affordable for-sale solution on-site proposed by Centex is not sufficient. The Task Force recommends a mixed-income rental component of another 10 percent be included in the new development. Ideally, the pricing for this rental component would be 50 percent of the units at the market rate and 50 percent priced at 60 percent of the Area Median Income or below to qualify, which would qualify the units for Low Income Housing Tax Credits. In addition, programs and strategies should be developed to offset the remaining 372 units of affordable housing that will be lost through this development.

Based on the information provided by all of the parties, the Task Force recommends the following:

Require 20 percent of the units on site be affordable, both rental and for-sale, and not age-restricted. The Task Force applauds and fully supports the City of Rolling Meadows' goal of 20 percent affordable housing in the new development. Given the expected loss of 692 affordable homes on the 12 Oaks, the Task Force believes it is crucial for the City to hold to this goal. Based upon the most recent developer plans, this would be 320 units (20% of 1,600).

- **Affordable homes should be both for-sale and rental as they serve different income ranges.** Rental homes are needed as part of the affordable strategy. The affordable housing stock that is being lost is affordable to working families with incomes as low as \$30,000, around 60 percent of the area median income. Affordable for-sale homes, even with prices of approximately \$150,000 to \$200,000, would not be affordable to most of the existing residents of 12 Oaks.
- **The rental development should be outsourced to an experienced mixed-income housing developer.** Because Centex acknowledged that their primary expertise is not in the area of developing and managing rental housing in this region, this component of the site should be separated and administered by a third party. The rental development should be mixed-income; non-age-restricted, and provide a variety of bedroom sizes. The rental building(s) should be as close to 50 percent affordable and 50 percent market as possible. The rental development should be a minimum of 150 units in order to provide the orders of magnitude required for property management and the complex financing.
(See Appendix A developer agreement guidelines)
- **Affordable homes should not be age-restricted.** The homes that are being lost are not age-restricted and therefore, creating opportunities solely for seniors will not serve the significant number of working families that are being displaced by this redevelopment. While new housing should reflect federal guidelines for accessibility and adaptable units, these homes should be open to all qualified tenants regardless of age.
- **For-sale units should be well-integrated.** Scattering the affordable homes throughout the new 12 Oaks community and mirroring the unit mix of the entire development will ensure a healthy blend of incomes throughout the redeveloped neighborhood.

Adopt policies to offset the loss of the affordable housing. Even with the inclusion of 320 condominiums and apartments on site, there would still be a net loss of 372 affordable homes in Rolling Meadows. This represents over four percent of the city’s entire housing stock. The current site, with 692 affordable rental units and some lower end retail, will be replaced with 1,600 mostly market-rate condominium units with sales prices in the \$300,000 range and at least 100,000 sq. ft. of new retail. This will generate significantly more real estate and sales taxes for the City of Rolling Meadows.

As part of the Planned Unit Development (PUD) process, the Task Force concluded that the City should require a contribution or a fee in-lieu from the buyer to seed an affordable housing trust Fund to assist in either the development of new or maintenance of existing affordable housing in Rolling Meadows. The Task Force contemplated a number of formulas the City could consider in determining the fee in- lieu. (*See Appendix B*)

Establish mechanisms for the City of Rolling Meadows to implement the Task Force affordability recommendations. In this development, the City will have to approve entirely new zoning uses or a planned development for the site. It is also likely the developer will request significant TIF funds, as there will be a considerable amount of new taxes generated by the new development. The City can use these tools to create regulatory mechanisms to facilitate and enforce its goal of 20 percent affordability on site. Following are tools, programs and policies that can be employed by the City of Rolling Meadows to continue its historic commitment to affordable housing.

- **Adopt the Metropolitan Mayors Caucus Housing Endorsement Criteria.** Adopting guiding principles for balanced housing development is essential for Rolling Meadows in order to communicate its goals, institutionalize planning practices that will support these efforts, and attract the type of developer that is interested in creating a variety of housing options within the city.

Rolling Meadows is a desirable community, one that has choices regarding what type of development happens in the community. The Housing Endorsement Criteria (*see Appendix C*), can form the basis for creating more choices for families of all incomes, including those at or below the area median income, in a community that supports economic development, community connectivity, and more broadly, a healthy Chicago region. Setting these types of expectations for developers creates more predictability up front, something developers often request, and establishes a fair playing field throughout the city. Several other similarly desirable communities such as St. Charles, Arlington Heights, and Evanston have embraced these criteria in order to attract well-designed, mixed-income housing development, and have successfully attracted builders interested in this type of development.

