

## Public Notice

In accordance with the Statutes of the State of Illinois and the Ordinances of the City of Highland Park, a **Regular Meeting** of the City of Highland Park Housing Commission, the Peers Housing Association, Walnut Housing Association, Ravinia Housing Association and Sunset Woods Association will be held at the hour of **6:30 P.M. on Wednesday, March 4, 2015 at City Hall, 1707 St. Johns Avenue, Highland Park, Illinois**. The Meeting will be held in the **Pre-Session Room** on the second floor.

City of Highland Park  
**Housing Commission**  
**Wednesday, March 4, 2015, at 6:30 p.m.**

### AGENDA

- I. Call to order**
- II. Roll Call**
- III. Business from the Public (Citizens Wishing to Be Heard Regarding Items not Listed on the Agenda)**
- IV. Approval of Minutes – February 4, 2015**
- V. Scheduled Business**
  1. Introduction of New City Council Liaison Michelle Holleman
  2. Items for Omnibus Vote Consideration
    - Payment of Invoices: None at present
  3. Housing Commission Peers, Walnut, Ravinia, and Sunset Woods
    - Management Report
    - Property Report
    - Sunset Woods
      - Consideration of Engagement Letter with Manning, Silverman & Company for accounting services for the Sunset Woods Association
      - Other Sunset Woods business
  4. Report on City Council Meeting and discussion regarding the development of recommendations for potential revisions to the Inclusionary Housing Ordinance
  5. Discussion and Consideration of Lease Provisions in draft agreement with City of Highland Park for Pleasant Avenue parking lot
  6. Discussion and Consideration of a draft Affordable Housing Plan for compliance with the Illinois Affordable Housing Planning and Appeals Act

***Housing Commission Agenda  
March 4, 2015***

**VI. Executive Session for Matters relating to Real Estate Acquisition, Litigation, and Personnel Matters**

**VII. Other Business**

**VIII. Adjournment**

DRAFT

**MINUTES OF A REGULAR MEETING OF THE  
HOUSING COMMISSION OF THE CITY OF HIGHLAND PARK, ILLINOIS**

**MEETING DATE:** Wednesday February 4, 2015

**MEETING LOCATION:** Pre-Session Mayor's Conference Room, City Hall,  
1707 St. Johns Avenue, Highland Park, IL

**CALL TO ORDER**

At 6:30 p.m., Chair David Meek called to order the regular meeting of the Highland Park Housing Commission, the Peers Housing Association, the Ravinia Housing Association, the Walnut Housing Association, and the Sunset Woods Association. Each of the Commissioners also serves as Directors of each of the Housing Associations. The Chair asked Planner M. Smith to call the roll.

**ROLL CALL**

Commissioners Present: Adler, Elder, Meek, Oldham, Ross, and Saret

Commissioners Absent: Kaltman

Student Representative Present: Powell

Chair Meek declared that all Commissioners were in attendance, and a quorum was present.

Council Liaison Present: Blumberg

Staff Liaisons Present: Planners L. Smith and M. Smith

**BUSINESS FROM THE PUBLIC (Citizens Wishing to be Heard Regarding Items not Listed on the Agenda)**

There was no business from the public on items not listed on the Agenda.

**APPROVAL OF MINUTES**

Regular Meeting January 7, 2015

Commissioner Saret pointed out a correction needed to the draft minutes: Commissioner Adler was not at the Meeting, so he could not have voted Nay on the roll call vote to close the Regular Meeting and enter an Executive Session.

Commissioner Elder moved approval of the minutes with the correction noted above of the regular meeting held on January 7, 2015 of the Housing Commission, the Peers Housing Association, the Ravinia Housing Association, the Walnut Housing Association, and the Sunset Woods Association. Commissioner Oldham seconded the motion.

On a voice vote, Chair Meek declared that the motion passed unanimously.

## SCHEDULED BUSINESS

### 1. Introduction of new Commissioners Dr. Lisa Oldham and Douglas Ross and new Student Commissioner Claire Powell

Chair Meek welcomed the new Commissioners. The Commissioners, Councilman Blumberg, and City staff briefly outlined their backgrounds as they introduced themselves to each other.

### 2. Items for Omnibus Vote Consideration

Payment of Invoices: There were no invoices.

### 3. Housing Commission Peers, Walnut, Ravinia, and Sunset Woods Management Report

The Management Report was in the packet. Planner M. Smith reported that senior Evergreen staff, Chair Meek, and City staff will meet on February 8<sup>th</sup> for a preliminary discussion regarding strategies to insure the long-term viability of the Peers and Walnut Place properties. This is in response to Commissioners asking about planning for the long-term capital needs of these two properties. Although the Peers Housing Association has significant reserves for capital expenditures at Peers, the Commissioners recognize that neither Peers nor Walnut Place will generate surplus revenue over operations given the capital needs of aging buildings. Ravinia Housing will not be part of the discussion, because the second mortgage with U.S. Housing and Urban Development in 2012 provided for the complete rehab of that property.

With regard to the investment of Peers Certificate of Deposit (CD) 1, Planner M. Smith distributed a staff memo. Chair Meek changed Peers CD 1 from a six month CD to a twelve month CD in order to get a better interest rate, following the Commission's and Peers Housing Association's direction at the January 7<sup>th</sup> Regular Meeting. CD 1 matured on January 7<sup>th</sup> at Highland Park Bank, a Wintrust bank. This CD is in the Bank's MaxSafe program, which provides additional insurance beyond the Federal Deposit Insurance Corporation limit of \$250,000. The interest rate for the twelve month CD is 0.25% compared to 0.15% for a six month CD. Planner M. Smith said that the Commission may wish to talk to a Wintrust wealth management advisor, because these advisors have the ability to access FDIC-insured CD rates from banks across the country that potentially could be earning a higher rate. The funds, however, may need to be broken up into smaller amounts (less than \$250,000) to ensure that the principal and interest earned are FDIC-insured. Ms. Holly Frischmann, the Commission's personal banker, can help set up such a meeting. Chair Meek said that he would be happy to meet with a Wintrust advisor and City staff in the coming weeks. Commissioner Elder said that the financial advisor that he talked to confirmed that the Commission's policy to invest the Housing Associations' funds in short-term CDs and money market funds was sound. The primary objective of this policy is to be sure that the funds are safely invested and to receive some return on investment while keeping the funds accessible.

### Property Report

Commissioner Adler asked staff what was covered in the tenant retention line item in the financial reports for Walnut Place and Peers. Planner M. Smith said that she thought it primarily was for tenant activities, such as the monthly luncheons and annual holiday party, and said that she would confirm this with Evergreen staff. There was no additional discussion of the financial reports.

Sunset Woods

Chair Meek, who serves as the Sunset Woods Association representative on the Sunset Woods Condominium Board, reported that the Sunset Woods Condominium Board appointed two new Board members to replace two who decided to step down. The new Board President is Diane Stempfel. The next election will be in November.

4. Discussion regarding the development of the Affordable Housing Plan for compliance with the Illinois Affordable Housing Planning and Appeals Act

Chair Meek outlined the background to the development of an Affordable Housing Plan (AHP) for submittal to the Illinois Housing Development Authority (IHDA) for compliance with the Illinois Affordable Housing Planning and Appeals Act (IAHPAA). The state requires all municipalities with less than 10% affordable housing to prepare and submit an Affordable Housing Plan that states how the community will increase its supply of affordable housing. The Plan is due at the end of May. Staff will prepare a draft Plan for Housing Commission review at the March 4<sup>th</sup> Meeting. The next steps will be for staff to prepare the final draft for Housing Commission approval at the April Meeting and to forward the Housing Commission recommendation to City Council for consideration in May. Staff propose following the format of the AHP that the City submitted in 2005, which IHDA accepted.

After discussion, Chair Meek entertained a motion to direct staff to update the 2005 Affordable Housing Plan for submittal to the Illinois Housing Development Authority in order to comply with the Illinois Affordable Housing Planning and Appeals Act. Commissioner Elder moved approval of the direction to staff to update the 2005 Affordable Housing Plan for submittal to the Illinois Housing Development Authority in order to comply with the Illinois Affordable Housing Planning and Appeals Act. Commissioner Ross seconded the motion.

On a voice vote, Chair Meek declared that the motion passed unanimously.

**EXECUTIVE SESSION**

There was no Executive Session.

**OTHER BUSINESS**

There was no Other Business.

**ADJOURNMENT**

Chair Meek entertained a motion to adjourn the meeting. Commissioner Adler moved to adjourn. Commissioner Saret seconded the motion.

On a voice vote, Chair Meek declared that the motion passed unanimously.

The Housing Commission adjourned its meeting at 7:30 p.m.

Submitted respectfully:

Mary Cele Smith  
Housing Planner



MEMORANDUM

TO: Highland Park Housing Commission

FROM: Polly Kuehl & Mary Mauney *Mary Mauney*

RE: **February Management Report/ January Financial Statements**

DATE: 02/24/2015

At Frank B. Peers, We received the final payout for the insurance claim on the broken pipe in Unit 201.

At Ravinia, we received permission from the HUD office to take money from the Reserve for Replacement account to pay for the repairs for the September Pleasant Avenue flooding. \$17,020 was approved and we are awaiting the bank transfer that will allow us to pay our vendors.

Also at Ravinia, the resident under eviction moved out of the unit on January 16<sup>th</sup>. She moved out based on a ten day notice so we did not incur any court costs.

In January, we completed a periodic assessment of all applicants, to find out if they were interested in remaining on the waiting list. We thought this would be a good time to review the applications for Ravinia that were processed during 2014. As you know, we must contact people in order of application date. Not all applicants that were called came in to complete paperwork. We found that we were able to get 46 of the applicants to come in to complete the paperwork with the following results:

- 11 applicants were REJECTED in 2014 for having criminal backgrounds
- 8 applicants owed past amounts for various unpaid utilities and based on that they received a conditional screening stating that the owed money had to be paid. None of these 8 applicants ever submitted proof that they had paid the amount owed, thus the application/certification process stopped.
- 9 applicants made appointments and completed partial paperwork then failed to bring in all required documentations (SS cards, birth certificates, state ID's) or they failed to submit necessary information so that staff could submit required verifications (banking, employment, DHS, Child Support). Even after many calls to each of them, information was not received and the process ceased.
- 5 applicants changed their minds with no explanations (did not return phone calls, letters unanswered etc.)
- 1 applicant WAS approved and failed to show up to sign lease. She was called and would set up appoint then not show up or would call to cancel at the last minute. This happened 3 times.
- 7 applicants upon calling to determine their interest in housing informed staff that they had received vouchers from Lake Co and were no longer interested in seeking housing.

- 4 applicants filed all paperwork, and were approved for Ravinia housing but when called to schedule a time to sign their lease, staff was informed that they had received a voucher from Lake Co and would no longer be interested in Ravinia.
- 2 applicants signed leases and moved in.

We have increased the pressure on some of our applicants that had applied several years ago by requiring them to come to the office to complete paperwork to remain on the list. We are hoping this allows us to “clean up the list” and interview more recent applicants whose need is greater to move in very soon.

### **Frank B. Peers**

**Occupancy:** There is currently one vacancy at the property. The unit became vacant on 2/12/2015. An interested applicant, who is very interested, is bringing her daughter back on 2/26/15 to see the unit.

**Physical:** Regular maintenance work orders and tasks. Handling of snow and ice.

**Social Programs:** Regular social programming occurred at Frank B. Peers during December including weekly bingo. “An Afternoon with Lily the Therapy Dog” and intergenerational luncheon with Ravinia Nursery School celebrated Valentine’s Day. The monthly luncheon will be held on 2/25/15.

**Financial:** Net Operating Income (NOI) for January was positive to budget at \$7,290. YTD NOI was the same. Cash carryover increased to \$65,975.12.

**Income** – Income for the month of January was positive to budget at \$456.

**Expenses** – Expense line items that were significantly negative to budget including:

- Office Salaries (#6310)/Service Coordinator (#6900) We have transferred Marcia Segal from Service Coordinator position to Administrative. Unfortunately, the accounting department coded her January salary to Service Coordinator. We will correct this on future statements.
- Janitor and cleaning supplies (#6515) Reflects cost for inventory light bulbs.
- Electricity (#6450) Budgeted evenly over year, winter use higher with residents staying indoors more.
- Gas (#6452) Higher due to extreme cold weather
- Heating and Cooling Contractor (#6546) Reflects cost for heating service call for an apartment.

### **Walnut Place**

**Occupancy:** Walnut is 100% occupied

**Physical:** Regular maintenance work orders and tasks. Handling of snow and ice.

**Social Programs:** Regular social programming occurred at Walnut Place during January including weekly bingo. Afternoon gathering with Lily the Therapy dog was held on 2/13/15. The Monthly luncheon was held on 2/19/2015 to celebrate the Chinese New Year.

**Financial:** Net Operating Income (NOI) for January was positive to budget by \$9,521. YTD NOI was the same. Cash carryover increased to \$9,164.

**Income** - Income for the month of January was negative to budget by (\$384) due to vacancy.

**Expenses** – Expense line items that were significantly negative to budget include:

- Office Salaries (#6310)/Service Coordinator (#6900) We have transferred Marcia Segal from Service Coordinator position to Administrative. Unfortunately, the accounting department coded her January salary to Service Coordinator. We will correct this on future statements. In addition, we expected to have a service coordinator in place on January 1<sup>st</sup> but to date have not been able to fill the position.
- Computer data processing. (#6316) – Includes cost for a computer support visit by contractor.
- Repairs Payroll (#6540) – Cost for overtime by maintenance for salting sidewalks over weekends.
- Electricity (#6450) Budgeted evenly over year, winter use higher with residents staying indoors more.
- Gas (#6452) Higher due to extreme cold weather
- Heating and Cooling Contract (#6545) – Reflects purchase of new heating unit for townhouse.

### **Ravinia Housing**

**Occupancy:** HUD requires that 40% of the persons moving in to Section 8 apartments fall into the extremely low income category. To achieve this goal, we make sure that the very first applicant that moves into our properties qualify as “extremely low”. We then alternate back and forth between very low and extremely low applicants to achieve this goal. We have one resident who is currently approved and waiting to move in but because she does not fall into the “extremely low” category, we have to wait until after we move in a qualified first applicant. We currently have three units available. The periodic assessment notices required residents to respond to our letter asking if they were interested in remaining on the waiting list by the end of January. We have interviewed 18 families in the last three weeks with the following outcome:

- 5 applicants were rejected by screening or disqualified themselves when they found out we would be pulling criminal histories.
- 4 applicants owed substantial sums to utility companies. Our screening criteria requires they utility debt before moving in. None of the four have made efforts to do this and we are unable to consider them further until they do.

- 1 applicant thought the units were too small.
- 1 applicant completed the paperwork then called in later in the day and told us she was not interested in living at St. Johns after driving around the neighborhood.
- 4 applicants have had their profile sent to Screening and we are waiting to hear back if they are approved. If they are, we will begin the verification process.
- 3 applicants have passed the screening process and we are working to get all items verified.
- We have four more appointments with applicants scheduled through the end of February.

Because we have a “low income” applicant who can move in 2<sup>nd</sup>, we will be filling two units when we are able to qualify the next applicant that falls into the extremely low income category.

**Physical:** Regular maintenance work orders and tasks. Handling of snow and ice.

**Financial:** Net Operating Income (NOI) for October was negative to budget by (\$623). YTD NOI is negative to budget by (\$50,599). Cash carryover increased to \$27,926. (This figure includes \$27,900 received from HUD for the repaving of the parking lot at the two campuses. The bill was not received and paid until December).

**Income** –Income is negative to budget at (\$1,507.) due to vacancy.

- Office Salaries (#6310)/Service Coordinator (#6900) We have transferred Marcia Segal from Service Coordinator position to Administrative. Unfortunately, the accounting department coded her January salary to Service Coordinator. We will correct this on future statements. In addition, we expected to have a service coordinator in place on January 1<sup>st</sup> but to date have not been able to fill the position.
- Gas (#6452) – Reflects cost to heat vacant units over cold winter months.
- Snow Removal – (#6548) Cost for snow removal, should be allocated to Miscellaneous Repairs Contract. Will be corrected in subsequent statements.

## Accounts Receivable Up-Date

January 2014

### Frank B. Peers

Tenant A/R increased from \$3 at the end of December to \$2,073 at the end of January. The large change was due to a resident not reporting change in her social security payments when her husband died. She paid of the balance in February. The breakdown is as follows:

Current	\$	2,073
30 Days	\$	0
60 Days	\$	0
90+ Days	\$	0
Prepaid	\$	0

Subsidy A/R decreased slightly from \$2,626 at the end of December to \$752 at the end of January. The breakdown is as follows:

Current	\$	(1,305)
30 Days	\$	(2,441)
60 Days	\$	0
90+ Days	\$	(63)
Prepaid	\$	(4,561)

### Walnut Place

Tenant A/R decreased from \$15,558 at the end of December to \$14,791 at the end of January. This includes \$768 collected on payment plans. The breakdown is as follows:

Current	\$	718
30 Days	\$	2,155
60 Days	\$	708
90+ Days	\$	11,104
Prepaid	\$	(106)

Subsidy A/R increased from \$3,204 at the end of December to \$926 at the end of January. The breakdown is as follows:

Current	\$	(1,981)
30 Days	\$	(48)
60 Days	\$	0
90+ Days	\$	(77)
Prepaid	\$	(3,032)

**Ravinia Housing**

Tenant A/R decreased from \$34,972 at the end of December to \$34,624 at the end of January. \$ 524 was received on current resident payment plans. The breakdown is as follows:

Current	\$ 2,940
30 Days	\$ 2,313
60 Days	\$ 1,913
90+ Days	\$ 26,446
Prepaid	\$ (1,012)

Subsidy A/R decreased from \$1,502 at the end of December to \$1,746 at the end of January. Change is due to an interim recertification done for a resident and subsequent HUD billing associated with that. The breakdown is as follows:

Current	\$ 661
30 Days	\$ 0
60 Days	\$ 0
90+ Days	\$ (120)
Prepaid	\$ (1,205)

Frank B. Peers Capital Improvements Up-Date 1/31/2015										
Task	Date for Bids	Date for Work	Estimated \$ Use of Reserves	Estimated \$ Use of Operating	Comments	FMCS Role Lead, Assist or None	\$ Actual Complete Operations	\$ Actual Reserves Spent	Replacment Reserve Request Date	
1 Parking Lot		periodic	2,000	-						
2 Roof Repairs		" "	1,800							
3 Concrete Repairs		" "	1,000							
4 Apppliance Replacement		" "	3,600							
5 A/C Replacements		" "	1,500							
6 Carpet and tile		" "	7,800							
7										
8										
9										
Windows from Partnership Funds										
<u>Reserves 2014 Cash Flow</u>										
Reserves Starting January 1, 2014	\$ 185,111									
2013 Annual Deposit to Reserves	\$ 23,004									
Expected Use of Reserves (\$) 2014	\$ (17,700)	Total	17,700	-			-	-		
IHDA Reserves										
Balance expected at the start of 2015	\$ 190,415									