The Metropolitan Mayors Caucus, Campaign for Sensible Growth, and Metropolitan Planning Council developed *Sensible Tools for Healthy Communities*, a workbook that explains how to incorporate the criteria and other smart growth principles into daily land use decisions. If Rolling Meadows chooses to adopt these criteria, the Metropolitan Planning Council, Campaign for Sensible, and Metropolitan Mayors Caucus are available to provide trainings on the workbook to staff, City Council members, and commissioners.

- **Pass an inclusionary housing ordinance.** On several occasions, city officials have indicated the City wants to see 20 percent affordable units in its new developments. The Task Force believes the best way to make this goal a reality is to pass an inclusionary housing ordinance. The ordinance would codify the 20 percent affordable component for new developments, major rehabilitation and large condominium conversions. The ordinance could be structured to

provide the city with a multifaceted policy tool capable of generating housing, revenue, and land to help address the need for affordable and workforce housing. MPC is willing to provide models and guidance with developing an ordinance.

(See Appendix D for a model inclusionary housing ordinance and background on inclusionary housing)

- **Make the 20 percent affordable housing goal a condition of the Planned Unit Development.** The current development plan for the site is not an “as of right” development. The current zoning does not allow the level of density or height of buildings anticipated by the developer. Consequently, Rolling Meadows must approve a PUD to allow the changes on the site. As part of this PUD process, the City should include its requirement for 20 percent affordable housing on site.
- **Create a partnership with an experienced mixed-income rental developer.** Affordable and mixed-income rental development is a very specific market niche for developers. The City should take responsibility for soliciting rental developers in collaboration with Centex. Task Force members believe a mixed-income rental development will attract significant resources to make the proposal feasible. There are a variety of financing tools available in Illinois to assist in the development of a mixed-income rental development, including:
 - Low Income Housing Tax Credits (LIHTCs) administered by the Illinois Housing Development Authority (IHDA). These credits are the primary source of affordable housing financing. Apartment units financed with LIHTCs must be rented to families with incomes at or below 60 percent of area median income, approximately \$45,000 annual income for a family of four. Rents would be fairly similar to the rents at the current 12 Oaks at Woodfield site.
 - IHDA also administers the Illinois Affordable Housing Trust Fund, HOME program, and other resources that could supplement the resources available to ensure the long-term affordability of homes created through the 20 percent affordable component.
 - The Illinois Affordable Housing Tax Credit Program provides a vehicle through which Centex can donate property or funds to be used for the affordable rental development, and secure a tax credit of 50 cents on the dollar for the value of that donation.
 - Site-based rental operating assistance may be available for up to 25 percent of the new apartments through MPC’s Regional Housing Initiative.
 - The Cook County Assessor has a number of initiatives to lower assessment rates of affordable dwellings, including Class 9 and a new Office of Special Assessment Programs, that can ensure homes created through an inclusionary ordinance or other deed-restricted properties that will remain affordable are assessed fairly.
- **Create an affordable housing trust fund.** As part of the 12 Oaks at Woodfield transaction, the City of Rolling Meadows could create an affordable housing trust fund. Housing trust funds are distinct funds established by legislation, ordinance or resolution to receive public revenues that can only be spent on affordable housing. Fund sources can include developer contributions, fees in-lieu, corporate assistance, grants, municipal fees or taxes (e.g. commercial or residential linkage fees or taxes, real estate transfer taxes, teardown fees or taxes, sales or excise taxes), federal and state housing dollars, etc. These trust funds are typically administered by the local agency or department that handles federal housing programs. A housing trust fund generates a consistent stream of funds that can be used in a number of ways to serve a variety of affordable housing initiatives. In addition, trust funds can effectively harness and leverage additional resources for affordable housing programs.

(See Appendix E.)

The housing trust fund could be seeded with:

- TIF funds
- Citywide real estate transfer fee or tax
- Developer contribution on the sale of each new unit in the redevelopment
- impact fee for the loss of affordable housing units or an in lieu contribution from the developer
- teardown fees or taxes

The trust fund could have a variety of uses, including:

- Homeownership and relocation counseling for renters at risk of displacement in this development and others.
- Down payment assistance or second mortgage assistance to families displaced by this development and other low and moderate-income families.
- Rehabilitation loans to low and moderate income homeowners and seniors whose houses are in serious need of repair but who cannot afford the work.
- A match on employee-assisted housing
- Gap financing to assist in meeting the City’s goal of affordable housing in new developments.
- Acquisition of land or buildings for affordable housing
- Rental subsidies provided directly to landlords to ensure that existing apartments stay affordable and serve working families and seniors.