Walnut Place Capital Improvements Up-Date 1/31/2015										
Task	Date for Bids	Date for Work	Estimated \$ Use of Reserves	Estimated \$ Use of Operating	Comments	FMCS Role Lead, Assist or None	\$ Actual Operating Spent	\$ Actual Reserves Spent	Replacment Reserve Request Date	
1 Concrete Repairs		periodic	\$ 1,000							
2 Appliance Replacement		periodic	\$ 2,150							
3 A/C Replacements		periodic	\$ 1,300							
4										
5										
6										
7										
8										
9										
10										
11										
<u>Reserves 2015 Cash Flow</u>										
Reserves Starting January 2015	\$ 115,098									
2015 Annual Escrow Deposit	\$ 22,003									
Expected Use of Reserves \$\$ in 2015	\$ (4,450)	Total	4,450	-			-	-		
Balance expected at start of 2016	\$ 132,651									

Ravinia Housing Capital Improvements 1/31/2015											
Task	Date for Work	\$ Use of R&R	\$ Use of Construction	\$ Use of Operating	Comments	FMCS Role Lead, Assist or None	Date Complete	\$ Actual Complete Operations	\$ Actual Reserves Spent	Replacement Reserve Request Date	
1 Plumbing repair to 4 units Pleasant Ave	Dec-14	\$ 17,021		\$ -	2/10/2015 approval received waiting for cash transfr			\$ 17,021	\$ 17,021	January-15	
2 Appliance Replacement		\$ 2,000		\$ -							
3 Carpet and Tile		\$ 12,000									
4											
5				\$ -							
6											
7											
8											
9											
10											
11											
12											
<b>Reserves Cash Flow</b>											
Reserves Starting January 1, 2015		\$ 414,324									
2014 Annual Deposit		\$ 16,188									
Use of Reserves in FY		\$ (31,021)	TOTAL	31,021	-	-	TOTAL	17,021	17,021		
Balance expected January 1, 2016		\$ 399,491									

Highland Park Housing Commission										
Reserve Balances										
Date: 1/31/2015										
Account Name		Frank B. Peers		Walnut Place		Ravinia Housing		Sunset Woods		TOTAL
Checking (Property)		64,771		9,164		395		51,103		
Security Deposit		19,112		19,415		6,410		10,551		
Replacement Reserve		186,811		115,098		415,689		0		
Residual Receipts		17,508		27,095		0		0		
Operating Reserve		0		0		16		9,158		
Association Money				104,678		81,908		119,273		
Market Checking										
Association Small Business Checking		9,220						9,351		
Association Receivable/(Liability)								(258,832)		
1) Due from Hsg. Trst. Fd 277 GB		7,492		Total						
2) Due from Hsg. Trst Fd. Emerg.		689		A/R						
3) Due from Sunset Woods		258,832								
Association CDs		Maturity								
CD #1		1/7/2016		506,796						
CD #2		4/7/2015		507,413						
Association MaxSafe Money Market		1,114,723								
TOTAL		2,693,367		275,450		504,418		(59,396)		

<b>Housing Trust Fund</b>	
<b>Fiscal Year 2015</b>	
January 1 - December 31 - Unaudited	<b>Unaudited</b>
	Through 01/31/2015
<b>Beginning Balance, Jan 1 (Unaudited)</b>	\$863,817
Revenue:	
Demolition Tax	0
Demolition Permits	0
Interest Revenue	0
Contributions/Donations/Other	0
Proceeds of Ceding Volume Cap	0
<b>Total Revenue</b>	<b>0</b>
Expenditures:	
Program Costs	(2,103)
<b>Total Expenditures</b>	<b>(2,103)</b>
<b>Ending Balance</b>	<b>\$861,714</b>
Pending Liabilities	
CPAH Scattered Site Program	(\$65,000)
CPAH 4 Unit Rental Project	(\$450,000)
Employer Assisted Housing	(\$20,000)
CPAH Operating Grant 2014	(\$85,000)
Emergency Housing Assistance	(\$10,000)
Housing Planner	(\$34,879)
Reimbursement to Fulton Developers	(\$13,200)
<b>Total Pending Liabilities</b>	<b>(\$678,079)</b>
<b>Net Balance</b>	<b>\$183,635</b>
Prior Month Balance (12-31-14)	\$370,617
<b>Month to Month Change</b>	<b>(\$186,982)</b>

**CITY OF HIGHLAND PARK**  
**DEPARTMENT OF COMMUNITY DEVELOPMENT**  
1150 HALF DAY ROAD  
HIGHLAND PARK, ILLINOIS 60035  
(847) 432-0867

**MEMORANDUM**

To: Housing Commission

From: Mary Cele Smith, Housing Planner

Date: February 26, 2015

**Re: Consideration of Engagement Letters from Manning Silverman for Audit and Tax Preparation Services for the Sunset Woods Association**

Attached are two different engagement letters from Manning Silverman & Company for accounting services, audit and tax returns, for the Sunset Woods Association (SWA). Manning Silverman prepared the two alternatives at City staff's suggestion. One letter is for one year at a cost of \$6,200; and the other, for three years, with cost increases each year that average to \$6,200 for the entire period. Manning Silverman & Company has been the auditor for the Sunset Woods Association since its inception. City staff are satisfied with Manning Silverman's performance to date.

The fees for the three year proposal are as follows:

2015	\$5,900
2016	\$6,200
2017	\$6,500

The fees for 2014 were \$5,650. The new proposals, for one-year at \$6,200 or for three-years averaging \$6,200 for the period, represent a ten percent increase.

The last time that Housing Opportunity Development Corporation (HODC) staff sent out a request for proposals, at the Commission's direction, was in 2010. At that time, Manning Silverman's proposal was significantly less than the two competitors (Reznick Group, P.C. and Ahlbeck & Company). The proposed fees are also less than these two 2010 bids.

Staff recommends engaging Manning Silverman & Company for either one or three years.



175 Olde Half Day Rd, Suite 290  
Lincolnshire, IL 60069  
P: (847) 459-8850  
F: (847) 537-8954  
[www.manningsilverman.com](http://www.manningsilverman.com)

February 23, 2015

Mr. Lee Smith  
Sunset Woods Association  
1150 Half Day Road  
Highland Park, Illinois 60035

Dear Mr. Smith:

We are pleased to confirm our understanding of the services we are to provide for Sunset Woods Association for the year ended December 31, 2014.

We will audit the financial statements of Sunset Woods Association, which comprise the statement(s) of financial position as of December 31, 2014, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

We will also prepare the Organization's federal and state information returns for the year ended December 31, 2014.

**Audit Objective**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Sunset Woods Association's financial statements. Our report will be addressed to the Board of Directors of Sunset Woods Association. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

## **Audit Procedures**

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers

### **Management Responsibilities**

You agree to assume all management responsibilities for the tax services and any other non-attest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the Organization complies with applicable laws and regulations.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Wayne E. Silverman is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately March 15, 2015 and to complete your information returns and issue our report no later than June 15, 2015.

We estimate that our fees for these services will be \$6,200 for the audit and the information returns. You will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Sunset Woods Association  
February 23, 2015  
Page 4

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours.



Wayne E. Silverman  
Manning Silverman & Company

RESPONSE:

This letter correctly sets forth the understanding of Sunset Woods Association:

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



175 Olde Half Day Rd, Suite 290  
Lincolnshire, IL 60069  
P: (847) 459-8850  
F: (847) 537-8954  
[www.manningsilverman.com](http://www.manningsilverman.com)

February 23, 2015

Mr. Lee Smith  
Sunset Woods Association  
1150 Half Day Road  
Highland Park, Illinois 60035

Dear Mr. Smith:

We are pleased to confirm our understanding of the services we are to provide for Sunset Woods Association for the years ended December 31, 2014, 2015 and 2016.

We will audit the financial statements of Sunset Woods Association, which comprise the statement(s) of financial position as of December 31, 2014, 2015 and 2016, the related statements of activities, functional expenses, and cash flows for the respective years then ended, and the related notes to the respective years' financial statements.

We will also prepare the Organization's federal and state information returns for the years ended December 31, 2014, 2015 and 2016.

#### **Audit Objective**

The objective of each of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audits will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion each year. We will issue a written report upon completion of each of our audits of Sunset Woods Association's financial statements. Each report will be addressed to the Board of Directors of Sunset Woods Association. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If any of our opinions is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete an audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

## **Audit Procedures**

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of each year's engagement, and they may bill you for responding to this inquiry. At the conclusion of each year's audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, each audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform each audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though each audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to each of the respective periods covered by our audits and does not extend to any later periods for which we are not engaged as auditors.

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Wayne E. Silverman is the engagement partner and is responsible for supervising the engagement and signing each report or authorizing another individual to sign it. We expect to begin our audit for the year 2014 on approximately March 15, 2015 and to complete your information returns and issue our report no later than June 15, 2015. For subsequent years, we expect similar dates and time periods to be in effect.

We estimate that our fees for these services will be \$5,900, \$6,200 and \$6,500 for the respective year's audit and the information returns. You will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. The fee estimates are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the respective year's engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Sunset Woods Association  
February 23, 2015  
Page 4

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Very truly yours.



Wayne E. Silverman  
Manning Silverman & Company

RESPONSE:

This letter correctly sets forth the understanding of Sunset Woods Association:

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**CITY OF HIGHLAND PARK**  
**DEPARTMENT OF COMMUNITY DEVELOPMENT**  
1150 HALF DAY ROAD  
HIGHLAND PARK, ILLINOIS 60035  
(847) 432-0867

**MEMORANDUM**

To: Housing Commission

From: Mary Cele Smith, Housing Planner

Date: February 26, 2015

**Re: Inclusionary Housing Ordinance Review**

The February 23, 2015 City Council Committee of the Whole (COTW) agenda included the topic Inclusionary Housing Policy – Alternatives for Discussion. The attached memorandum provided the basis for the discussion, and city staff sent this attachment to the Housing Commission prior to the City Council Meeting (it is attached again for your convenience). At the COTW, Community Development Director Joel Fontane presented a PowerPoint summary of the memo. Chair David Meek, Senior Planner Lee Smith, and Housing Planner Mary Smith attended along with affordable housing stakeholders. Among the questions that the Council members raised were establishing the need for ordinance revisions, providing a financial analysis of the impact of the inclusionary regulations, and obtaining feedback from developers. The Mayor and City Council directed City staff to convene a task force to address these questions and to present their findings to the Housing Commission. The Mayor recommended that the Task Force consist of two Housing Commissioners, Plan Commissioners, affordable housing stakeholders, and developers. Chair Meek volunteered to serve on the task force. The endpoint of this process is for the Housing Commission to present recommendations to the Plan Commission and City Council.



## COMMITTEE OF THE WHOLE

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**Date:** February 23, 2015  
**To:** Mayor Nancy Rotering & City Council  
**From:** Lee Smith, Senior Planner, Mary Cele Smith, Housing Planner,  
Eric Olson, Planner, and Joel Fontane, AICP, Director of Community Development  
**Subject:** **Inclusionary Housing Policy – Alternatives for Discussion**

**Recommendation.** Staff respectfully requests direction regarding which of the following policy alternatives the City Council would like to consider. It is recommended that these policy changes be referred to the Housing Commission for review and recommendation prior to formal Council consideration.

**Introduction.** At the direction of the City Manager and City Council, the Department of Community Development has been tasked with developing alternatives to reduce the costs of development associated with the City's inclusionary housing requirements. Concerns regarding the impact of these requirements on development activity emerged this past summer based on anecdotal evidence from developers that the cost associated with compliance is a deterrent to residential development. Yet, the feedback from the development community has not been consistent. Some developers have been able to incorporate inclusionary units into their projects<sup>1</sup> and another indicates that he is accustomed to this type of requirement.<sup>2</sup> The requirement seems to be of greater concern to developers of condominium projects, particularly high-end projects, however, it is unclear why. What is clear is that little housing development has occurred since the program began. Staff believe this is largely attributable to the housing market crash, zoning requirements related to density, height, parking, and that the City is largely developed already. Yet, the City's inclusionary housing requirements also play a significant role in the cost of development. Staff recognize that if affordable unit requirements inhibit development, fewer housing units, including affordable ones, may be produced.

There is also growing concern that the Housing Trust Fund (HTF) is not sustainable as its revenue sources, the demolition tax and payment-in-lieu, have not been sufficient to keep up with program expenditures over the past several years. In FY 2014, revenue to the HTF was \$365,000 with expenditures of approximately \$335,000. The HTF started FY 2015 with a balance of \$863,800. Total pending 2015 obligations of the HTF including CPAH operating and development grants, salary for the City's Housing Planner, and, other items total approximately \$680,000. Assuming a worst case scenario of no HTF revenue in 2015, the Fund balance at the close of the year would be \$183,800. In 2014, Demolition Tax revenue to the HTF was \$213,000, an increase of 36 percent from that in 2013 when Demolition Tax revenue was \$157,000.

In FY 2013 and 2014, among other funding obligations, the HTF supported CPAH's purchase and rehabilitation of a total of seven units, six home ownership and one rental unit.

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<sup>1</sup> Laurel Court II, 515 Roger Williams

<sup>2</sup> Clark Station Redevelopment

In examining the inclusionary housing requirements staff considered the interrelationship of the following key objectives:

- The City's competitiveness as a location for residential development.
- The production of housing units within the city for a wide range of income groups; and
- The sustainability of the Housing Trust Fund as an additional mechanism to provide affordable housing units.

Another aspect of staff research was a comparison of Highland Park's inclusionary zoning requirements to that of the four other Illinois' municipalities that have such regulations: Chicago, Evanston, Lake Forest, and, St. Charles. Executive Summary 1 and Table ES1 provide summary and detailed information on Highland Park's and these other municipalities' regulations.

**Background.** Inclusionary zoning was one of four key recommendations of the City's Affordable Housing Plan, which was adopted by the City Council in January 2001 as an element of the City's Comprehensive Master Plan. The inclusionary zoning regulations help maintain the City's economic diversity by ensuring that a portion of all new residential development (and rental to condo conversions) be affordable for low to moderate-income households. It also directly funds the affordable units through grants from the Housing Trust Fund to the City's not-for-profit development partner Community Partners for Affordable Housing (CPAH). The program, in part, serves to close the gap between the location of jobs<sup>3</sup> and housing by providing a mechanism by which more people who work in Highland Park can also live in Highland Park. Among the benefits of this action is that it helps local employers attract and retain employees. Moreover, providing additional opportunities for people to live near their place of employment can reduce traffic congestion and related pollution. Part of the rationale for the current 20% affordable requirement had to do with the proportion of households earning less than \$50K per year living in Highland Park, which was about 25% in the year 2000. This proportion has remained the same according to the most recent Census data available.<sup>4</sup>

The development of the ordinance sought to balance the need for affordable housing, given Highland Park's household income distribution, with the developer's interests. In order to mitigate costs to the developer, the ordinance establishes a density bonus of one additional market-rate unit for each required affordable unit. In Planned Unit Developments, the City Council may authorize an additional density bonus of 0.5 market-rate units for each required affordable unit. The density bonus is not available when the developer pays the fee-in-lieu instead of constructing units. When used, the density bonus acts to reduce the percent of affordable units in the project. Typically, when a developer receives the density bonus, the total number of affordable units in the project are 15% to 16% of all units. Although it may not be possible to use the full density bonus given the constraints of any given site and other City Code requirements, all five developments built or approved to date were able to use some or all of the density bonus. For these five developments, the percent of affordable units ranged from 13.3% to 17.6%. The average for these developments is 16%. The attached Table 1 summarizes the information for the five developments.

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<sup>3</sup> The City of Highland Park has about 16,000 jobs according to ESRI

<sup>4</sup> 2008-2010 estimate from the Census Bureau's American Community Survey

While the density bonus is the primary mechanism to mitigate costs of the inclusionary program, the ordinance also provides for a waiver of all the City's development-related fees and costs attributable to the affordable units. In addition, the City Council has the authority to waive development impact fees for all of the affordable units provided.

By design, the City's affordable housing program's production is dependent on the inclusion of affordable units within private sector developments and the development of units through its grant making to CPAH. Since 2003, private sector development of inclusionary units (20 units) has lagged CPAH's scattered site production (45 units). This is not surprising given the "great recession" and its attendant housing market crash. During this time, the City's program was able to use monies from the Housing Trust Fund to continue to create affordable housing units during the slow economic recovery.

As additional background, an overview of the City's current inclusionary zoning regulations is attached in Executive Summary 2 and Tables ES2A and ES2B.

**Relationship to State Requirements.** The State of Illinois' Affordable Housing Planning and Appeal Act (AHPAA) (310 ILCS 67/) of 2003 requires local governments to adopt an Affordable Housing Plan (AHP) if less than 10% of their housing units qualify as affordable. AHPs are required to detail how the local government will increase its affordable housing stock. The law is intended to encourage municipalities to incorporate affordable housing into their communities. Every five years the State reevaluates municipal compliance with the goal of 10% affordable units in a jurisdiction.

To comply with the AHPAA, municipalities are required to have an AHP that includes incentives to encourage affordable housing and incorporates at least one of the following three goals for increasing the proportion of affordable units as defined by the AHPAA:

- a. That a minimum of 15% of all new development or redevelopment be affordable; or
- b. That a minimum of a 3% percentage point increase in overall percentage of affordable housing within its jurisdiction be achieved; or
- c. That at least 10% of all units within a jurisdiction are affordable.

The State has determined that the proportion (7%) of total housing units that are affordable in Highland Park is less than the ten percent threshold set forth by the AHPAA. This proportion is slightly less than the State's previous 2003 estimate for Highland Park, which was 7.6%. Although staff acknowledge that the City is still below the 10% required, it disagrees with the State's methodology used to calculate the latest estimate. Moreover, the City's programmatic efforts have resulted in the development of forty-five affordable units since 2003, which would represent 14% of the net increase in total housing units between 2000 and 2010.

**Ongoing Need.** Despite the downturn in the housing market, homes in Highland Park continue to be unaffordable to many households living or working here. According to the Lake County Assessor, the median market-value for existing homes in Highland Park was \$465,000 in 2012. The cost, moreover, of new homes, is even greater, typically over \$750,000. Rental units often provide a relatively more affordable option to purchasing, yet the number of rental units in Highland Park has declined over the past 20 years by almost 7% (see Table below). The number of rental units has stabilized in the last 10 years but its contribution to total units has fallen from 20.2% in 1990 to 17.6% in 2010.

<b>City of Highland Park Housing Units</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>% Change 1990-2010</b>
Total Housing Units	11,436	11,934	12,256	+7.1%
Total Rental Units	2,307	2,136	2,152	-6.7%
Occupied Rental	2,162	2,059	1,963	-9.2%
Vacant Rental	145	77	189	+30.3%
<b>Percent Rental</b>	<b>20.2%</b>	<b>17.9%</b>	<b>17.6%</b>	<b>-12.9%</b>

Source: U.S. Census Bureau

To assess if the Highland Park housing market is meeting the housing needs of low and moderate-income households, staff analyzed Multiple Listing Service data for condominiums, townhouses and single-family detached homes sold in Highland Park from March through July 2014. The properties reviewed were all sold at or below \$250,000. This price threshold was used to assess the *Market Rate Affordable* housing market in Highland Park.

To determine affordability, staff calculated whether low to moderate-income households could afford the cost to purchase these properties including mortgage principal and interest, taxes and insurance (and association fees for condominiums). Affordability is defined as paying no more than 30% of household income for total housing costs. Low-income is defined as at or below 80% of area median income (AMI) and moderate-income is from 81% to 120% of AMI. Furthermore, in developments with inclusionary housing units, the average sale price for units targeted to low and moderate-income households are set at 65% and 100% of AMI, respectively. For more on the income requirements of the City’s program see attached Executive Summary 2 - Current Inclusionary Zoning Regulations and Tables ES2A and ES2B.

During the sales period examined, only 10 single-family detached and 19 condominium or townhouse units were sold for less than \$250,000. To analyze the affordability of these units, we examined two low-income (65% and 80% of AMI) and two moderate income levels (100% and 120% of AMI). Attached Tables 2A and 2B show whether the units sold would be affordable to the target households of the inclusionary housing regulations.

The following table summarizes the results of the sales price analysis.

<b>Market Rate Affordable in Highland Park (Mar – Jul 2014)</b>		
<b>Number and % of Total Units Sold &lt;\$250K that are Affordable by % of Area Median Income (AMI)</b>		
<b>% of AMI of Purchaser</b>	<b># of Condos and Townhouses Sold that were affordable</b>	<b># of Single Family Detached Sold # and %</b>
65%	1 (5%)	2 (20%)
80%	5 (20%)	3 (30%)
100%	10 (53%)	9 (90%)
120%	15 (79%)	10 (100%)

Regarding condominiums and townhouses, there were more sales of this type of housing but again, these units are not typically affordable to low-income households. As would be expected there is greater affordability in the Highland Park market for moderate-income households.

It should be noted that as the housing market improves dwelling units such as these are likely to increase in value at a faster rate than household income and therefore will become less affordable to the target income groups. In addition, most market-rate affordable condominiums were one and two bedrooms (84%) units which do not accommodate larger households.

## **Policy Recommendations & Discussion**

In light of the foregoing, staff has analyzed the current regulations and offers the following options and alternatives for Council consideration.

### **1. Consider Expanding the payment-in-lieu option to the following:**

- a. All types of single-family developments fewer than 20 units; and
- b. To conversions of rental developments with fewer than 20 units to individual unit ownership through condo conversion.

Rationale: Currently, only developers of detached single-family units have the option of paying the payment-in-lieu of providing actual affordable units by right. This change would expand this option to all types of single-family construction, such as townhouses, and would make this option a by-right alternative to the provision of affordable units on site. It would also provide this same option to property owners converting rental units to condominiums. The reasoning is that attached town homes are another form of single-family development and that developers of condominium conversions are not able to use the density bonus.

### **2. Consider Expanding Fee Waivers to Market-Rate Bonus Units**

In an effort to reduce the costs associated with inclusionary housing units the City could consider expanding permit fee waivers and/or impact fee waivers to market-rate bonus units obtained through the provision of on-site inclusionary housing. As a development incentive, the City's Inclusionary Housing ordinance currently provides a waiver of all development-related permit fees associated with the affordable units created. In addition, the City Council has also waived the per unit impact fees attributable to affordable units in all of the approved developments projects containing inclusionary units. Impact fees<sup>5</sup> range from ~\$4.2K - \$18.9K per unit depending on the number of bedrooms and type of building<sup>6</sup>. Expanding these waivers would provide an additional cost offset for the development of affordable units.

Rationale: Expanding permit fee waivers and/or impact fee waivers to the market-rate bonus units would increase these incentives by more the 2.5 times and could be a significant cost offset for some developments. A detailed incentive analysis will be developed upon direction of City Council.

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<sup>5</sup> Impact fees collected by the City go to the Library, School District 112 and 113, and Park District.

<sup>6</sup> multi-family, single-family attached, or single-family detached

### 3. Consider Alternatives to the 20% Requirement

**Current Code.** Prior to presenting policy alternatives, it is important to note that the application of the City’s current policy typically yields developments consisting of 15-16% affordable units after all bonus units are included as shown in Table 3. This is the result of how the density bonuses are applied to development projects. Under the City’s current inclusionary housing policy, developers are awarded a by-right density bonus of one market-rate unit for every affordable unit provided within a development. An additional discretionary bonus of one-half the number of affordable units created on-site, rounded up, can also be granted through the Planned Development (PUD) process.

When calculating the 20% requirement, fractional affordable units below 0.5 are rounded down and fractional affordable units  $\geq 0.5$  are rounded up to the closest whole unit. The number of market rate bonus units for a given project is derived based on the number of on-site affordable housing units provided as the following example shows. As mentioned above, the result of these calculations is a development with typically 15%-16% affordable units.

The case study below illustrates how the density bonuses reduce the percentage of affordable units in the development.

*Example:* A developer proposes to build 20 units in Highland Park. In order to reach that number, we mathematically back into the total units proposed by determining the base number of units that would yield 20 total units including both by-right and PUD density bonuses.

- Using a base of 15 units, the 20% affordable requirement is 3.00 units.
- With affordable density bonuses, the developer is able to create an additional five market-rate units for a total of 20 units.
- With three affordable units constructed in a development of 20 total units, the effective percentage of all units that are affordable is 15%.

Total # of Units Proposed	Base Units	Market-Rate Units	Affordable Units Required	By-Right Bonus Units	PUD Bonus Units	Effective % Affordable Units
20	15	12	3.00 / 3	3	2	15.0%

**Summary of Alternatives & Comparison with Current Requirements.** Staff recommend that the following three alternatives be considered as they are consistent with the City’s Master Plan, the City’s Affordable Housing Needs and Implementation Plan and the on-going need for more affordable housing in Highland Park. These alternatives reduce the requirements of the City’s inclusionary housing policy by expanding the ability for payments in-lieu of fractional units or reducing the proportion of on-site units required, or both. The alternatives are presented from least (Alt #1) to most change (Alt #3) from the City’s current policy. Each has an example that assumes that the development is a Planned Unit Development to illustrate the effective percent affordable for that particular development. Table 4 provides a detailed comparison of the current policy to all three alternatives below.

It is important to note that due to rounding the number of affordable units required as a proportion of total units (effective percentage) varies by the size of the project. Moreover, the proportion of total units on-site that are required to be affordable under the city's current code is, on average, 15% to 16%.

**Alternative 1** – This alternative proposes a variation on the City's current structure that retains the 20% affordable proportion but allows for a payment of a prorated fee-in-lieu for partial unit requirements at 0.5 units and above. This alternative provides the option to pay a prorated amount of the City's \$125K payment-in-lieu for fractional units  $\geq 0.5$ . This policy change:

- Represents the least change from current policy
- Provides another revenue source for the Housing Trust Fund
- On average, reduces the proportion of on-site units that are affordable to 14%-15%.

**Alternative 2** – This alternative reduces the overall 20% affordable requirement to 15% and makes no other changes. This policy change:

- On average, reduces the proportion of on-site units that are affordable to 12%-13%
- Does not provide another revenue source for the Housing Trust Fund

**Alternative 3** – This alternative reduces the overall affordable unit requirement from 20% to 15% and allows for a payment of a pro-rated fee-in-lieu for *all* partial unit requirements. This policy change:

- On average, reduces the proportion of on-site units that are affordable to 10%-12%
- Provides another revenue source for the Housing Trust Fund.
- Reduces cost variation due to rounding.

### **Alternative 1 Example:**

#### **Retain 20%, Allow Payment of Fee-in-Lieu for Fractional Requirements above 0.5**

Maintain the current 20% affordable housing requirement for covered developments of five units and above. However, developments requiring a fractional affordable unit greater than 0.5 would be given the option to pay a percentage of the established fee-in-lieu for this fractional unit instead of creating the additional affordable unit. This reduces the financial burden on developers which are otherwise required to create an affordable unit due to rounding.

All fractional unit requirements below 0.5 would continue to be rounded down and no proportional payment of the fee-in-lieu would be required.

All bonuses for market-rate units would remain based on the number of affordable housing units actually created.

Under this policy alternative, developments would reflect an average effective affordable housing percent of approximately 14-15% and additional funds would be raised for the Affordable Housing Trust Fund.

*Example:* A developer wants to build 36 units in Highland Park. In order to reach that goal, we mathematically work backwards to determine a starting point that allows the developer to use all of the available bonuses to reach 36.

- By proposing a base of 28 units, the 20% affordable requirement is 5.60 units. The developer has the option to create five affordable units and pay the applicable fractional percentage (60%) of the established fee-in-lieu. Rather than requiring six affordable units through existing rounding rules, the developer can create five affordable units and pay \$75,000 into the Affordable Housing Trust Fund.
- With all affordable density bonuses, the developer is able to create an additional eight market-rate units for a total of 36 units.
- With five affordable units constructed in a development of 36 total units, the effective percentage of affordable units is 13.9%.

Total Units Proposed	Base Units	Market-Rate Units	Affordable Units Required/Created	Fractional Fee-in-Lieu	By-Right Bonus Units	PUD Bonus Units	Effective % Affordable Units
36	28	23	5.60 / 5	\$75,000 (0.6)	5	3	13.9%

**Alternative 2 Example:**

**Reduce Requirement to 15%, No Prorated Payments for Fractional Units**

This alternative reduces the 20% affordable housing requirement to 15% for covered developments of five units and above. When calculated, fractional affordable units below 0.5 are rounded down and fractional affordable units  $\geq 0.5$  are rounded up to the closest whole unit.

All bonuses for market-rate units would remain based on the number of affordable housing units actually created. This policy alternative would yield an average 12-13% affordable on-site.

*Example:* A developer wants to build 30 units in Highland Park. In order to reach that goal, we mathematically work backwards to determine a starting point that allows the developer to use all of the available bonuses to reach 30.

- By proposing a base of 24 units, the 15% affordable requirement is 3.60 units and results in the creation of four affordable units due to rounding.
- With affordable density bonuses, the developer is able to create an additional six market-rate units to meet their goal of 30 units.
- With four affordable units constructed in a development of 30 total units, the effective percentage of affordable units is 13.3%.

Total Units Proposed	Base Units	Market-Rate Units	Affordable Units Required/Created	By-Right Bonus Units	PUD Bonus Units	Effective % Affordable Units
30	24	20	3.60 / 4	4	2	13.3%

**Alternative 3 Example:**

**Reduce Requirement to 15%, Prorated Payment of Fee-in-Lieu for any Fractional Units Required**

In this alternative, developers would be subject to a 15% affordable housing requirement for covered developments of five units and above. All developments requiring fractional affordable units may pay a percentage of the established fee-in-lieu for their fractional unit instead of creating the additional affordable unit.

All bonuses for market rate units would remain based on the number of affordable housing units actually created.

Under this policy alternative, developments would reflect an average effective affordable housing percent of approximately 10-12% and additional funds would be raised for the Affordable Housing Trust Fund.

*Example:* A developer wants to build 33 units in Highland Park. In order to reach that goal, we mathematically work backwards to determine a starting point that allows the developer to use all of the available bonuses to reach 33.

- By proposing a base of 27 units, the 15% affordable requirement is 4.05 units and results in the creation of four affordable units. The developer will also pay \$6,250 as the applicable fractional percentage (5%) of the fee-in-lieu.
- With affordable density bonuses, the developer is able to create an additional six market-rate units to meet their goal of 33 units.
- With six affordable units constructed in a development of 33 total units, the effective percentage of affordable units is 12.1%.

Total Units Proposed	Base Units	Market-Rate Units	Affordable Units Required/Created	Fractional Fee-in-Lieu	By-Right Bonus Units	PUD Bonus Units	Effective % Affordable Units
33	27	23	4.05 / 4	\$6,250 (0.05)	4	2	12.1%

**Attachments:**

- ✓ [Executive Summary 1 - Inclusionary Zoning Regulations – Municipal Comparison](#)
- ✓ [Table ES1: Comparison of Highland Park Inclusionary Zoning Requirements vs. Other Illinois Municipalities](#)
- ✓ [Executive Summary 2 - Current Inclusionary Zoning Regulations](#)
- ✓ [Tables ES2A Inclusionary Housing Program For-Sale Pricing](#)
- ✓ [Table ES2B Inclusionary Housing Program Rental Pricing](#)
- ✓ [Table 1: Inclusionary Residential Developments in Highland Park](#)
- ✓ [Tables 2A Market-Rate Affordability for Condos/Townhouses](#)
- ✓ [Table 2B: Market-Rate Affordability for Single Family Detached](#)
- ✓ [Table 3: Effective Percentage of Affordable Housing under Current Code Requirements](#)
- ✓ [Table 4: Inclusionary Zoning Current Policy vs Alternatives: Market-Rate, Affordable Bonus Units and Effective Percentage](#)

## Executive Summary 1 - Inclusionary Zoning Regulations – Municipal Comparison

Table 5 provides a comparison of Highland Park’s inclusionary housing requirements with the four other communities<sup>1</sup> in Illinois that have adopted inclusionary requirements. The table also shows that the City’s neighboring communities, Deerfield, Glencoe, Northbrook and Winnetka, do not have inclusionary housing requirements. The following provides a summary comparison of Highland Park to other communities with inclusionary housing ordinances:

- Highland Park and Lake Forest require all developments with five or more units to be subject to inclusionary housing requirements. St. Charles includes all development under its Ordinance, Chicago (10 or more units) and Evanston (25 or more units) have higher thresholds for regulated developments. Lake Forest does not include single-family detached developments as covered projects.
- With the exception of Evanston, which does not include rental development, Highland Park and the other communities require for-sale and rental projects to provide affordable units.
- Highland Park requires the highest percentage of affordable units at 20%. Lake Forest is second at 15%. Evanston and Chicago require 10%, and St. Charles has a sliding scale based on overall community affordability.
- Highland Park, Evanston, Lake Forest and St. Charles established comprehensive categories of covered developments including new development, renovations and condominium conversions. Chicago has more subtle triggers including projects where zoning relief or financial incentives are provided.
- Highland Park requires the greatest level of lower-income affordability for rental developments and allows a broader range of affordability in for-sale projects (51% AMI to 120%) than the other communities.
- Highland Park’s required affordability period (25 years) for rental units is less than that required in Lake Forest and St. Charles but is the same for for-sale projects (in perpetuity).
- Highland Park provides a wide array of incentives to developers including density bonuses, permit fee waivers equal to, or greater than, those of the other communities. St. Charles and Lake Forest also offer density bonuses when affordable units are provided.
- Highland Park’s fee-in-lieu is one of the highest when compared to other communities. It is not known how each community has determined its fee-in-lieu.
- Highland Park allows affordable units to be smaller than market-rate units, consistent with the other communities except in Evanston where the units must be substantially the same size as market-rate units.
- With the exception of Chicago, Highland Park is the **only** community in Illinois to have created any affordable units through its inclusionary housing program.

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<sup>1</sup> City of Chicago, Evanston, Lake Forest and St. Charles

**Table ES1: Comparison of Highland Park Inclusionary Zoning Requirements to Other Municipalities in Illinois with Inclusionary Requirements and Other Adjacent Communities**

	Highland Park	Chicago	Evanston	Lake Forest	St. Charles	Deerfield / Glencoe / Winnetka / Northbrook
<b>Project size (# of residential units)</b>	>= 5	>=10	>=25	>=5 (excluding single family detached developments)	1+	
<b>% of Units Required to be Affordable</b>	20% of total units	10% of total units if privately funded; 20% if receiving City funds (calculations of required affordable units are rounded up)	10% of total units (round up to nearest whole #	15%	5%: 1-10 units (fee-in-lieu acceptable); 10%: 11-50 units (50% units by fee-in-lieu); 15%: >50 (100% on site with relief possible) <i>(% of affordable units required is also based on a sliding scale related to the total # of affordable units in community. If DCD determines St. Charles is =&gt;25% affordable - no affordable units would be required.)</i>	
<b>Applicable To:</b>	All new development with a residential component; Renovation of existing multi-family that increases dwelling units; Change in use from non-residential to residential or conversion from rental to condo	Projects that receive: zoning relief (higher FAR, change from non-residential to residential, allow ground floor residential); Land purchased from City; Projects which have received City financial assistance; Part of a PD in downtown zoning district	Planned Developments on contiguous land under common ownership; New residential or mixed use construction; Renovation of existing multi-family buildings that increases the number of units; Change of use from non-residential to residential use; Development built in phases	New residential or mixed use (including residential) development; Renovation or reconstruction of existing MF of more than 50% of total s.f. and increases in the total # units; Conversion of non-residential to residential use; Condo conversions	All residential development.	
<b>Housing Types Applicable</b>	For-sale and rental units.	For-sale and rental units.	For-sale units	For-sale and rental units.	For-sale and rental units.	
<b>Income restrictions - rental</b>	No less than 33% affordable to ≤50% AMI; No less than 33% affordable to HH btwn 51 & 80% AMI; No more than 33% to HH between 81 and 120% AMI	≤60% AMI	Regulations are not applicable to rental projects	At least 1 (or 50%) unit ≤60% AMI; Balance ≤80% AMI	≤60% AMI	
<b>Income restrictions - for-sale</b>	At least 50% of aff units for 51-80% AMI (avg 65%); Balance for 81-120% AMI (avg 100%)	≤100% AMI	At least 25% aff units for ≤80% AMI; Balance HH ≤100% AMI	At least 1 (or 50%) ≤80% AMI; Balance ≤120% AMI	≤80% AMI;	
<b>Affordability period - rental</b>	25 years	30 years	Regulations are not applicable to rental projects	In perpetuity or as long as legally possible	In perpetuity or as long as legally possible	
<b>Affordability period - for-sale</b>	In perpetuity or as long as legally possible	30 years	In perpetuity or as long as legally possible	In perpetuity or as long as legally possible	Various controls based on first 7 years of ownership and post-7 years of ownership	
<b>Developer benefits</b>	Density bonus of 1 market rate unit for each required affordable unit; density bonus in PUDs of up to .5 market rate units for each required affordable unit; fee and other waivers for affordable units	Zoning relief granted for the project	Expedited application process; fee deferral until temporary CofO; waiver of fees specifically related to affordable units	Density bonus in the B zoning districts of 0.25 if housing is on-site; 1 for 1 bonus in other districts up to 115% of base density ; waiver of application, building permit, plan review, inspection, sewer&water tap-on, demo permit, impact and other fees for the affordable units	Waiver of building permit, demolition, plan review, sewer/water connection fees, impact fees for the affordable units. Density bonus of 1 for 1 but total project not to exceed 120% of base density	
<b>Fee in lieu of on-site unit/per unit</b>	\$125,000	\$100,000	\$40,000	\$130,000	\$104,500 (2010)	
<b>Affordability enforcement</b>	Inclusionary housing agreement; deed restrictions or other recorded instruments	Affordable units placed in Chicago Community Land trust	Planned development agreement; deed restrictions or restrictive covenants; payments to Affordable Housing Fund if not maintained	Deed restrictions or other recorded instrument	Deed restrictions or other recorded instrument; deferred payment mortgage lien in favor of City	
<b>Limits to use of fee in lieu</b>	Fee in lieu placed in Housing Trust Fund	None known	None known	Fee can be paid in-lieu of on-site units with Council approval (no density bonus)	None known	
<b>Other criteria</b>	Size of affordable units may be up to 25% less than market rate units with same # of bedrooms; interior finishes may be different but no compromise on energy efficient features	Size of units may be less than market rate units	Size of affordable units must be substantially same sq footage as market rate with same # of bedrooms; same interior finishes as basic market rate units; no compromise on energy efficient features	1 BR Units can be 800 s.f.; 2 bedroom units can be 1,200 s.f.; interior finishes must meet City Code;	Size of affordable units may be smaller; energy efficiency improvements must be the same.	
<b>Alternative Means of Compliance</b>	Cash payment; off-site units; land donation	Combination of housing and cash payment or full cash payment	Cash payment; off-site units; land donation	Cash payment; off-site units; land donation	Cash payment; off-site units; land donation	
<b>Inclusionary Housing Units Created</b>	4 (20 pending)	143 units and \$11 million	0	0	0	
<b>Fee-In-Lieu collected</b>	\$225,000	\$100,000	\$0	\$800,000	\$0	

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## **Executive Summary 2 - Current Inclusionary Zoning Regulations**

The ordinance applies to developments that include five or more residential dwelling units (du) otherwise referred to as “covered developments:”

- New construction, including new mixed-use construction with a residential component
- Renovation or reconstruction of an existing multi-family building that increases the number of residential units in the building
- A change in the use of an existing building from non-residential to residential or conversion from rental property to condominium.