Trust Fund dollars could be structured in a manner to maintain long-term affordability through vehicles such as deed restrictions, second mortgages liens, and equity-sharing models.

- **Create a community land trust.** A community land trust can be established to acquire and hold land to provide affordable access to housing within the community, which would enable Rolling Meadows to keep some of its housing stock affordable in perpetuity. The land trust could purchase housing in need of repair or at risk of teardown, undertake the rehabilitation, and then lease or sell the homes while retaining ownership of the underlying land through a long-term lease-hold. It could also acquire land for new development. Typically a nonprofit organization, the community land trust receives land as gifts 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.

(See Appendix F.)

- **Offset cost of affordable for-sale units.** The cost of building the affordable condominiums on-site can be written down via a number of mechanisms, including:
 - internal subsidies from the sale of market-rate units
 - employer-assisted housing (EAH)
 - Rolling Meadows or North West Regional Housing Trust Fund
 - IHDA Trust Fund
 - HOME
 - Density bonuses and zoning concessions that will be provided through the PUD process
 - Fee waivers
 - Tax sharing agreement¹

¹ As part of the financial analysis of the proposed development and its affordability component, the City may consider the viability of a tax sharing (or tax rebate) agreement on sales taxes. The Illinois Municipal Code authorizes municipalities to enter into agreements with private entities such as Centex to rebate a portion of the sales tax revenue generated from a development and received by the municipality. In the case of the Centex proposal in Rolling Meadows, a rebate of sales taxes could provide Centex with added flexibility and opportunities in satisfying the City's other development requirements, including the affordability requirements. In order for the City to determine if a tax sharing agreement makes sense for the current proposal, the City will need to request from Centex some additional information regarding the precise nature and extent of the retail aspect of the proposed development and the expected amount of revenues that will be generated and subject to the applicable sales tax. MPC has sample tax sharing agreements for the City to review if desired.

Explore the possibility of inter-governmental strategies. As Rolling Meadows is fortunate to be surrounded by other towns already contemplating their affordable and workforce housing demands, it may be appropriate to facilitate a new trust fund and employer-assisted housing program on a regional basis within the northwest suburbs. Many of the employers and residents in the area identify their boundaries beyond traditional city limits, and would appreciate the flexibility to participate in programs that do the same. Such inter-governmental cooperation, of course, also ensures more dollars and more choices for the low and moderate income households served.

In short, the Task Force members recognized this development provides the opportunity to create a new model of city/developer cooperation to create affordable housing on-site, as well as catalyze new mechanisms to assist the City of Rolling Meadows in maintaining affordable housing options for working families throughout the city.

Maximizing Options for Existing Residents

Twelve Oaks at Woodfield provides a product that is scarce in the city and surrounding suburbs, offering 30 percent of the Rolling Meadows' rental housing. The homes are well-maintained and serve valuable members of the community - its workers. Furthermore, in order to find comparable rental housing, displaced families will be forced to move outside of this desirable school district and away from this strong employment base, negatively impacting not only their own lives and the lives of their children, but also adding to the region's traffic congestion, as workers will now commute further to their jobs.

While relocation is usually handled by the buyer of a property, Centex' agreement with Sparks and Associates transfers this responsibility to the current owner, who has demonstrated experience in relocation and has developed a well thought out relocation plan for the tenants. Michael Sparks has kept residents abreast as the redevelopment plans evolve. The Task Force is confident that Sparks and Associates is committed to following through on its plans and complying with city requirements. At the same time, Sparks has not been involved in a relocation of this size before, and does possess self-interest to refer residents to vacancies in his other properties.

As illustrated previously, the City can offset the loss of affordable homes from this site and continue to provide options for low- and moderate-income residents. Unfortunately, this does not diminish the impact of this particular redevelopment on existing families living in 12 Oaks at Woodfield. The City has a unique opportunity to provide support to these residents that can serve as a model to other municipalities dealing with similar relocation challenges. How the City chooses to handle this process will impact future development efforts in Rolling Meadows and send important signals to the marketplace. Through cooperation with surrounding communities, creative partnerships and coordination with other redevelopment efforts in Rolling Meadows, the City can ensure current tenants are provided with choices that best meet their needs.