Developers of covered projects must provide 20% of the total units for sale or rent at an affordable housing price to income-qualified households.<sup>1</sup> In the case of single-family detached developments of less than 20 units, developers may choose to meet all or part of the inclusionary requirement through a cash payment to the Affordable Housing Trust Fund, a fund established by the City to provide financial support for affordable housing activities. The amount of the cash payment is \$125,000 per required unit.<sup>2</sup>

### **Target Population for the Affordable Units Created by the Inclusionary Program**

The inclusionary units are made available to income-qualified households according to the following priorities:

1. Households who live in Highland Park or households in which the head of the household or spouse/domestic partner works in Highland Park for a government entity that serves the city.<sup>3</sup>
2. Households in which the head of household or spouse/domestic partner works in Highland Park for any other employer; and
3. Other income-qualified households.

### **Target Income Levels for the Affordable Units**

The inclusionary program assists individuals and families earning up to 120% of the area median income (AMI). For example, the 2014 median income for a household of 4 is \$72,400; 120% of AMI is \$86,920. AMI is determined by the U.S. Department of Housing and Urban Development on an annual basis and adjusted for household size.

In for-sale projects, at least one - and no less than half - of the affordable units must be sold at an affordable price to households whose incomes do not exceed 80% of AMI (e.g., \$57,900 for a household of 4). Any remaining affordable units may be sold at an affordable price to households whose incomes do not exceed 120% of AMI.

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<sup>1</sup> In actuality, given the density bonus available when affordable units are constructed, the percent of total units that are affordable almost always is less. The section below on cost-offsets will explain how this works. Developers who pay a cash payment or fee-in-lieu, however, do not receive the density bonus.

<sup>2</sup> The per unit cash payment amount is approved annually by the City Council and can be amended as needed.

<sup>3</sup> the City of Highland Park, the Highland Park Library District, the Park District of Highland Park, the Lake County Forest Preserve District, the County of Lake, Moraine Township, West Deerfield Township, School Districts 112 or 113, the Northern Suburban Special Education District, the North Shore Sanitary District, or the South Lake County Mosquito Abatement District

In rental projects, at least one-third of the affordable units must be leased at rents affordable to households whose incomes do not exceed 50% of AMI (e.g., \$36,200 for a household of 4); at least one-third must be leased to those whose incomes are between 51% and 80% of AMI; and no more than one-third may be leased to those with incomes from 81% to 120% of AMI. Note that households are not required to move out of an affordable unit if their income should increase at a later date.

### **Pricing of the Inclusionary Units in Homeownership and Rental developments**

Tables ES2A and ES2B contain the for-sale and rent limits for housing developed under the inclusionary zoning regulations. To be considered affordable, units must sell or rent at a price that income-eligible households can own or rent without having to devote more than approximately 30% of their gross income for monthly housing expenses.

- For ownership units, housing expenses include principal, interest, taxes, insurance, and monthly condominium assessments or homeowner association fees, if any.
- For rental units, housing expenses include rent and utilities.

The ordinance establishes affordable pricing requirements to ensure a range of affordability within each required income tier in both for-sale and rental developments. Tables ES2A and ES2B also show examples of sales prices and rents. Given the assumptions in the attached tables, including a homeowners' association fee of \$225 per month<sup>4</sup>, a three-bedroom home for sale for households up to 80% of Chicago Area Median Income (AMI) would be \$184,846, while one for households up to 120% would be \$296,757. Looking at a rental example, a two-bedroom rental would be \$715 per month for households up to 50% of AMI, while one for households up to 120% AMI would be \$1,855.

### **Period of Affordability Required for the Inclusionary Housing Units**

For-sale units created by the inclusionary ordinance must be maintained as affordable in perpetuity or as long as is legally permissible. Rental units must be kept affordable for 25 years. The City ensures permanent affordability through a development agreement and a restrictive covenant (an affordable unit declaration) that run with the property. Among other things, such covenants include a resale formula designed to provide a fair return to owners of inclusionary units while at the same time ensuring that the units will be resold at a price affordable to future income-qualified buyers.

### **Incentives for Inclusionary Projects**

The major cost off-set for a developer is the density bonus. For all covered developments, a density bonus of one additional market-rate unit for each required affordable unit is provided. In Planned Unit Developments, an additional density bonus may be authorized by City Council of up to 0.5 market-rate units for each required affordable unit. The density bonus is not available when the developer pays the fee-in-lieu instead of constructing units. When used, the density bonus acts to reduce the percent of

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<sup>4</sup> The City is in the process of updating homeowner's fee used in this example based on market data.

affordable units in the project. Typically, when a developer receives the density bonus, the total number of affordable units in the project becomes 15 to 16% of all units. See Table 3 to see the impact of the density bonus on the current code requirements.

While Table 3 illustrates possibilities, the question becomes whether developers in actuality are able to benefit from the density bonus. Historically, the answer has been yes: all five developments built or approved to date incorporated some amount or all of the density bonus. All five developments were Planned Unit Developments, and two of the five also incorporated the Planned Unit Development density bonus. One was able to use the full bonus based on the unit count, and the other was able to use some. There are many reasons why it may not be possible to use the full bonus such as developer decisions on unit sizing, site constraints, and other City Code requirements. As a result of the density bonus, however, the percent of affordable units in these developments ranged from 13.3% to 17.6%. The average for the five developments is 16%. Table 1 summarizes the information for the five developments.

### **Additional Cost Off-sets for Developers of Inclusionary Projects**

In addition to density bonuses, the ordinance provides for a waiver of all permit fees attributable to the affordable units created.

The City Council also has the authority to waive development impact fees for the affordable units provided. As part of the development agreements, impact fees were waived in all of the developments shown in Table 1.

### **Alternative Means for Developers to Satisfy the Inclusionary Requirement**

Following consideration and a recommendation by the Housing Commission and subject to the approval of the City Council, other alternatives may be available to meet all or part of the inclusionary requirement. A developer must show that the alternate means of compliance will further affordable housing opportunities in the City to an equal or greater extent than providing the units on site. Alternatives could include:

- A cash payment to the Affordable Housing Trust Fund
- Dedication of land to the Highland Park Housing Commission or the Commission's not-for-profit designee
- Provision of affordable housing units at another site within the City.

### **Hardship Exceptions to Ordinance Requirements**

The Ordinance provides that the Housing Commission may recommend, and the City Council may approve departures from any of the standards upon making each of the following findings:

- Due to specific and unique circumstances, undue hardship would be caused by the literal enforcement of the standards and requirements,

- By virtue of excellence in design, the proposed departure from the standards does not result in a diminished or lower quality affordable dwelling unit; and
- The proposed affordable housing units otherwise meet the purpose and intent of this Article.

To date, the hardship provision has not been requested by any developer.

**Integration of Affordable Inclusionary into Covered Developments and Differences between Affordable Units and Market-Rate Units**

To ensure integration of affordable and market-rate units, the affordable units must be dispersed throughout the development, visually compatible with the market-rate units, and built concurrently with the market-rate units. External building materials and finishes for the affordable units must be substantially the same type and quality as for the market-rate units.

Interior improvements including finishes and fixtures, however, need not be the same. Affordable units may differ from the market-rate units with regard to interior amenities and gross floor area, provided that:

- The bedroom mix of affordable units is proportionally the same as the bedroom mix of the market-rate units
- Differences do not include improvements related to energy efficiency, including mechanical equipment and plumbing, insulation, windows, heating and cooling systems
- The gross floor area is not less than the lesser of 75% of the gross floor area of market rate units with a comparable number of bedrooms or the minimum size requirements outlined in the table below:

Number of Bedrooms	Unit Type	
	Single Story Du	Multi-Story Du
Studio	450 square feet	--
1	750 square feet	--
2	950 square feet	1,000 square feet
3	1,175 square feet	1,350 square feet
4	1,350 square feet	1,600 square feet

Table ES2A

**SAMPLE Inclusionary Zoning Pricing Schedule for For-Sale Units**

**Chicago AMI by Household Size (effective 3/19/14)**

Income Level	1-person	2-person	3-person	4-person	5-person	6-person	7-person	8-person
45% AMI	\$ 22,815	\$ 26,055	\$ 29,318	\$ 32,580	\$ 35,190	\$ 37,800	\$ 40,410	\$ 42,998
50% AMI	\$ 25,350	\$ 29,000	\$ 32,600	\$ 36,200	\$ 39,100	\$ 42,000	\$ 44,900	\$ 47,800
65% AMI	\$ 32,955	\$ 37,635	\$ 42,348	\$ 47,060	\$ 50,830	\$ 54,600	\$ 58,370	\$ 62,108
80% AMI	\$ 40,550	\$ 46,350	\$ 52,150	\$ 57,900	\$ 62,550	\$ 67,200	\$ 71,800	\$ 76,450
100% AMI	\$ 50,700	\$ 57,900	\$ 65,150	\$ 72,400	\$ 78,200	\$ 84,000	\$ 89,800	\$ 95,550
115% AMI	\$ 58,305	\$ 66,585	\$ 74,923	\$ 83,260	\$ 89,930	\$ 96,600	\$ 103,270	\$ 109,883
120% AMI	\$ 60,800	\$ 69,500	\$ 78,200	\$ 86,900	\$ 93,850	\$ 100,800	\$ 107,750	\$ 114,700

**Relationship Between Unit Size and Household Size  
(for Purpose of Pricing Calculation)**

Unit Size	Efficiency	1-bedroom	2-bedroom	3-bedroom	4-bedroom
Household Size	1-person	2-person	3-person	4-person	5-person

**Assumptions**

Interest Rate	4.35%
Homeowner/Condo Association Fee	\$225
Downpayment for Low-Income Households	5%
Downpayment for Moderate-Income Households	5%

**Pricing for For-Sale Units**

Unit size	Prices Affordable to Low-Income Households		Prices Affordable to Moderate-Income Households	
	Average Price Affordable at 65% AMI	Maximum Price Affordable at 80% AMI	Average Price Affordable at 100% AMI	Maximum Price Affordable at 120% AMI
Efficiency	\$88,583	\$117,892	\$157,061	\$196,037
1-bedroom	\$106,643	\$140,274	\$184,846	\$229,610
2-bedroom	\$124,831	\$162,657	\$212,824	\$263,183
3-bedroom	\$143,014	\$184,846	\$240,801	\$296,757
4-bedroom	\$157,563	\$202,790	\$263,183	\$323,577

## SAMPLE Inclusionary Zoning Pricing Schedule for Rental Units

## Chicago AMI by Household Size (effective 3/19/14)

Income Level	1-person	2-person	3-person	4-person	5-person	6-person	7-person	8-person
45% AMI	\$ 22,815	\$ 26,055	\$ 29,318	\$ 32,580	\$ 35,190	\$ 37,800	\$ 40,410	\$ 42,998
50% AMI	\$ 25,350	\$ 29,000	\$ 32,600	\$ 36,200	\$ 39,100	\$ 42,000	\$ 44,900	\$ 47,800
65% AMI	\$ 32,955	\$ 37,635	\$ 42,348	\$ 47,060	\$ 50,830	\$ 54,600	\$ 58,370	\$ 62,108
80% AMI	\$ 40,550	\$ 46,350	\$ 52,150	\$ 57,900	\$ 62,550	\$ 67,200	\$ 71,800	\$ 76,450
100% AMI	\$ 50,700	\$ 57,900	\$ 65,150	\$ 72,400	\$ 78,200	\$ 84,000	\$ 89,800	\$ 95,550
115% AMI	\$ 58,305	\$ 66,585	\$ 74,923	\$ 83,260	\$ 89,930	\$ 96,600	\$ 103,270	\$ 109,883
120% AMI	\$ 60,800	\$ 69,500	\$ 78,200	\$ 86,900	\$ 93,850	\$ 100,800	\$ 107,750	\$ 114,700

**Relationship Between Unit Size and Household Size  
(for Purpose of Pricing Calculation)**

Unit Size	Efficiency	1-bedroom	2-bedroom	3-bedroom	4-bedroom
Household Size	1-person	2-person	3-person	4-person	5-person

**Affordable Monthly Rental Prices (Does not include Utility Allowance)\***

	Lowest-Income Tier		Low-Income Tier		Moderate-Income Tier	
	Average	Maximum	Average	Maximum	Average	Maximum
	45% AMI	50% AMI	65% AMI	80% AMI	100% AMI	120% AMI
Efficiency	\$511.38	\$574.75	\$764.88	\$954.75	\$1,208.50	\$1,461.00
1-bedroom	\$575.88	\$649.50	\$865.38	\$1,083.25	\$1,372.00	\$1,662.00
2-bedroom	\$632.94	\$715.00	\$958.69	\$1,203.75	\$1,528.75	\$1,855.00
3-bedroom	\$692.50	\$783.00	\$1,054.50	\$1,325.50	\$1,688.00	\$2,050.50
4-bedroom +	\$730.25	\$828.00	\$1,121.25	\$1,414.25	\$1,805.50	\$2,196.75

\*Calculation based on 30% of gross monthly income minus utility allowance. It is assumed that rental units are multifamily apartments as opposed to townhomes or single family homes. The utility allowance is based on the most current schedule used by the Lake County Housing Authority (effective 2014), with the following adjustments: (i) where gas and electric are provided as options for a particular utility or appliance, an average was used; and (ii) trash removal was assumed to be part of rent. Following are the utility allowances, as adjusted, by unit size:

Efficiency:	\$59.00
1-br:	\$75.50
2-br:	\$100.00
3-br:	\$122.00
4-br:	\$149.50

Updated 3/19/2014

TABLE 1  
Inclusionary Residential Developments in Highland Park

Development Name	Type	Total Base Units before Bonuses	Base Density Market-Rate Units	20% Requirement	Affordable Units to be Built	Fee-in-lieu Paid?	Density Bonus Market-Rate Units	PUD Bonus Units	Total Units	Percent Affordable Units
Laurel Court	attached townhome	12	10	2	2	no	2	1	15	13.3%
Laurel Court II*	rental	44	36	8	8	no	8	0	52	15.4%
The Pointe**	single-family detached	16	14	3	2	1	1	0	17	17.6%
Laurel Park	townhome						2		30	
	condo						5		12	
	<b>TOTAL</b>	35	28	7	7	no	7	0	42	16.7%
515 Roger Williams	rental	24	19	5	5	no	5	1	30	16.7%

\*Because Laurel Court II will be built in 2 equal phases, the requirement was 4 affordable units in each phase.

\*\*The developer of the Pointe, a single-family project, chose to provide 2 affordable units and to pay one fee-in-lieu, which is the functional equivalent of 3 units.

Table 2A : Townhomes and Condominiums Sold for Up to \$250,000 (03/2014 - 07/20-14)								
Address	Unit Type	Sale Price	Payment Mortgage, Taxes, Assessments, Insur.	Units Affordable at % of Area Median Income				
				Low Income		Moderate Income		
				65%	80%	100%	120%	
1	891 Central Ave #235	2 BR-Condo	\$ 91,800	\$ 1,078.52	N	Y	Y	Y
2	2066 St. Johns #108	1 BR - Condo	\$ 105,000	\$ 864.56	Y	Y	Y	Y
3	2020 St. Johns #308	1 BR - Condo	\$ 117,188	\$ 1,040.17	N	Y	Y	Y
4	891 Central Ave #101	2 BR-Condo	\$ 125,000	\$ 1,142.60	N	Y	Y	Y
5	2046 St. Johns #4F	2 BR-Condo	\$ 150,400	\$ 1,104.38	N	Y	Y	Y
6	1157 Deerfield	2 BR-TH	\$ 170,000	\$ 1,495.94	N	N	Y	Y
7	2020 St, Johns #104	3 BR - Condo	\$ 173,000	\$ 1,687.13	N	N	Y	Y
8	1250 Park Ave. W. #426	2 BR-Condo	\$ 177,500	\$ 1,523.04	N	N	Y	Y
9	650 Laurel Ave. #203	2 BR-Condo	\$ 187,000	\$ 1,688.96	N	N	N	Y
10	758 Judson	3 BR - TH	\$ 202,750	\$ 1,696.48	N	N	Y	Y
11	1071 Deerfield Pl.	2 BR - TH	\$ 205,000	\$ 1,579.85	N	N	Y	Y
12	1230 Park Ave. W. #204	3 BR - Condo	\$ 214,000	\$ 1,813.59	N	N	N	Y
13	1700 Second St. #104	2 BR-Condo	\$ 228,000	\$ 2,020.33	N	N	N	N
14	1015 Deerfield Pl.	2 BR - TH	\$ 228,000	\$ 1,808.83	N	N	N	Y
15	1633 Second St. #106	1 BR - Condo	\$ 230,000	\$ 1,763.82	N	N	N	N
16	1795 Lake Cook Rd. #309	2 BR-Condo	\$ 240,000	\$ 1,807.09	N	N	N	Y
17	1695 Second St. #306	2 BR-Condo	\$ 245,000	\$ 2,010.68	N	N	N	N
18	1695 Second St. #203	2 BR-Condo	\$ 247,500	\$ 1,961.11	N	N	N	N
19	1695 Second St. #504	2 BR-Condo	\$ 250,000	\$ 1,854.78	N	N	N	Y
<b>% Affordable</b>					<b>5%</b>	<b>26%</b>	<b>53%</b>	<b>79%</b>
(1) Affordability based on 30% of HH income devoted mortgage payment, property taxes, assessments and insurance.								
(2) Assumes 5% downpayment on sales price of dwelling unit.								
<b>Income Level</b>								
	<b>1-person</b>	<b>2-person</b>	<b>3-person</b>	<b>4-person</b>	<b>5-person</b>			
65% AMI	\$ 32,955	\$ 37,635	\$ 42,348	\$ 47,060	\$ 50,830			
80% AMI	\$ 40,550	\$ 46,350	\$ 52,150	\$ 57,900	\$ 62,550			
100% AMI	\$ 50,700	\$ 57,900	\$ 65,150	\$ 72,400	\$ 78,200			
120% AMI	\$ 60,800	\$ 69,500	\$ 78,200	\$ 86,900	\$ 93,850			
<b>Relationship Between Unit Size and Household Size</b>								
<b>(for Purpose of Pricing Calculation)</b>								
<b>Unit Size</b>	Efficiency	1-bedroom	2-bedroom	3-bedroom	4-bedroom			
<b>Household Size</b>	1-person	2-person	3-person	4-person	5-person			

Table 2B: Single Family Detached Houses Sold for Up to \$250,000 (03/2014 - 07/20-14)					Units Affordable at % of Area Median Income			
					Low Income		Moderate Income	
	Address	Size	Sale Price	Payment Mortgage+ Taxes + Insurance	65%	80%	100%	120%
1	1373 Division St	2 BR	\$ 112,000	\$ 963.72	Y	Y	Y	Y
2	835 County Line Rd.	3 BR	\$ 150,000	\$ 1,155.73	Y	Y	Y	Y
3	849 Burton Ave.	5 BR	\$ 177,500	\$ 1,480.21	N	Y	Y	Y
4	1271 Ridgewood Dr.	2 BR	\$ 180,000	\$ 1,438.71	N	N	Y	Y
5	409 Green Bay Rd.	3 BR	\$ 186,700	\$ 1,549.02	N	N	Y	Y
6	1700 Berkeley Rd.	3 BR	\$ 220,000	\$ 1,852.38	N	N	N	Y
7	390 Walker Ave.	3 BR	\$ 235,000	\$ 1,725.91	N	N	Y	Y
8	1251 Ferndale Ave.	3 BR	\$ 237,000	\$ 1,685.82	N	N	Y	Y
9	1260 Ferndale Ave.	3 BR	\$ 241,900	\$ 1,801.46	N	N	Y	Y
10	1243 Ferndale Ave.	3 BR	\$ 249,500	\$ 1,720.26	N	N	Y	Y
	<b>% Affordable</b>				20%	30%	90%	100%
(1) Affordability based on 30% of HH income devoted mortgage payment, property taxes, and insurance.								
(2) Assumes 5% downpayment on sales price of dwelling unit.								
	<b>Income Level</b>	<b>1-person</b>	<b>2-person</b>	<b>3-person</b>	<b>4-person</b>	<b>5-person</b>	<b>6-person</b>	
	65% AMI	\$ 32,955	\$ 37,635	\$ 42,348	\$ 47,060	\$ 50,830	\$ 54,600	
	80% AMI	\$ 40,550	\$ 46,350	\$ 52,150	\$ 57,900	\$ 62,550	\$ 67,200	
	100% AMI	\$ 50,700	\$ 57,900	\$ 65,150	\$ 72,400	\$ 78,200	\$ 84,000	
	120% AMI	\$ 60,800	\$ 69,500	\$ 78,200	\$ 86,900	\$ 93,850	\$ 100,800	
<b>Relationship Between Unit Size and Household Size</b>								
<b>(for Purpose of Pricing Calculation)</b>								
	<b>Unit Size</b>	<b>Efficiency</b>	<b>1-bedroom</b>	<b>2-bedroom</b>	<b>3-bedroom</b>	<b>4-bedroom</b>		
	Household Size	1-person	2-person	3-person	4-person	5-person		

**Table 3: Effective Percentage of Affordable Housing under Current Code Requirements**

Total Units Built by Developer	EXISTING POLICY				Requirement		
	Inclusionary Housing Ordinance				Set to: 20%		
	Base Units	Affordable Units Required	Market Rate Units (initial)	Affordable Units	Affordable Bonus Units	PUD Bonus Units	Effective % Affordable Units
5	5	1.00	4	1	1	1	20.0%
6	5	1.00	4	1	1	1	16.7%
7	5	1.00	4	1	1	1	14.3%
8	6	1.20	5	1	1	1	12.5%
9	7	1.40	6	1	1	1	11.1%
10	8	1.60	6	2	2	1	20.0%
11	8	1.60	6	2	2	1	18.2%
12	9	1.80	7	2	2	1	16.7%
13	10	2.00	8	2	2	1	15.4%
14	11	2.20	9	2	2	1	14.3%
15	12	2.40	10	2	2	1	13.3%
16	13	2.60	10	3	3	2	18.8%
17	13	2.60	10	3	3	2	17.6%
18	13	2.60	10	3	3	2	16.7%
19	14	2.80	11	3	3	2	15.8%
20	15	3.00	12	3	3	2	15.0%
21	16	3.20	13	3	3	2	14.3%
22	17	3.40	14	3	3	2	13.6%
23	18	3.60	14	4	4	2	17.4%
24	18	3.60	14	4	4	2	16.7%
25	19	3.80	15	4	4	2	16.0%
26	20	4.00	16	4	4	2	15.4%
27	21	4.20	17	4	4	2	14.8%
28	22	4.40	18	4	4	2	14.3%
29	23	4.60	18	5	5	3	17.2%
30	23	4.60	18	5	5	3	16.7%
31	23	4.60	18	5	5	3	16.1%
32	24	4.80	19	5	5	3	15.6%
33	25	5.00	20	5	5	3	15.2%
34	26	5.20	21	5	5	3	14.7%
35	27	5.40	22	5	5	3	14.3%
36	28	5.60	22	6	6	3	16.7%
37	28	5.60	22	6	6	3	16.2%
38	29	5.80	23	6	6	3	15.8%
39	30	6.00	24	6	6	3	15.4%
40	31	6.20	25	6	6	3	15.0%
41	32	6.40	26	6	6	3	14.6%
42	33	6.60	26	7	7	4	16.7%
43	33	6.60	26	7	7	4	16.3%
44	33	6.60	26	7	7	4	15.9%
45	34	6.80	27	7	7	4	15.6%
46	35	7.00	28	7	7	4	15.2%
47	36	7.20	29	7	7	4	14.9%
48	37	7.40	30	7	7	4	14.6%
49	38	7.60	30	8	8	4	16.3%
50	38	7.60	30	8	8	4	16.0%

**Table 4 - Inclusionary Housing - Alternative Scenarios for Percentage and Fee-in-Lieu Payment**

Total Units Built by Developer	Existing Policy Requirement								Alternate Scenario Requirement								Alternate Scenario Requirement								Alternate Scenario Requirement										
	Inclusionary Housing Ordinance								Fractional Payment, round down below 0.5 units								No Fractional Payments								Fractional Payment for all as applicable										
	Set to: 20%								Set to: 20%								Set to: 15%								Set to: 15%										
Base Units	Affordable Units Required	Market Rate Units (initial)	Affordable Units	Affordable Bonus Units	PUD Bonus Units	Bonus Units NOT Used *	Effective % Affordable Units	Base Units	Affordable Units Required	Market Rate Units (initial)	Affordable Units	Fee-in-Lieu Capture	Affordable Bonus	PUD Bonus Units	Bonus Units NOT Used *	Effective % Affordable Units	Base Units	Affordable Units Required	Market Rate Units (initial)	Affordable Units	Affordable Bonus Units	PUD Bonus Units	Bonus Units NOT Used *	Effective % Affordable Units	Base Units	Affordable Units Required	Market Rate Units (initial)	Affordable Units	Fee-in-Lieu Capture	Affordable Bonus	PUD Bonus Units	Bonus Units NOT Used *	Effective % Affordable Units		
5	5	1.00	4	1	1	1	2	20.0%	5	1.00	4	1	\$0	1	1	2	20.0%	5	0.75	4	1	1	1	2	20.0%	5	0.75	5	0	\$93,750	0	0	0	0.0%	
6	5	1.00	4	1	1	1	1	16.7%	5	1.00	4	1	\$0	1	1	1	16.7%	5	0.75	4	1	1	1	1	16.7%	6	0.90	6	0	\$112,500	0	0	0	0.0%	
7	5	1.00	4	1	1	1	0	14.3%	5	1.00	4	1	\$0	1	1	0	14.3%	5	0.75	4	1	1	1	0	14.3%	7	1.05	6	1	\$6,250	1	1	2	14.3%	
8	6	1.20	5	1	1	1	0	12.5%	6	1.20	5	1	\$0	1	1	0	12.5%	6	0.90	5	1	1	1	0	12.5%	7	1.05	6	1	\$6,250	1	1	1	12.5%	
9	7	1.40	6	1	1	1	0	11.1%	7	1.40	6	1	\$0	1	1	0	11.1%	7	1.05	6	1	1	1	0	11.1%	7	1.05	6	1	\$6,250	1	1	0	11.1%	
10	8	1.60	6	2	2	1	1	20.0%	8	1.60	7	1	\$75,000	1	1	0	10.0%	8	1.20	7	1	1	1	0	10.0%	8	1.20	7	1	\$25,000	1	1	0	10.0%	
11	8	1.60	6	2	2	1	0	18.2%	9	1.80	8	1	\$100,000	1	1	0	9.1%	9	1.35	8	1	1	1	0	9.1%	9	1.35	8	1	\$43,750	1	1	0	9.1%	
12	9	1.80	7	2	2	1	0	16.7%	10	2.00	8	2	\$0	2	1	1	16.7%	10	1.50	8	2	2	2	1	1	16.7%	10	1.50	9	1	\$62,500	1	1	0	8.3%
13	10	2.00	8	2	2	1	0	15.4%	10	2.00	8	2	\$0	2	1	0	15.4%	10	1.50	8	2	2	2	1	0	15.4%	11	1.65	10	1	\$81,250	1	1	0	7.7%
14	11	2.20	9	2	2	1	0	14.3%	11	2.20	9	2	\$0	2	1	0	14.3%	11	1.65	9	2	2	2	1	0	14.3%	12	1.80	11	1	\$100,000	1	1	0	7.1%
15	12	2.40	10	2	2	1	0	13.3%	12	2.40	10	2	\$0	2	1	0	13.3%	12	1.80	10	2	2	2	1	0	13.3%	13	1.95	12	1	\$118,750	1	1	0	6.7%
16	13	2.60	10	3	3	2	2	18.8%	13	2.60	11	2	\$75,000	2	1	0	12.5%	13	1.95	11	2	2	2	1	0	12.5%	14	2.10	12	2	\$12,500	2	1	1	12.5%
17	13	2.60	10	3	3	2	1	17.6%	14	2.80	12	2	\$100,000	2	1	0	11.8%	14	2.10	12	2	2	2	1	0	11.8%	14	2.10	12	2	\$12,500	2	1	0	11.8%
18	13	2.60	10	3	3	2	0	16.7%	15	3.00	12	3	\$0	3	2	2	16.7%	15	2.25	13	2	2	2	1	0	11.1%	15	2.25	13	2	\$31,250	2	1	0	11.1%
19	14	2.80	11	3	3	2	0	15.8%	15	3.00	12	3	\$0	3	2	1	15.8%	16	2.40	14	2	2	2	1	0	10.5%	16	2.40	14	2	\$50,000	2	1	0	10.5%
20	15	3.00	12	3	3	2	0	15.0%	15	3.00	12	3	\$0	3	2	0	15.0%	17	2.55	14	3	3	2	2	0	15.0%	17	2.55	15	2	\$68,750	2	1	0	10.0%
21	16	3.20	13	3	3	2	0	14.3%	16	3.20	13	3	\$0	3	2	0	14.3%	17	2.55	14	3	3	2	1	0	14.3%	18	2.70	16	2	\$87,500	2	1	0	9.5%
22	17	3.40	14	3	3	2	0	13.6%	17	3.40	14	3	\$0	3	2	0	13.6%	17	2.55	14	3	3	2	0	13.6%	19	2.85	17	2	\$106,250	2	1	0	9.1%	
23	18	3.60	14	4	4	2	1	17.4%	18	3.60	15	3	\$75,000	3	2	0	13.0%	18	2.70	15	3	3	2	0	13.0%	20	3.00	17	3	\$0	3	2	2	13.0%	
24	18	3.60	14	4	4	2	0	16.7%	19	3.80	16	3	\$100,000	3	2	0	12.5%	19	2.85	16	3	3	2	0	12.5%	20	3.00	17	3	\$0	3	2	1	12.5%	
25	19	3.80	15	4	4	2	0	16.0%	20	4.00	16	4	\$0	4	2	1	16.0%	20	3.00	17	3	3	2	0	12.0%	20	3.00	17	3	\$0	3	2	0	12.0%	
26	20	4.00	16	4	4	2	0	15.4%	20	4.00	16	4	\$0	4	2	0	15.4%	21	3.15	18	3	3	2	0	11.5%	21	3.15	18	3	\$18,750	3	2	0	11.5%	
27	21	4.20	17	4	4	2	0	14.8%	21	4.20	17	4	\$0	4	2	0	14.8%	22	3.30	19	3	3	2	0	11.1%	22	3.30	19	3	\$37,500	3	2	0	11.1%	
28	22	4.40	18	4	4	2	0	14.3%	22	4.40	18	4	\$0	4	2	0	14.3%	23	3.45	20	3	3	2	0	10.7%	23	3.45	20	3	\$56,250	3	2	0	10.7%	
29	23	4.60	18	5	5	3	2	17.2%	23	4.60	19	4	\$75,000	4	2	0	13.8%	24	3.60	20	4	4	2	1	13.8%	24	3.60	21	3	\$75,000	3	2	0	10.3%	
30	23	4.60	18	5	5	3	1	16.7%	24	4.80	20	4	\$100,000	4	2	0	13.3%	24	3.60	20	4	4	2	0	13.3%	25	3.75	22	3	\$93,750	3	2	0	10.0%	
31	23	4.60	18	5	5	3	0	16.1%	25	5.00	20	5	\$0	5	3	2	16.1%	25	3.75	21	4	4	2	0	12.9%	26	3.90	23	3	\$112,500	3	2	0	9.7%	
32	24	4.80	19	5	5	3	0	15.6%	25	5.00	20	5	\$0	5	3	1	15.6%	26	3.90	22	4	4	2	0	12.5%	27	4.05	23	4	\$6,250	4	2	1	12.5%	
33	25	5.00	20	5	5	3	0	15.2%	25	5.00	20	5	\$0	5	3	0	15.2%	27	4.05	23	4	4	2	0	12.1%	27	4.05	23	4	\$6,250	4	2	0	12.1%	
34	26	5.20	21	5	5	3	0	14.7%	26	5.20	21	5	\$0	5	3	0	14.7%	28	4.20	24	4	4	2	0	11.8%	28	4.20	24	4	\$25,000	4	2	0	11.8%	
35	27	5.40	22	5	5	3	0	14.3%	27	5.40	22	5	\$0	5	3	0	14.3%	29	4.35	25	4	4	2	0	11.4%	29	4.35	25	4	\$43,750	4	2	0	11.4%	
36	28	5.60	22	6	6	3	1	16.7%	28	5.60	23	5	\$75,000	5	3	0	13.9%	30	4.50	25	5	5	3	2	13.9%	30	4.50	26	4	\$62,500	4	2	0	11.1%	
37	28	5.60	22	6	6	3	0	16.2%	29	5.80	24	5	\$100,000	5	3	0	13.5%	30	4.50	25	5	5	3	1	13.5%	31	4.65	27	4	\$81,250	4	2	0	10.8%	
38	29	5.80	23	6	6	3	0	15.8%	30	6.00	24	6	\$0	6	3	1	15.8%	30	4.50	25	5	5	3	0	13.2%	32	4.80	28	4	\$100,000	4	2	0	10.5%	
39	30	6.00	24	6	6	3	0	15.4%	30	6.00	24	6	\$0	6	3	0	15.4%	31	4.65	26	5	5	3	0	12.8%	33	4.95	29	4	\$118,750	4	2	0	10.3%	
40	31	6.20	25	6	6	3	0	15.0%	31	6.20	25	6	\$0	6	3	0	15.0%	32	4.80	27	5	5	3	0	12.5%	34	5.10	29	5	\$12,500	5	3	2	12.5%	
41	32	6.40	26	6	6	3	0	14.6%	32	6.40	26	6	\$0	6	3	0	14.6%	33	4.95	28	5	5	3	0	12.2%	34	5.10	29	5	\$12,500	5	3	1	12.2%	
42	33	6.60	26	7	7	4	2	16.7%	33	6.60	27	6	\$75,000	6	3	0	14.3%	34	5.10	29	5	5	3	0	11.9%	34	5.10	29	5	\$12,500	5	3	0	11.9%	
43	33	6.60	26	7	7	4	1	16.3%	34	6.80	28	6	\$100,000	6	3	0	14.0%	35	5.25	30	5	5	3	0	11.6%	35	5.25	30	5	\$31,250	5	3	0	11.6%	
44	33	6.60	26	7	7	4	0	15.9%	35	7.00	28	7	\$0	7	4	2	15.9%	36	5.40	31	5	5	3	0	11.4%	36	5.40	31	5	\$50,000	5	3	0	11.4%	
45	34	6.80	27	7	7	4	0	15.6%	35	7.00	28	7	\$0	7	4	1	15.6%	37	5.55	31	6	6	3	1	13.3%	37	5.55	32	5	\$68,750	5	3	0	11.1%	
46	35	7.00	28	7	7	4	0	15.2%	35	7.00	28	7	\$0	7	4	0	15.2%	37	5.55	31	6	6	3	0	13.0%	38	5.70	33	5	\$87,500	5	3	0	10.9%	
47	36	7.20	29	7	7	4	0	14.9%	36	7.20	29	7	\$0	7	4	0	14.9%	38	5.70	32	6	6	3	0	12.8%	39	5.85	34	5	\$106,250	5	3	0	10.6%	
48	37	7.40	30	7	7	4	0	14.6%	37	7.40	30	7	\$0	7	4	0	14.6%	39	5.85	33	6	6	3	0	12.5%	40	6.00	34	6	\$0	6	3	1	12.5%	
49	38	7.60	30	8	8	4	1	16.3%	38	7.60	31	7	\$75,000	7	4	0	14.3%	40	6.00	34	6	6	3	0	12.2%	40	6.00	34	6	\$0	6	3	0	12.2%	
50	38	7.60	30	8	8	4	0	16.0%	39	7.80	32	7	\$100,000	7	4	0	14.0%	41	6.15	35	6	6	3	0	12.0%	41	6.15	35	6	\$18,750	6	3	0	12.0%	

**Notes:**

**CITY OF HIGHLAND PARK**  
**DEPARTMENT OF COMMUNITY DEVELOPMENT**  
1150 HALF DAY ROAD  
HIGHLAND PARK, ILLINOIS 60035  
(847) 432-0867

**MEMORANDUM**

To: Housing Commission

From: Mary Cele Smith, Housing Planner

Date: February 26, 2015

**Re: Request from Imperial Realty regarding lease term of the Ravinia Parking lot lease agreement**

At the December 3, 2014 Housing Commission Meeting, the Commissioners authorized Chair David Meek to finalize the lease agreement with the City of Highland Park for the Pleasant Avenue parking lot belonging to the Ravinia Housing Association. Subsequently, Chair Meek, acting in his capacity as President of the Ravinia Housing Association, approved the attached draft lease agreement. On February 7, 2015, Ms. Polly Kuehl, Senior Vice President, Evergreen Real Estate Services, forwarded the draft lease agreement to U.S. Housing and Urban Development (HUD) and to Red Mortgage Capital for their approval. Red Mortgage Capital holds the first mortgage on the Ravinia property on Pleasant Avenue, while HUD holds a second mortgage.

As you know, as part of the development at 515 Roger Williams, Imperial Realty will be improving the parking lot and building additional spaces near the existing parking lot. The draft Development Agreement between the City of Highland Park and Imperial Realty also stipulates that Imperial Realty will purchase City stickers for this lot. Last week Mr. Al Klairmont, President of Imperial Realty, requested

- changing the lease term from 5 years to thirty years and
- striking the City and Ravinia Housing Association lease termination provisions.

City staff told Mr. Klairmont that we will forward his request to the Ravinia Housing Association. In response to direction from City staff, Ms. Polly Kuehl, Senior Vice President, Evergreen Real Estate Services, sent emails to both HUD and Red Mortgage Capital to find out what their response would be to a thirty-year lease term. She did not inquire at this time about their reaction to removing the lease termination provisions from the lease agreement.