- **Partner with an experienced non-profit organization.** According the relocation plan, Sparks and Associates' staff currently consists of about six employees. Given the size of this relocation and the diversity of existing tenants, the Task Force strongly recommends that the City require Sparks to leverage resources to engage additional nonprofit partners, such as North West Housing Partnership (NWHP), in order to provide additional support to residents. The City itself can supplement Sparks' ability to achieve this goal, and can ensure that relocation activity is coordinated with other City redevelopment efforts (Wellington, Dominick's, etc). Through funds received from this development outlined above, the City can bring in an experienced non-profit partner by funding at least one full-time staff member. This partner should provide multilingual support services to augment the work of

the seller's management team and assist with tenant-owner relations, administer city relocation benefits, resolve fair housing issues, and provide homeownership counseling. Through this type of partnership, the City can ensure the kind of accountability that prevents conflicts of interest and provides tenants with more options. Through an entity such as NWHP, housing opportunities can also be made available in neighboring jurisdictions.

- **Provide opportunities for residents in Rolling Meadows.** In coordination with local businesses, neighboring municipalities, and experienced non-profit partners, the relocation plan should support as many residents interested in coming back to the city and the new redeveloped 12 Oaks site as possible, either as renters or homeowners.
 - **Employer-Assisted Housing.** North West Housing Partnership currently administers an employer-assisted housing program for several neighboring employers. The City can contract with NWHP to determine where current tenants are employed and begin to work with those employers to create EAH programs. With additional funding to increase their staff capacity, NWHP can help with homeownership and credit counseling, as well as work with neighboring municipalities to develop an inter-governmental EAH program that will engage more industries in the program and offer this benefit to employees of North West suburban municipalities *(See Appendix G for inter-governmental EAH program description.)*
 - **Offer relocation benefits.** Sparks and Associates' relocation plans offer an increased relocation benefit of \$5,000 to tenants who purchase condominiums in one of their other properties. The Task Force recommends that the City offer a relocation benefit through funds generated by the development, for residents who stay in Rolling Meadows. Both the City and 12 Oaks families benefit if residents are able to stay in the community. These funds would be used to rent or purchase another home or for general moving expenses.
 - **Keep a database of tenants.** Sparks should provide a database of tenants, with their new contact information, to the City and Centex, so that those tenants are updated on the progress of the new development, provided support such as homebuyer counseling in the interim, and are invited back to the redeveloped property once it is completed.

- **Require use of the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA).** While Sparks and Associates outlined a fair relocation plan, the City should consider requiring the use of the Federal URA in all Planned Unit Developments and Tax Increment Financing District developments that involve residential relocation. Although this act is required only when federal funding is used and recommended in the State Tax Increment Financing regulations, the URA offers strict guidelines for the kind of noticing, financial and other support residents should get when their homes are being redeveloped. By requiring use of the URA, the City provides predictability and ensures fair relocation procedures in all large-scale development efforts in Rolling Meadows. The Task Force recommends the City require all residents residing at 12 Oaks at Woodfield prior to October 5th, when Mr. Sparks sent a first notice to the tenants, receive URA benefits. All residents that move in after October 5th should be informed they do not receive these benefits. As shown below, Mr. Sparks' relocation plan falls only slightly short of the URA guidelines and can easily be adjusted to accommodate this requirement. *(See Appendix H for a helpful guide on the URA.)*