While considering Mr. Klairmont's request, staff asks the Commission to re-examine the termination provisions in light of a thirty-year lease. In the current draft five-year lease, the City can break the lease with thirty-days' notice while the Ravinia Housing Association can terminate it only if the City violates the Agreement and does not cure it within thirty days after a written notice. Below is an excerpt from **Section C. Lease Period; Lease Termination:**

**C. City Termination.** The City may terminate this Agreement and the Lease prior to the expiration of the then-applicable Initial Lease Period or Renewal Lease Period by

providing the Lessor with 30 days advance written notice that the City is exercising its termination rights under this Section 3.C.

**D. Lessor Termination.** In the event that the City violates any provision of this Agreement, and does not cure such violation within 30 days after receipt of a written notice from the Lessor, the Lessor may terminate this Agreement and the Lease prior to the expiration of the then-applicable Initial Lease Period or Renewal Lease Period by providing the City with 30 days advance written notice that the Lessor is exercising its termination rights under this Section 3.D.

City staff will report the Commission's decision regarding Mr. Klairmont's request and any additional revisions that the Ravinia Housing Association may wish to make to the draft lease agreement to the City Manager prior to communicating with Mr. Klairmont and Ms. Polly Kuehl.

## LEASE AGREEMENT

This Lease Agreement ("**Agreement**") is made and entered into as of the \_\_\_ day of \_\_\_\_\_, 2015 ("**Effective Date**") by and between the **CITY OF HIGHLAND PARK**, an Illinois home rule municipal corporation ("**City**"), and the **RAVINIA HOUSING ASSOCIATION**, an Illinois not-for-profit corporation ("**Lessor**").

### SECTION 1. RECITALS.

A. The Lessor owns the parcel of real property located at 735-763 Pleasant Avenue, Highland Park, Illinois ("**Property**").

B. The Property is improved in part with an off-street surface parking lot ("**Parking Lot**").

C. The City currently manages the Parking Lot, and makes it available for off-street parking by City residents, commuters, and consumers.

D. The City and the Lessor desire to enter into this Agreement to set forth their respective rights and responsibilities regarding the lease and use of the Parking Lot.

### SECTION 2. LEASE OF THE LEASED PREMISES.

A. **Lease.** In consideration of the obligation of the City to pay rent to Lessor pursuant to Section 2.C of this Agreement, and in consideration of the other terms, covenants, and conditions hereof, the Lessor leases to the City, and the City leases from the Lessor, those portions of the Parking Lot depicted on **Exhibit A** attached to this Agreement ("**Leased Premises**"), to have and to hold for the Lease Period, as defined in Section 3.A of this Agreement, subject to the terms and conditions of this Agreement and applicable law. The Parties acknowledge and agree that the Leased Premises do not include other portions of the Property used by the residents of the Property for vehicular parking.

B. **Acceptance.** The City accepts the Leased Premises in its condition as of the Effective Date of this Agreement WHERE-IS and AS-IS, subject to applicable requirements of law. The City acknowledges and agrees that (1) the Lessor has made no representation or warranty as to the suitability of the Leased Premises for the City's intended use, and (2) the Lessor is not be liable for, or responsible for the repair of, any defects within the Leased Premises. The City waives any implied warranty that the Leased Premises are suitable for the City's intended purposes.

C. **Lease Payments.** The City will pay to the Lessor rent in the amount of \$10.00 per year for the duration of the Lease Period, which payment will be delivered to the Lessor on or before each annual anniversary date of this Agreement during the Lease Period. All rent payments will be made without demand, deduction or set-off by the City.

### SECTION 3. LEASE PERIOD; TERMINATION.

A. **Lease Period.** This Agreement and the lease granted in Section 2 of this Agreement ("**Lease**") will be for a term beginning on the Effective Date of this Agreement and

ending on the date that is five years after the Effective Date ("**Initial Lease Period**"), subject to the provisions of Sections 3.C and 3.D of this Agreement.

**B. Renewal Lease Period.** This Agreement will automatically renew for an additional five-year term ("**Renewal Lease Period**") upon the expiration of the Initial Lease Period or any Renewal Lease Period unless either party provides, not less than 60 days prior to the end of the Initial Lease Period or the applicable Renewal Lease Period, written notice to the other party that this Agreement will be terminated at the end of the Initial Lease Period or Renewal Lease Period.

**C. City Termination.** The City may terminate this Agreement and the Lease prior to the expiration of the then-applicable Initial Lease Period or Renewal Lease Period by providing the Lessor with 30 days advance written notice that the City is exercising its termination rights under this Section 3.C.

**D. Lessor Termination.** In the event that the City violates any provision of this Agreement, and does not cure such violation within 30 days after receipt of a written notice from the Lessor, the Lessor may terminate this Agreement and the Lease prior to the expiration of the then-applicable Initial Lease Period or Renewal Lease Period by providing the City with 30 days advance written notice that the Lessor is exercising its termination rights under this Section 3.D.

#### **SECTION 4. USE OF LEASED PREMISES.**

**A. Use.** The Lessor acknowledges and agrees that the Leased Premises will be used by the City for the purpose of providing off-street parking to City residents, commuters, and consumers.

**B. Compliance with Laws.** The occupancy, use, operation, and maintenance of the Leased Premises by the City will at all times comply with all applicable federal, state of Illinois, and City codes, ordinances, statutes, and regulations.

**C. Subleases and Licenses.** The City may, in its sole discretion and without the prior approval of the Lessor, sublease or license the Leased Premises to a sublessee or licensee.

#### **SECTION 5. INDEMNITY AND INSURANCE.**

**A. Indemnification.** The City agrees to indemnify, defend, and save the Lessor harmless from any and all claims for loss, liability, damage, expense, cause of action, suits, claims, or judgments that may arise out of, or be caused in any way by, the City's use of the Leased Premises. The Lessor agrees that in the event any claim is asserted or any action brought to recover any such damage, the Lessor shall give immediate notice thereof in writing to the City and shall cooperate in every way in the investigation and defense of any such claim or action, and that the handling and settlement of any such action shall be performed and concluded by the City.

**B. Defense.** The City will have the sole and exclusive right to retain counsel of its choice, to determine all litigation issues including, without limitation, trial strategy, trial preparation, discovery techniques and strategy, right of appeal, and settlement decisions all at the City's expense. In the event of an adverse judgment against the Lessor or the City on such claims, the judgment having become final, and the time for all appeals having expired, the City agrees to cause such judgment to be satisfied within 30 days, and agrees to indemnify and hold the Lessor



**D. Exhibits.** Exhibit A attached to this Agreement is, by this reference, incorporated in and made a part of this Agreement. In the event of a conflict between Exhibit A and the text of this Agreement, the text of this Agreement will control.

**E. Amendments and Modifications.** No amendment or modification to this Agreement will be effective unless and until it is reduced to writing and approved and executed by the parties to this Agreement in accordance with all applicable statutory procedures.

**F. No Joint Venture.** It is hereby understood and agreed that nothing contained in this Agreement will be deemed or construed as creating the relationship of principal and agent, partnership or joint venture between the parties to this Agreement, it being agreed that no provision of this Agreement and no acts of the parties to this Agreement will be deemed to create any relationship between the parties other than the relationship set forth specifically by the terms of this Agreement.

**G. Successors and Assigns.** The terms, covenants and conditions of this Agreement will bind and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, and authorized successors and assigns.

**H. No Third Party Beneficiaries.** No claim as a third party beneficiary under this Agreement by any person, firm, or corporation will be made, or be valid, against the City or the Lessor.

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

ATTEST:

**RAVINIA HOUSING ASSOCIATION**, an Illinois not-for-profit corporation

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Its: \_\_\_\_\_

ATTEST:

**CITY OF HIGHLAND PARK**, an Illinois home rule municipal corporation

By: \_\_\_\_\_  
Deputy City Clerk

By: \_\_\_\_\_  
Ghida S. Neukirch, City Manager

#33692572\_v5

**ACKNOWLEDGMENTS**

STATE OF ILLINOIS        )  
                                  ) SS.  
COUNTY OF LAKE        )

This instrument was acknowledged before me on \_\_\_\_\_, 2015, by Ghida S. Neukirch, the City Manager of the **CITY OF HIGHLAND PARK**, an Illinois home rule municipal corporation, and by \_\_\_\_\_, the Deputy City Clerk of said municipal corporation.

Given under my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

SEAL

STATE OF ILLINOIS        )  
                                  ) SS.  
COUNTY OF LAKE        )

This instrument was acknowledged before me on \_\_\_\_\_, 2015, by \_\_\_\_\_, the \_\_\_\_\_ of **RAVINIA HOUSING ASSOCIATION**, an Illinois not-for-profit corporation, and by \_\_\_\_\_, the \_\_\_\_\_ of said not-for-profit corporation.

Given under my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

SEAL

**EXHIBIT A**

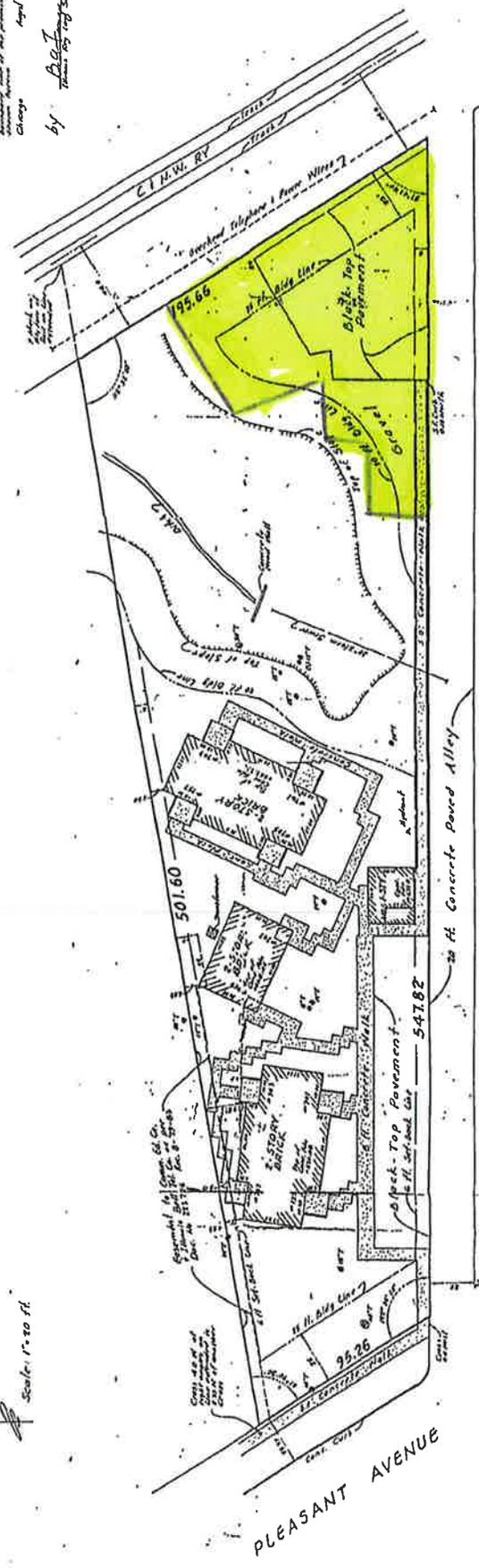
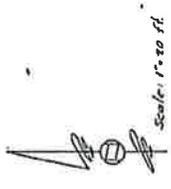
**DEPICTION OF LEASED PREMISES**

PLAT OF SURVEY

# Plat of Survey

of:  
 Lot 2 in City Plat of Survey, Township 14 N., Range 10 E., Section 36, T. 14 N., R. 10 E., S. 36, as shown on the plat of Survey, Page 15, of the County of Illinois, and as shown on the plat of Survey, Page 15, of the County of Illinois, and as shown on the plat of Survey, Page 15, of the County of Illinois.

Prepared and drawn by  
 J. H. ...  
 Surveyor  
 Chicago  
 April 19, 1918



Recorded in  
 Book 11, Page 116  
 Chicago  
 April 20, 1918

Recorded in  
 Book 11, Page 116  
 Chicago  
 April 20, 1918

ROGER WILLIAMS AVENUE

PLEASANT AVENUE

 LEASED PREMISES

For McGinnis, 1918, Survey



Draft Affordable Housing Plan  
will be emailed under separate  
cover.



MEMORANDUM

TO: Highland Park Housing Commission

FROM: Polly Kuehl & Mary Mauney *Mary Mauney*

RE: **February Management Report/ January Financial Statements**

DATE: 02/24/2015

At Frank B. Peers, We received the final payout for the insurance claim on the broken pipe in Unit 201.

At Ravinia, we received permission from the HUD office to take money from the Reserve for Replacement account to pay for the repairs for the September Pleasant Avenue flooding. \$17,020 was approved and we are awaiting the bank transfer that will allow us to pay our vendors.

Also at Ravinia, the resident under eviction moved out of the unit on January 16<sup>th</sup>. She moved out based on a ten day notice so we did not incur any court costs.

In January, we completed a periodic assessment of all applicants, to find out if they were interested in remaining on the waiting list. We thought this would be a good time to review the applications for Ravinia that were processed during 2014. As you know, we must contact people in order of application date. Not all applicants that were called came in to complete paperwork. We found that we were able to get 46 of the applicants to come in to complete the paperwork with the following results:

- 11 applicants were REJECTED in 2014 for having criminal backgrounds
- 8 applicants owed past amounts for various unpaid utilities and based on that they received a conditional screening stating that the owed money had to be paid. None of these 8 applicants ever submitted proof that they had paid the amount owed, thus the application/certification process stopped.
- 9 applicants made appointments and completed partial paperwork then failed to bring in all required documentations (SS cards, birth certificates, state ID's) or they failed to submit necessary information so that staff could submit required verifications (banking, employment, DHS, Child Support). Even after many calls to each of them, information was not received and the process ceased.
- 5 applicants changed their minds with no explanations (did not return phone calls, letters unanswered etc.)
- 1 applicant WAS approved and failed to show up to sign lease. She was called and would set up appoint then not show up or would call to cancel at the last minute. This happened 3 times.
- 7 applicants upon calling to determine their interest in housing informed staff that they had received vouchers from Lake Co and were no longer interested in seeking housing.

- 4 applicants filed all paperwork, and were approved for Ravinia housing but when called to schedule a time to sign their lease, staff was informed that they had received a voucher from Lake Co and would no longer be interested in Ravinia.
- 2 applicants signed leases and moved in.

We have increased the pressure on some of our applicants that had applied several years ago by requiring them to come to the office to complete paperwork to remain on the list. We are hoping this allows us to “clean up the list” and interview more recent applicants whose need is greater to move in very soon.

### **Frank B. Peers**

**Occupancy:** There is currently one vacancy at the property. The unit became vacant on 2/12/2015. An interested applicant, who is very interested, is bringing her daughter back on 2/26/15 to see the unit.

**Physical:** Regular maintenance work orders and tasks. Handling of snow and ice.

**Social Programs:** Regular social programming occurred at Frank B. Peers during December including weekly bingo. “An Afternoon with Lily the Therapy Dog” and intergenerational luncheon with Ravinia Nursery School celebrated Valentine’s Day. The monthly luncheon will be held on 2/25/15.

**Financial:** Net Operating Income (NOI) for January was positive to budget at \$7,290. YTD NOI was the same. Cash carryover increased to \$65,975.12.

**Income** – Income for the month of January was positive to budget at \$456.

**Expenses** – Expense line items that were significantly negative to budget including:

- Office Salaries (#6310)/Service Coordinator (#6900) We have transferred Marcia Segal from Service Coordinator position to Administrative. Unfortunately, the accounting department coded her January salary to Service Coordinator. We will correct this on future statements.
- Janitor and cleaning supplies (#6515) Reflects cost for inventory light bulbs.
- Electricity (#6450) Budgeted evenly over year, winter use higher with residents staying indoors more.
- Gas (#6452) Higher due to extreme cold weather
- Heating and Cooling Contractor (#6546) Reflects cost for heating service call for an apartment.

### **Walnut Place**

**Occupancy:** Walnut is 100% occupied

**Physical:** Regular maintenance work orders and tasks. Handling of snow and ice.

**Social Programs:** Regular social programming occurred at Walnut Place during January including weekly bingo. Afternoon gathering with Lily the Therapy dog was held on 2/13/15. The Monthly luncheon was held on 2/19/2015 to celebrate the Chinese New Year.

**Financial:** Net Operating Income (NOI) for January was positive to budget by \$9,521. YTD NOI was the same. Cash carryover increased to \$9,164.

**Income** - Income for the month of January was negative to budget by (\$384) due to vacancy.

**Expenses** – Expense line items that were significantly negative to budget include:

- Office Salaries (#6310)/Service Coordinator (#6900) We have transferred Marcia Segal from Service Coordinator position to Administrative. Unfortunately, the accounting department coded her January salary to Service Coordinator. We will correct this on future statements. In addition, we expected to have a service coordinator in place on January 1<sup>st</sup> but to date have not been able to fill the position.
- Computer data processing. (#6316) – Includes cost for a computer support visit by contractor.
- Repairs Payroll (#6540) – Cost for overtime by maintenance for salting sidewalks over weekends.
- Electricity (#6450) Budgeted evenly over year, winter use higher with residents staying indoors more.
- Gas (#6452) Higher due to extreme cold weather
- Heating and Cooling Contract (#6545) – Reflects purchase of new heating unit for townhouse.

### **Ravinia Housing**

**Occupancy:** HUD requires that 40% of the persons moving in to Section 8 apartments fall into the extremely low income category. To achieve this goal, we make sure that the very first applicant that moves into our properties qualify as “extremely low”. We then alternate back and forth between very low and extremely low applicants to achieve this goal. We have one resident who is currently approved and waiting to move in but because she does not fall into the “extremely low” category, we have to wait until after we move in a qualified first applicant. We currently have three units available. The periodic assessment notices required residents to respond to our letter asking if they were interested in remaining on the waiting list by the end of January. We have interviewed 18 families in the last three weeks with the following outcome:

- 5 applicants were rejected by screening or disqualified themselves when they found out we would be pulling criminal histories.
- 4 applicants owed substantial sums to utility companies. Our screening criteria requires they utility debt before moving in. None of the four have made efforts to do this and we are unable to consider them further until they do.

- 1 applicant thought the units were too small.
- 1 applicant completed the paperwork then called in later in the day and told us she was not interested in living at St. Johns after driving around the neighborhood.
- 4 applicants have had their profile sent to Screening and we are waiting to hear back if they are approved. If they are, we will begin the verification process.
- 3 applicants have passed the screening process and we are working to get all items verified.
- We have four more appointments with applicants scheduled through the end of February.

Because we have a “low income” applicant who can move in 2<sup>nd</sup>, we will be filling two units when we are able to qualify the next applicant that falls into the extremely low income category.

**Physical:** Regular maintenance work orders and tasks. Handling of snow and ice.

**Financial:** Net Operating Income (NOI) for October was negative to budget by (\$623). YTD NOI is negative to budget by (\$50,599). Cash carryover increased to \$27,926. (This figure includes \$27,900 received from HUD for the repaving of the parking lot at the two campuses. The bill was not received and paid until December).

**Income** –Income is negative to budget at (\$1,507.) due to vacancy.

- Office Salaries (#6310)/Service Coordinator (#6900) We have transferred Marcia Segal from Service Coordinator position to Administrative. Unfortunately, the accounting department coded her January salary to Service Coordinator. We will correct this on future statements. In addition, we expected to have a service coordinator in place on January 1<sup>st</sup> but to date have not been able to fill the position.
- Gas (#6452) – Reflects cost to heat vacant units over cold winter months.
- Snow Removal – (#6548) Cost for snow removal, should be allocated to Miscellaneous Repairs Contract. Will be corrected in subsequent statements.

## Accounts Receivable Up-Date

January 2014

### Frank B. Peers

Tenant A/R increased from \$3 at the end of December to \$2,073 at the end of January. The large change was due to a resident not reporting change in her social security payments when her husband died. She paid of the balance in February. The breakdown is as follows:

Current	\$	2,073
30 Days	\$	0
60 Days	\$	0
90+ Days	\$	0
Prepaid	\$	0

Subsidy A/R decreased slightly from \$2,626 at the end of December to \$752 at the end of January. The breakdown is as follows:

Current	\$	(1,305)
30 Days	\$	(2,441)
60 Days	\$	0
90+ Days	\$	(63)
Prepaid	\$	(4,561)

### Walnut Place

Tenant A/R decreased from \$15,558 at the end of December to \$14,791 at the end of January. This includes \$768 collected on payment plans. The breakdown is as follows:

Current	\$	718
30 Days	\$	2,155
60 Days	\$	708
90+ Days	\$	11,104
Prepaid	\$	(106)

Subsidy A/R increased from \$3,204 at the end of December to \$926 at the end of January. The breakdown is as follows:

Current	\$	(1,981)
30 Days	\$	(48)
60 Days	\$	0
90+ Days	\$	(77)
Prepaid	\$	(3,032)

**Ravinia Housing**

Tenant A/R decreased from \$34,972 at the end of December to \$34,624 at the end of January. \$ 524 was received on current resident payment plans. The breakdown is as follows:

Current	\$ 2,940
30 Days	\$ 2,313
60 Days	\$ 1,913
90+ Days	\$ 26,446
Prepaid	\$ (1,012)

Subsidy A/R decreased from \$1,502 at the end of December to \$1,746 at the end of January. Change is due to an interim recertification done for a resident and subsequent HUD billing associated with that. The breakdown is as follows:

Current	\$ 661
30 Days	\$ 0
60 Days	\$ 0
90+ Days	\$ (120)
Prepaid	\$ (1,205)

# FRANK B PEERS

## Balance Sheet

Month Ending 01/31/15

### ASSETS

#### Current Assets

1110-0000 - Petty Cash	300.00
1121-0000 - Cash - Operating	65,975.12
1130-0000 - Tenant/member accounts receivable	2,073.00
1131-0000 - Accounts receivable - subsidy	752.00
1240-0000 - Prepaid property and liability insurance	13,064.48
<b>Total Current Assets</b>	<b>82,164.60</b>

#### Other Assets

1290-0000 - Misc Prepaid Expenses	895.99
1192-0000 - Tenant Sec Dep	19,112.37
1310-0000 - Real estate tax escrow	112,686.71
1311-0000 - Insurance escrow	21,026.19
1330-0000 - Debt Service Escrow	138,752.69
1320 - Replacement Reserve	186,811.26
1340 - Residual Receipt	17,507.93
<b>Total Other Assets</b>	<b>496,793.14</b>

#### Fixed Assets

1420-0000 - Building	1,848,860.15
1420-0001 - Building Improvements	102,298.87
1430-0000 - Land Improvements	1,621,801.79
1450-0000 - Furniture for project/tenant use	548,852.34
1497-0000 - Site improvements	172,218.77
4120-0000 - Accum depr - buildings	(3,433,224.19)
<b>Total Fixed Assets</b>	<b>860,807.73</b>

#### Financing Costs

1900-0001 - Deferred Financing Costs	192,398.85
1999-0000 - Accum Amort - Bond Costs	(65,400.22)
<b>Total Financing Costs</b>	<b>126,998.63</b>

#### Partnership Assets

1701-0000 - Cash - Partnership	9,219.66
1702-0000 - Partnership MM	2,128,930.78
1703-0000 - Partnership Receivable	267,013.69
<b>Total Partnership Assets</b>	<b>2,405,164.13</b>

### **Total Assets**

**3,971,928.23**

# FRANK B PEERS

## Balance Sheet

Month Ending 01/31/15

### Liabilities & Equity

#### Current Liabilities

2110-0000 - Accounts payable	14,238.88
2113-0000 - Flex Benefit Payable	12.99
2114-0000 - 401K Payable	18.57
2120-0000 - Accrued wages and p/r taxes payable	4,214.60
2150-0000 - Accrued property taxes	131,670.30
2155-0000 - Accrued professional services	(4,500.00)
2180-0000 - Misc current liabilities	11,799.13
2180-1000 - Prepaid Insurance Claim	4,311.64
<b>Total Current Liabilities</b>	<b>161,766.11</b>

#### Non-Current Liabilities

2190-0000 - Sec. Dep. In Transit	25.00
2191-0000 - Security deposits-residential	16,987.00
2191-0001 - Pet Deposit	895.00
2211-0000 - Prepaid HUD	5,430.00
2320-1000 - Mortgage payable - 2nd note	2,290,000.00
2320-0000 - Mortgage Payable (long term)	1,609,630.26
<b>Total Non-Current Liabilities</b>	<b>3,922,967.26</b>

#### Owner's Equity

3100-0000 - Limited Partners Equity	2,402,918.63
3209-0000 - Prior Year Retained Earnings	(2,605,371.26)
3210-0000 - Retained earnings	64,337.53
Current YTD Earnings	25,309.96
<b>Total Owner's Equity</b>	<b>(112,805.14)</b>

### **Total Liability & Owner Equity**

**3,971,928.23**

**FRANK B. PEERS HOUSING**  
**Actual vs Budget Accrual Operating Statement**

	Month Ending 01/31/15			Year To Date 01/31/15			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
<b>GROSS OPERATING INCOME</b>							
<b>RESIDENTIAL RENTAL INCOME</b>							
5120-0000 - Apartment rent	22,972.00	38,136.00	(15,164.00)	22,972.00	38,136.00	(15,164.00)	458,973.00
5121-0000 - Tenant assistant payments	63,702.00	48,536.00	15,166.00	63,702.00	48,536.00	15,166.00	584,151.00
5140-0000 - Commercial base rent	60.00	0.00	60.00	60.00	0.00	60.00	0.00
<b>TOTAL RESIDENTIAL RENTAL INCOME</b>	<b>86,734.00</b>	<b>86,672.00</b>	<b>62.00</b>	<b>86,734.00</b>	<b>86,672.00</b>	<b>62.00</b>	<b>1,043,124.00</b>
<b>VACANCIES &amp; ADJUSTMENTS</b>							
5220-0000 - Vacancy loss - apartments	(1,285.00)	(1,400.00)	115.00	(1,285.00)	(1,400.00)	115.00	(16,800.00)
5221-0000 - Non-Revenue Units	(1,287.00)	(1,285.00)	(2.00)	(1,287.00)	(1,285.00)	(2.00)	(15,770.00)
<b>TOTAL VACANCIES &amp; ADJUSTMENTS</b>	<b>(2,572.00)</b>	<b>(2,685.00)</b>	<b>113.00</b>	<b>(2,572.00)</b>	<b>(2,685.00)</b>	<b>113.00</b>	<b>(32,570.00)</b>
<b>OTHER INCOME</b>							
5910-0000 - Laundry income	409.00	150.00	259.00	409.00	150.00	259.00	1,800.00
5922-0000 - Late fees	0.00	5.00	(5.00)	0.00	5.00	(5.00)	60.00
5990-0000 - Misc other income	47.00	20.00	27.00	47.00	20.00	27.00	240.00
5413-0000 - Interest income - escrow	0.00	0.00	0.00	0.00	0.00	0.00	5.00
<b>TOTAL OTHER INCOME</b>	<b>456.00</b>	<b>175.00</b>	<b>281.00</b>	<b>456.00</b>	<b>175.00</b>	<b>281.00</b>	<b>2,105.00</b>
<b>GROSS OPERATING INCOME</b>	<b>84,618.00</b>	<b>84,162.00</b>	<b>456.00</b>	<b>84,618.00</b>	<b>84,162.00</b>	<b>456.00</b>	<b>1,012,659.00</b>
<b>ADVERTISING &amp; RENTING EXPENSE</b>							
6213-0000 - Employee Recruitment	0.00	0.00	0.00	0.00	0.00	0.00	400.00
6253-0000 - Credit Report Fees	0.00	58.00	58.00	0.00	58.00	58.00	692.00
<b>TOTAL ADVERTISING &amp; RENTING EXPENSE</b>	<b>0.00</b>	<b>58.00</b>	<b>58.00</b>	<b>0.00</b>	<b>58.00</b>	<b>58.00</b>	<b>1,092.00</b>
<b>ADMINISTRATIVE EXPENSE</b>							
6311-0000 - Office supplies	140.81	290.00	149.19	140.81	290.00	149.19	3,480.00
6316-0000 - Office Equipment	221.00	256.00	35.00	221.00	256.00	35.00	3,072.00
6320-0000 - Management fee	4,386.10	4,444.00	57.90	4,386.10	4,444.00	57.90	53,490.00
6340-0000 - Legal Expense - Project	0.00	100.00	100.00	0.00	100.00	100.00	4,200.00
6350-0000 - Audit Expense	0.00	1,217.00	1,217.00	0.00	1,217.00	1,217.00	14,600.00
6360-0000 - Telephone	283.14	700.00	416.86	283.14	700.00	416.86	8,400.00
6360-0001 - Answering Service/ Pagers	0.00	38.00	38.00	0.00	38.00	38.00	456.00
6365-0000 - Training & Education Expense	0.00	0.00	0.00	0.00	0.00	0.00	650.00
6370-0000 - Bad debts	0.00	416.00	416.00	0.00	416.00	416.00	4,992.00
6380-0000 - Consulting/study costs	0.00	200.00	200.00	0.00	200.00	200.00	5,400.00
6390-0000 - Misc administrative expenses	160.48	150.00	(10.48)	160.48	150.00	(10.48)	1,800.00
6390-0002 - Computer Supplies/Data Processing	178.19	171.00	(7.19)	178.19	171.00	(7.19)	2,252.00
6395-0000 - Tenant Retention	176.57	500.00	323.43	176.57	500.00	323.43	7,000.00
6431-0000 - Travel & Expense Reimbursement	253.27	235.00	(18.27)	253.27	235.00	(18.27)	2,820.00
6851-0000 - Bank Service Fees	0.00	3.00	3.00	0.00	3.00	3.00	36.00
6860-0000 - Security Deposit Interest	(0.48)	0.00	0.48	(0.48)	0.00	0.48	(3.00)
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>5,799.08</b>	<b>8,720.00</b>	<b>2,920.92</b>	<b>5,799.08</b>	<b>8,720.00</b>	<b>2,920.92</b>	<b>112,645.00</b>
<b>PAYROLL &amp; RELATED COSTS</b>							
6310-0000 - Office salaries	3,596.16	4,756.00	1,159.84	3,596.16	4,756.00	1,159.84	62,882.00
6510-0000 - Janitor and cleaning payroll	1,152.43	1,152.00	(0.43)	1,152.43	1,152.00	(0.43)	15,238.00
6540-0000 - Repairs payroll	4,514.52	4,013.00	(501.52)	4,514.52	4,013.00	(501.52)	53,040.00

**FRANK B. PEERS HOUSING**  
**Actual vs Budget Accrual Operating Statement**

	Month Ending 01/31/15			Year To Date 01/31/15			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6900-0000 - Social Service Coordinator	1,170.53	0.00	(1,170.53)	1,170.53	0.00	(1,170.53)	0.00
6715-0000 - Payroll Taxes	1,438.18	1,458.00	19.82	1,438.18	1,458.00	19.82	12,610.00
6722-0000 - Workers compensation	341.17	342.00	0.83	341.17	342.00	0.83	4,135.00
6723-0000 - Employee health insurance	(462.12)	299.00	761.12	(462.12)	299.00	761.12	3,654.00
6724-0000 - Union Benefits	1,335.99	1,326.00	(9.99)	1,335.99	1,326.00	(9.99)	15,912.00
6726-0000 - Other employee benefits	46.42	0.00	(46.42)	46.42	0.00	(46.42)	0.00
6726-0001 - Contingency	0.00	0.00	0.00	0.00	0.00	0.00	2,904.00
<b>TOTAL PAYROLL &amp; RELATED COSTS</b>	<b>13,133.28</b>	<b>13,346.00</b>	<b>212.72</b>	<b>13,133.28</b>	<b>13,346.00</b>	<b>212.72</b>	<b>170,375.00</b>
<b>OPERATING EXPENSES</b>							
6515-0000 - Janitors and cleaning supplies	548.16	310.00	(238.16)	548.16	310.00	(238.16)	3,720.00
6517-0000 - Outside Cleaning Service	0.00	125.00	125.00	0.00	125.00	125.00	1,500.00
6518-0000 - Uniforms	0.00	0.00	0.00	0.00	0.00	0.00	100.00
6519-0000 - Exterminating Contract	110.00	120.00	10.00	110.00	120.00	10.00	1,440.00
6525-0000 - Rubbish removal	300.00	325.00	25.00	300.00	325.00	25.00	4,100.00
<b>TOTAL OPERATING EXPENSES</b>	<b>958.16</b>	<b>880.00</b>	<b>(78.16)</b>	<b>958.16</b>	<b>880.00</b>	<b>(78.16)</b>	<b>10,860.00</b>
<b>UTILITIES</b>							
6450-0000 - Electricity	2,041.17	1,417.00	(624.17)	2,041.17	1,417.00	(624.17)	20,000.00
6451-0000 - Water	1,172.73	1,333.00	160.27	1,172.73	1,333.00	160.27	16,000.00
6452-0000 - Gas	3,849.89	2,750.00	(1,099.89)	3,849.89	2,750.00	(1,099.89)	33,000.00
<b>TOTAL UTILITIES</b>	<b>7,063.79</b>	<b>5,500.00</b>	<b>(1,563.79)</b>	<b>7,063.79</b>	<b>5,500.00</b>	<b>(1,563.79)</b>	<b>69,000.00</b>
<b>MAINTENANCE EXPENSES</b>							
6536-0000 - Ground supplies	0.00	20.00	20.00	0.00	20.00	20.00	1,100.00
6537-0000 - Grounds Contractor (Landscaper)	0.00	0.00	0.00	0.00	0.00	0.00	7,150.00
6541-0000 - Repair materials (general supplies)	0.00	85.00	85.00	0.00	85.00	85.00	1,020.00
6541-0001 - Appliance Parts	0.00	42.00	42.00	0.00	42.00	42.00	504.00
6541-0002 - Plumbing Supplies	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00
6541-0003 - Electrical Supplies	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00
6541-0004 - Heating/Cooling Supplies	38.49	30.00	(8.49)	38.49	30.00	(8.49)	360.00
6541-0008 - Flooring/Tile Supplies (i.e.VCT)	0.00	100.00	100.00	0.00	100.00	100.00	600.00
6541-0009 - Window Supplies	0.00	20.00	20.00	0.00	20.00	20.00	240.00
6541-0010 - Carpentry/Hardware	0.00	150.00	150.00	0.00	150.00	150.00	1,800.00
6545-0000 - Elevator Contractor (Annual Maintenance Contract)	0.00	292.00	292.00	0.00	292.00	292.00	3,500.00
6546-0000 - Heating/Cooling Contractor	696.41	250.00	(446.41)	696.41	250.00	(446.41)	3,000.00
6548-0000 - Snow removal	475.00	1,750.00	1,275.00	475.00	1,750.00	1,275.00	10,000.00
6551-0000 - Elevator Contractor (Special Repairs)	0.00	125.00	125.00	0.00	125.00	125.00	1,500.00
6560-0000 - Decorating (Tenant Pntg-Cycle/Turnover by Contractor)	0.00	833.00	833.00	0.00	833.00	833.00	12,163.00
6563-0000 - Window Covering	0.00	0.00	0.00	0.00	0.00	0.00	6,000.00
6564-0000 - Decorating (Common Areas - by Contractor)	0.00	150.00	150.00	0.00	150.00	150.00	1,800.00
6564-0001 - Painting Supplies	0.00	165.00	165.00	0.00	165.00	165.00	1,980.00
6581-0000 - Window Washing	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00
6582-0000 - Fire Protection	0.00	167.00	167.00	0.00	167.00	167.00	4,661.00
6582-0001 - Fire Safety Equipment	0.00	0.00	0.00	0.00	0.00	0.00	210.00
6589-0000 - Parking Lot Expense	0.00	83.00	83.00	0.00	83.00	83.00	1,000.00
6591-0000 - Electrical Repairs	0.00	225.00	225.00	0.00	225.00	225.00	2,700.00
6592-0000 - Boiler Repairs	0.00	392.00	392.00	0.00	392.00	392.00	4,704.00
6594-0000 - Carpentry Repairs	0.00	275.00	275.00	0.00	275.00	275.00	3,300.00
6595-0000 - Plumbing Repairs	0.00	435.00	435.00	0.00	435.00	435.00	5,220.00