- **Tenant Noticing Requirements:** Under URA, tenants must get three notices in their own languages. All three notices should be either certified or hand delivered with a signature for proof of noticing.
 - General Information Notice. Mr. Sparks sent this out on October 5, 2005. This notice informs affected tenants of the project and that they may be displaced.
 - Notice of Relocation Eligibility. This notice informs tenants that they will be displaced by the project and establishes their eligibility for relocation assistance and payments. In this notice, Sparks and Associates should outline all relocation benefits. Sparks and Associates does not provide an indication that this notice will be sent in its current relocation plans.
 - 90-Day Notice. This notice informs displaced tenants of the earliest date by which they will be required to move. This notice may not be issued unless a comparable replacement dwelling is available and the displaced tenant is informed of its location and has sufficient time to lease or purchase the property. The comparable unit should be identified in the notice.
- **Relocation Advisory Services:** Relocation advisory services are required to be provided, again in the appropriate languages, to all eligible displaced tenants, including nonresidential tenants. They include:
 - Explanation of relocation assistance.
 - Explanation of transportation assistance.
 - Offer of other assistance, including social services, financial referrals, housing inspections (an appropriate role for a nonprofit partner).
 - Current and ongoing listings of comparable units for both residential and commercial tenants.
 - Supply information on federal, state, county, and city programs offering assistance (an appropriate role for a nonprofit partner).
 - Information about counseling and other assistance to minimize hardship, including multilingual services (an appropriate role for a nonprofit partner).
- **Moving Payments:** The URA provides two moving payment options from which tenants can choose:
 - Payment for the actual, reasonable moving costs and related expenses, which are reimbursed by the owner once provided with a receipt from the tenant.
 - Payment based on a fixed schedule: (1-bedroom=\$550, 2-bedroom=\$700, 3-bedroom=\$850).
- **Replacement Housing Assistance:** Currently, Sparks and Associates is offering more assistance based on tenure at the property (three months rent + \$1,000 for a tenure of over nine months and 50 percent of all rent paid for a tenure of less than nine months). While this proposal is fair, the URA requires the tenant's income be considered when determining the amount of assistance, which should be calculated as follows:
 - Residential tenants earning above 80 percent of the area median income are eligible for replacement housing assistance in the amount equal to the difference in the increase in housing costs as a result of the displacement for 42 months. If the housing costs do not go up, no assistance is required.
 - For tenants earning below 80 percent of area median income, the calculation for the replacement housing takes into consideration their income and what they can afford, which is determined to be 30 percent of household income. Therefore, if a tenant earns below 80 percent of the area median income, which is determined by the U.S Dept. of Housing and Urban Development (HUD), the assistance the household receives will not be based on what it

currently pays in rent, but rather will equal the difference between what it can afford in monthly rent (30 percent of income) and the cost of the new unit for 42 months.

- **Comparable Unit:** A unit is considered to be comparable if it is decent, safe and sanitary, of the same bedroom size and similar square footage, and is in or near the same community. When such housing cannot be provided, the URA provides for “housing of last resort.” Housing of last resort may involve the use of replacement housing payments for other methods of providing comparable units, such as the rehabilitation of existing units or the building of new units in the surrounding community.
- **Support existing commercial tenants.** The Task Force was particularly impressed with the support the City of Rolling Meadows gave to existing commercial tenants of the Wellington development on Kirchoff Road. The City, as part of the development agreement, negotiated reduced rents for the tenants for four years in order for them to be able to stay in the new community. At the end of the four years, the tenants would then pay market-rate rents. The development was also phased in such a way that the tenants did not have to relocate off-site. The commercial tenants were able to continue operations until the new building was constructed. The Task Force volunteers encourage the City to offer similar incentives for the commercial tenants located in the adjacent parcels near 12 Oaks, which are expected to be included in this redevelopment effort. In addition, URA guidelines require that commercial tenants also receive relocation advisory services and relocation assistance. This approach provides the added benefit of ensuring commercial opportunities that are affordable to lower-income households in the redeveloped site. *(See Appendix H.)*

“More Green, Less Grey:” Implementing Innovative Site Design

The Task Force volunteers provided site design recommendations to support affordability and quality of life for new residents. As the City is looking to create a viable mixed-income, mixed-use community and the Task Force is recommending a significant rental housing component for the site, there are several design considerations that will help create a cohesive, well-integrated neighborhood that will support both the residential and commercial components.



Increase residential and commercial integration. Currently, Centex Homes is planning to develop the commercial and residential components of the property separately. According to Centex, the commercial developers they are in conversations with as potential partners are not interested in integrating the two uses. While the Task Force understands the developer’s desire for simplicity in this process, the volunteers also know that closely linking the new homes to



the retail will create a more cohesive community, one in which the two components support each other. In addition, this model will make the land costs more efficient. The building can be divided into condominium ownership, so that the homebuilder and retail developer do not necessarily have to be the same, although the same general contractor should be responsible for both components. This site, in particular, given its proximity to transit and other retail, would be ideal for this type of development. It would also enhance connectivity both within the community itself and to the adjacent business corridor. Particularly, the Task Force suggested the commercial development be focused

along Algonquin Road, where there is already commercial uses, and some residential homes be placed above the commercial. In addition, developing buildings with both residential homes and commercial spaces will create opportunities for more open space, water features, and other valuable site amenities. Similar models can be found at the Whole Foods in Evanston; Renaissance Place in Highland Park; at several locations in Arlington Heights, including Village Green, Metropolis and Arlington Town Square; and, of course, Riverwalk Condominiums in Rolling Meadows.

Incorporate appropriate height variations. Both the City of Rolling Meadows and representative from Centex have expressed an interest in tall, 15-20 story buildings on this site. The Task Force agrees this location can support buildings of this height because the neighboring convention center will be comparable, but stress that height variations should be incorporated into the development. More specifically, if mixed-income rental housing is included in the plans, that building or series of buildings should be low-rise, around five stories, in order to create a family-friendly neighborhood.

Support walkability and integrated vehicle access. The Task Force felt the site should support residents' ability to walk within the community and to nearby public transit. The volunteers suggest a pedestrian study be conducted to determine how the site design can better support this activity and examine the flow between the proposed rail station and the Woodfield shopping center. In addition, to support good design practices, the Task Force recommends the use of decked parking, with a portion below grade.

Use water detention ponds as an attractive amenity. The water features shown on the plan above are an inventive use of stormwater detention ponds. Attractively placed through the center of the site to provide a greenway, the ponds can offer an eye-catching setting for the neighborhood center. This way, much of the required detention could be handled on-site and add to the amenity value of the entire development.

Reconsider access spine location. The City is requiring the new development include a spine road that connects traffic from the exit off of Route 53, through the site, to the new Schaumburg Convention Center. This spine, which runs through the northern portion of this site, dividing commercial and residential uses, was included in the Lakota Group's design plans, with the goal of providing the necessary transit access to support the substantial amount of commercial space. The Task Force volunteers recognize for this site to be a vibrant residential corridor, pedestrian-friendly, and connected to the economic development activity surrounding it, residents and visitors must be able to access the site conveniently. As Centex's current plans contemplate less commercial square footage, the City and developer may consider relocating this access road. If the new development does not follow the City's site design as Centex has currently suggested, this same road location, now running through the middle of a predominately residential development, would negatively impact the character of the new neighborhood, making the area less desirable for new residents and families in particular.

If the City's designs are not followed, the Task Force looked at such alternatives as a new road coming through the eastern frontage road, around the site, to I-90 near the new Metra Star Line station; or the western frontage road into the convention center. This would create a more cohesive, walkable neighborhood and would allow for additional open space. This transportation access issue provides the City with an opportunity to request state transportation resources to support local affordable housing efforts, consistent with the State's comprehensive housing plan. MPC is able to assist the City in leveraging these additional resources from the Ill. Dept. of Transportation.

Getting the Message Across

As stated earlier, MPC has been continually impressed with Rolling Meadow's willingness to keep this process open to the public, demonstrating tremendous commitment to its constituents. To strengthen the City's ability to succeed with its aspiration to keep Rolling Meadows affordable, the volunteers strongly recommend the City continue to be explicit as it further defines its role in this effort, and enact a consistent set of policies for all development within its boundaries that will enable Rolling Meadows to meet its local housing goals.

The Task Force feels the recommendations offered above provide a win-win situation for all of the stakeholders, and therefore can be a model for cooperation between the City, developer, seller, and residents that should be celebrated when the development is complete. With that in mind, the City should also continue to communicate its affordability goals. MPC and Housing Illinois are ready to help city officials talk about the importance of local housing choices (*see Appendix I and binder inserts for messaging materials*). In short, communities are most attractive and stable when workers can afford to live near their job sites, young families are able to be homeowners in the towns where they grew up, and seniors can comfortably age in place.

Centex needs to be a partner with the community, and with Sparks and Associates, and promote this strategy. Although Sparks will bear the weight of this relocation effort, if it is not done fairly and responsively, Centex will feel the ill effects as it begins developing the site. Company representatives should be a part of public meetings and other outreach, so that residents fully understand Centex's role and specific development plans.

Finally, Rolling Meadows officials must be prepared to communicate how this redevelopment effort fits in with overall city development plans that include new affordably priced homes. Towards that end, the City should actively promote the Task Force options it chooses to implement. Measures such as requiring use of the Uniform Relocation Act, adopting an inclusionary housing policy, and creating a housing trust fund will go a long way toward informing and assuring residents Rolling Meadows is going "above and beyond" so that every family at 12 Oaks is treated fairly, and the City is committed to creating local opportunities for the residents to continue living in the community.

MPC is available to assist the City in implementing the above recommendations, and members of the Task Force have also offered their pro bono services toward this end.