**FRANK B. PEERS HOUSING**  
**Actual vs Budget Accrual Operating Statement**

	Month Ending 01/31/15			Year To Date 01/31/15			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6596-0000 - Floor Repairs/Cleaning	0.00	150.00	150.00	0.00	150.00	150.00	10,650.00
6598-0000 - Roof Repairs	0.00	50.00	50.00	0.00	50.00	50.00	3,600.00
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>1,209.90</b>	<b>5,989.00</b>	<b>4,779.10</b>	<b>1,209.90</b>	<b>5,989.00</b>	<b>4,779.10</b>	<b>92,662.00</b>
<b>TAXES AND INSURANCE</b>							
6710-0000 - Real estate taxes	10,130.00	10,635.00	505.00	10,130.00	10,635.00	505.00	127,620.00
6720-0000 - Property and liability insurance	2,177.42	2,178.00	0.58	2,177.42	2,178.00	0.58	26,136.00
<b>TOTAL TAXES AND INSURANCE</b>	<b>12,307.42</b>	<b>12,813.00</b>	<b>505.58</b>	<b>12,307.42</b>	<b>12,813.00</b>	<b>505.58</b>	<b>153,756.00</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>40,471.63</b>	<b>47,306.00</b>	<b>6,834.37</b>	<b>40,471.63</b>	<b>47,306.00</b>	<b>6,834.37</b>	<b>610,390.00</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>44,146.37</b>	<b>36,856.00</b>	<b>7,290.37</b>	<b>44,146.37</b>	<b>36,856.00</b>	<b>7,290.37</b>	<b>402,269.00</b>
<b>FINANCIAL EXPENSES</b>							
6820-0000 - Mortgage interest	18,998.12	18,998.00	(0.12)	18,998.12	18,998.00	(0.12)	224,180.00
<b>TOTAL FINANCIAL EXPENSES</b>	<b>18,998.12</b>	<b>18,998.00</b>	<b>(0.12)</b>	<b>18,998.12</b>	<b>18,998.00</b>	<b>(0.12)</b>	<b>224,180.00</b>
<b>NET OPER INC/(LOSS) BEFORE CAP. EXP.</b>	<b>25,148.25</b>	<b>17,858.00</b>	<b>7,290.25</b>	<b>25,148.25</b>	<b>17,858.00</b>	<b>7,290.25</b>	<b>178,089.00</b>
8005-0000 - Mortgagor Entity Income	171.71	0.00	171.71	171.71	0.00	171.71	0.00
8010-0000 - Other Entity Expense	(10.00)	0.00	(10.00)	(10.00)	0.00	(10.00)	0.00
<b>Total Partnership Activity</b>	<b>161.71</b>	<b>0.00</b>	<b>161.71</b>	<b>161.71</b>	<b>0.00</b>	<b>161.71</b>	<b>0.00</b>
<b>NET INCOME (LOSS)</b>	<b>25,309.96</b>	<b>17,858.00</b>	<b>7,451.96</b>	<b>25,309.96</b>	<b>17,858.00</b>	<b>7,451.96</b>	<b>178,089.00</b>
7104-0000 - Replacement Reserve	1,700.00	1,917.00	217.00	1,700.00	1,917.00	217.00	23,004.00
7108-0000 - Mortgage Payable (long term)	11,489.42	11,490.00	0.58	11,489.42	11,490.00	0.58	141,671.00
<b>Total Cash Flow - Financing Activities</b>	<b>13,189.42</b>	<b>13,407.00</b>	<b>217.58</b>	<b>13,189.42</b>	<b>13,407.00</b>	<b>217.58</b>	<b>164,675.00</b>
<b>CAPITAL EXPENDITURES &amp; ESCROWS</b>							
7105-0000 - Replacement Reserve Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	(17,700.00)
6991-0010 - Parking Lot	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00
6991-0014 - Roof Repairs	0.00	150.00	150.00	0.00	150.00	150.00	1,800.00
6991-0016 - Concrete Repairs	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00
6993-0000 - Appliance Replacement	0.00	600.00	600.00	0.00	600.00	600.00	3,600.00
6993-0003 - A/C Replacements	0.00	125.00	125.00	0.00	125.00	125.00	1,500.00
6994-0000 - Carpet & tile	0.00	650.00	650.00	0.00	650.00	650.00	7,800.00
<b>TOTAL CAPITAL EXPENDITURES &amp; ESCROWS</b>	<b>0.00</b>	<b>1,525.00</b>	<b>1,525.00</b>	<b>0.00</b>	<b>1,525.00</b>	<b>1,525.00</b>	<b>0.00</b>
<b>GAIN/(LOSS) AFTER CAPITAL EXP. &amp; ESCROWS</b>	<b>12,120.54</b>	<b>2,926.00</b>	<b>9,194.54</b>	<b>12,120.54</b>	<b>2,926.00</b>	<b>9,194.54</b>	<b>13,414.00</b>

# WALNUT PLACE

## Balance Sheet

Month Ending 01/31/15

### ASSETS

#### Current Assets

1110-0000 - Petty Cash	900.00
1121-0000 - Cash - Operating	9,164.48
1130-0000 - Tenant/member accounts receivable	14,790.59
1131-0000 - Accounts receivable - subsidy	926.00
1240-0000 - Prepaid property and liability insurance	13,962.52
<b>Total Current Assets</b>	<b>39,743.59</b>

#### Other Assets

1290-0000 - Misc Prepaid Expenses	1,092.53
1192-0000 - Tenant Sec Dep	19,415.95
1310-0000 - Real estate tax escrow	150,142.05
1311-0000 - Insurance escrow	22,466.54
1330-0000 - Debt Service Escrow	136,098.17
1320 - Replacement Reserve	115,098.32
1340 - Residual Receipt	27,094.97
<b>Total Other Assets</b>	<b>471,408.53</b>

#### Fixed Assets

1410-0000 - Land	220,000.00
1420-0000 - Building	2,907,088.00
1420-0001 - Building Improvements	118,339.20
1430-0000 - Land Improvements	321,376.00
1440-0000 - Building Equipment Portable	354,185.56
1450-0000 - Furniture for project/tenant use	437,004.57
1497-0000 - Site improvements	4,550.00
4120-0000 - Accum depr - buildings	(3,504,334.74)
<b>Total Fixed Assets</b>	<b>858,208.59</b>

#### Financing Costs

1900-0001 - Deferred Financing Costs	174,813.03
1999-0000 - Accum Amort - Bond Costs	(51,667.51)
<b>Total Financing Costs</b>	<b>123,145.52</b>

#### Partnership Assets

1701-0000 - Cash - Partnership	104,677.99
<b>Total Partnership Assets</b>	<b>104,677.99</b>

### Total Assets

**1,597,184.22**

# WALNUT PLACE

## Balance Sheet

Month Ending 01/31/15

### Liabilities & Equity

Current Liabilities	
2110-0000 - Accounts payable	11,886.30
2113-0000 - Flex Benefit Payable	13.00
2114-0000 - 401K Payable	(4.64)
2120-0000 - Accrued wages and p/r taxes payable	4,233.02
2150-0000 - Accrued property taxes	154,477.48
2155-0000 - Accrued professional services	14,894.00
2180-0000 - Misc current liabilities	8,240.37
Total Current Liabilities	<u>193,739.53</u>
Non-Current Liabilities	
2190-0000 - Sec. Dep. In Transit	153.00
2191-0000 - Security deposits-residential	17,189.00
2191-0001 - Pet Deposit	1,475.00
2210-0000 - Prepaid Rent	106.00
2211-0000 - Prepaid HUD	3,032.00
2320-1000 - Mortgage payable - 2nd note	2,546,000.00
2320-4000 - Deferred Revenue	228,117.00
2320-0000 - Mortgage Payable (long term)	1,606,538.45
Total Non-Current Liabilities	<u>4,402,610.45</u>
Owner's Equity	
3100-0000 - Limited Partners Equity	104,375.87
3209-0000 - Prior Year Retained Earnings	(3,317,026.48)
3210-0000 - Retained earnings	188,993.50
Current YTD Earnings	24,491.35
Total Owner's Equity	<u>(2,999,165.76)</u>
<b>Total Liability &amp; Owner Equity</b>	<b><u>1,597,184.22</u></b>

**WALNUT PLACE**  
**Actual vs Budget Accrual Operating Statement**

	Month Ending 01/31/15			Year To Date 01/31/15			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
<b>GROSS OPERATING INCOME</b>							
RESIDENTIAL RENTAL INCOME							
5120-0000 - Apartment rent	21,216.00	19,451.00	1,765.00	21,216.00	19,451.00	1,765.00	233,764.00
5121-0000 - Tenant assistant payments	67,196.00	68,961.00	(1,765.00)	67,196.00	68,961.00	(1,765.00)	828,780.00
<b>TOTAL RESIDENTIAL RENTAL INCOME</b>	<b>88,412.00</b>	<b>88,412.00</b>	<b>0.00</b>	<b>88,412.00</b>	<b>88,412.00</b>	<b>0.00</b>	<b>1,062,544.00</b>
VACANCIES & ADJUSTMENTS							
5220-0000 - Vacancy loss - apartments	(1,952.00)	(950.00)	(1,002.00)	(1,952.00)	(950.00)	(1,002.00)	(11,000.00)
5221-0000 - Non-Revenue Units	(1,287.00)	(1,287.00)	0.00	(1,287.00)	(1,287.00)	0.00	(15,456.00)
<b>TOTAL VACANCIES &amp; ADJUSTMENTS</b>	<b>(3,239.00)</b>	<b>(2,237.00)</b>	<b>(1,002.00)</b>	<b>(3,239.00)</b>	<b>(2,237.00)</b>	<b>(1,002.00)</b>	<b>(26,456.00)</b>
OTHER INCOME							
5910-0000 - Laundry income	709.00	260.00	449.00	709.00	260.00	449.00	3,120.00
5920-0000 - Nsf check fee	25.00	0.00	25.00	25.00	0.00	25.00	0.00
5922-0000 - Late fees	27.00	10.00	17.00	27.00	10.00	17.00	120.00
5930-0000 - Credit Check Fees	0.00	28.00	(28.00)	0.00	28.00	(28.00)	336.00
5938-0000 - Cleaning Fee/Turnover	0.00	10.00	(10.00)	0.00	10.00	(10.00)	120.00
5945-0000 - Damages	0.00	19.00	(19.00)	0.00	19.00	(19.00)	228.00
5411-0000 - Grant Monies Income	0.00	3,477.00	(3,477.00)	0.00	3,477.00	(3,477.00)	41,715.00
5413-0000 - Interest income - escrow	0.00	0.00	0.00	0.00	0.00	0.00	5.00
<b>TOTAL OTHER INCOME</b>	<b>761.00</b>	<b>3,804.00</b>	<b>(3,043.00)</b>	<b>761.00</b>	<b>3,804.00</b>	<b>(3,043.00)</b>	<b>45,644.00</b>
<b>GROSS OPERATING INCOME</b>	<b>85,934.00</b>	<b>89,979.00</b>	<b>(4,045.00)</b>	<b>85,934.00</b>	<b>89,979.00</b>	<b>(4,045.00)</b>	<b>1,081,732.00</b>
ADVERTISING & RENTING EXPENSE							
6253-0000 - Credit Report Fees	12.95	58.00	45.05	12.95	58.00	45.05	700.00
<b>TOTAL ADVERTISING &amp; RENTING EXPENSE</b>	<b>12.95</b>	<b>58.00</b>	<b>45.05</b>	<b>12.95</b>	<b>58.00</b>	<b>45.05</b>	<b>700.00</b>
ADMINISTRATIVE EXPENSE							
6311-0000 - Office supplies	147.41	417.00	269.59	147.41	417.00	269.59	5,000.00
6316-0000 - Office Equipment	220.99	250.00	29.01	220.99	250.00	29.01	3,000.00
6320-0000 - Management fee	4,635.59	4,506.00	(129.59)	4,635.59	4,506.00	(129.59)	54,156.00
6340-0000 - Legal Expense - Project	0.00	100.00	100.00	0.00	100.00	100.00	4,200.00
6350-0000 - Audit Expense	0.00	1,133.00	1,133.00	0.00	1,133.00	1,133.00	13,596.00
6360-0000 - Telephone	360.29	790.00	429.71	360.29	790.00	429.71	9,480.00
6360-0001 - Answering Service/ Pagers	0.00	50.00	50.00	0.00	50.00	50.00	600.00
6365-0000 - Training & Education Expense	0.00	188.00	188.00	0.00	188.00	188.00	2,260.00
6370-0000 - Bad debts	13.00	150.00	137.00	13.00	150.00	137.00	1,800.00
6371-0000 - Fees Dues & Contributions	0.00	116.00	116.00	0.00	116.00	116.00	1,392.00
6380-0000 - Consulting/study costs	0.00	0.00	0.00	0.00	0.00	0.00	3,000.00
6390-0000 - Misc administrative expenses	160.48	285.00	124.52	160.48	285.00	124.52	2,540.00
6390-0002 - Computer Supplies/Data Processing	615.69	172.00	(443.69)	615.69	172.00	(443.69)	2,058.00
6395-0000 - Tenant Retention	377.64	500.00	122.36	377.64	500.00	122.36	7,000.00
6431-0000 - Travel & Expense Reimbursement	253.27	190.00	(63.27)	253.27	190.00	(63.27)	2,280.00
6860-0000 - Security Deposit Interest	(0.48)	0.00	0.48	(0.48)	0.00	0.48	0.00
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>6,783.88</b>	<b>8,847.00</b>	<b>2,063.12</b>	<b>6,783.88</b>	<b>8,847.00</b>	<b>2,063.12</b>	<b>112,362.00</b>
PAYROLL & RELATED COSTS							
6310-0000 - Office salaries	3,596.16	4,756.00	1,159.84	3,596.16	4,756.00	1,159.84	62,884.00

**WALNUT PLACE**  
**Actual vs Budget Accrual Operating Statement**

	Month Ending 01/31/15			Year To Date 01/31/15			
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
6510-0000 - Janitor and cleaning payroll	1,152.43	1,152.00	(0.43)	1,152.43	1,152.00	(0.43)	15,238.00
6540-0000 - Repairs payroll	4,484.52	4,013.00	(471.52)	4,484.52	4,013.00	(471.52)	53,040.00
6900-0000 - Social Service Coordinator	1,170.53	3,271.00	2,100.47	1,170.53	3,271.00	2,100.47	41,552.00
6715-0000 - Payroll Taxes	1,438.20	1,458.00	19.80	1,438.20	1,458.00	19.80	12,608.00
6722-0000 - Workers compensation	335.50	335.00	(0.50)	335.50	335.00	(0.50)	4,154.00
6723-0000 - Employee health insurance	(462.12)	299.00	761.12	(462.12)	299.00	761.12	3,654.00
6724-0000 - Union Benefits	1,335.99	1,200.00	(135.99)	1,335.99	1,200.00	(135.99)	14,415.00
6726-0000 - Other employee benefits	46.42	0.00	(46.42)	46.42	0.00	(46.42)	0.00
6726-0001 - Contingency	0.00	0.00	0.00	0.00	0.00	0.00	2,904.00
<b>TOTAL PAYROLL &amp; RELATED COSTS</b>	<b>13,097.63</b>	<b>16,484.00</b>	<b>3,386.37</b>	<b>13,097.63</b>	<b>16,484.00</b>	<b>3,386.37</b>	<b>210,449.00</b>
<b>OPERATING EXPENSES</b>							
6515-0000 - Janitors and cleaning supplies	477.15	325.00	(152.15)	477.15	325.00	(152.15)	3,900.00
6517-0000 - Outside Cleaning Service	0.00	0.00	0.00	0.00	0.00	0.00	1,280.00
6519-0000 - Exterminating Contract	95.00	95.00	0.00	95.00	95.00	0.00	1,140.00
6525-0000 - Rubbish removal	323.40	365.00	41.60	323.40	365.00	41.60	4,380.00
<b>TOTAL OPERATING EXPENSES</b>	<b>895.55</b>	<b>785.00</b>	<b>(110.55)</b>	<b>895.55</b>	<b>785.00</b>	<b>(110.55)</b>	<b>10,700.00</b>
<b>UTILITIES</b>							
6450-0000 - Electricity	1,154.39	917.00	(237.39)	1,154.39	917.00	(237.39)	12,000.00
6451-0000 - Water	513.30	492.00	(21.30)	513.30	492.00	(21.30)	5,904.00
6452-0000 - Gas	3,255.52	2,593.00	(662.52)	3,255.52	2,593.00	(662.52)	31,120.00
<b>TOTAL UTILITIES</b>	<b>4,923.21</b>	<b>4,002.00</b>	<b>(921.21)</b>	<b>4,923.21</b>	<b>4,002.00</b>	<b>(921.21)</b>	<b>49,024.00</b>
<b>MAINTENANCE EXPENSES</b>							
6536-0000 - Ground supplies	0.00	0.00	0.00	0.00	0.00	0.00	1,200.00
6537-0000 - Grounds Contractor (Landscaper)	0.00	0.00	0.00	0.00	0.00	0.00	5,620.00
6541-0000 - Repair materials (general supplies)	0.00	52.00	52.00	0.00	52.00	52.00	624.00
6541-0001 - Appliance Parts	0.00	44.00	44.00	0.00	44.00	44.00	528.00
6541-0002 - Plumbing Supplies	0.00	160.00	160.00	0.00	160.00	160.00	1,920.00
6541-0003 - Electrical Supplies	0.00	88.00	88.00	0.00	88.00	88.00	1,056.00
6541-0004 - Heating/Cooling Supplies	38.48	28.00	(10.48)	38.48	28.00	(10.48)	336.00
6541-0006 - Expendable Tools	0.00	25.00	25.00	0.00	25.00	25.00	300.00
6541-0009 - Window Supplies	0.00	192.00	192.00	0.00	192.00	192.00	2,304.00
6541-0010 - Carpentry/Hardware	0.00	88.00	88.00	0.00	88.00	88.00	1,056.00
6545-0000 - Elevator Contractor (Annual Maintenance Contract)	0.00	254.00	254.00	0.00	254.00	254.00	3,048.00
6546-0000 - Heating/Cooling Contractor	884.08	750.00	(134.08)	884.08	750.00	(134.08)	9,000.00
6548-0000 - Snow removal	730.00	5,000.00	4,270.00	730.00	5,000.00	4,270.00	17,000.00
6551-0000 - Elevator Contractor (Special Repairs)	0.00	83.00	83.00	0.00	83.00	83.00	1,000.00
6560-0000 - Decorating (Tenant Pntg-Cycle/Turnover by Contractor)	0.00	1,000.00	1,000.00	0.00	1,000.00	1,000.00	12,000.00
6564-0000 - Decorating (Common Areas - by Contractor)	0.00	125.00	125.00	0.00	125.00	125.00	4,375.00
6564-0001 - Painting Supplies	0.00	150.00	150.00	0.00	150.00	150.00	1,800.00
6581-0000 - Window Washing	0.00	0.00	0.00	0.00	0.00	0.00	810.00
6582-0000 - Fire Protection	0.00	306.00	306.00	0.00	306.00	306.00	3,668.00
6582-0001 - Fire Safety Equipment	0.00	17.00	17.00	0.00	17.00	17.00	200.00
6589-0000 - Parking Lot Expense	0.00	42.00	42.00	0.00	42.00	42.00	504.00
6591-0000 - Electrical Repairs	0.00	250.00	250.00	0.00	250.00	250.00	3,000.00
6592-0000 - Boiler Repairs	0.00	514.00	514.00	0.00	514.00	514.00	6,168.00
6594-0000 - Carpentry Repairs	0.00	167.00	167.00	0.00	167.00	167.00	2,000.00
6595-0000 - Plumbing Repairs	345.56	595.00	249.44	345.56	595.00	249.44	7,140.00

**WALNUT PLACE**  
**Actual vs Budget Accrual Operating Statement**

	Month Ending 01/31/15			Year To Date 01/31/15			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6596-0000 - Floor Repairs/Cleaning	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00
6598-0000 - Roof Repairs	0.00	400.00	400.00	0.00	400.00	400.00	4,800.00
6599-0000 - Window repairs	0.00	40.00	40.00	0.00	40.00	40.00	480.00
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>1,998.12</b>	<b>10,470.00</b>	<b>8,471.88</b>	<b>1,998.12</b>	<b>10,470.00</b>	<b>8,471.88</b>	<b>93,137.00</b>
<b>TAXES AND INSURANCE</b>							
6710-0000 - Real estate taxes	11,300.00	11,932.00	632.00	11,300.00	11,932.00	632.00	143,177.00
6720-0000 - Property and liability insurance	2,327.08	2,327.00	(0.08)	2,327.08	2,327.00	(0.08)	28,759.00
<b>TOTAL TAXES AND INSURANCE</b>	<b>13,627.08</b>	<b>14,259.00</b>	<b>631.92</b>	<b>13,627.08</b>	<b>14,259.00</b>	<b>631.92</b>	<b>171,936.00</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>41,338.42</b>	<b>54,905.00</b>	<b>13,566.58</b>	<b>41,338.42</b>	<b>54,905.00</b>	<b>13,566.58</b>	<b>648,308.00</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>44,595.58</b>	<b>35,074.00</b>	<b>9,521.58</b>	<b>44,595.58</b>	<b>35,074.00</b>	<b>9,521.58</b>	<b>433,424.00</b>
<b>FINANCIAL EXPENSES</b>							
6820-0000 - Mortgage interest	20,111.11	20,111.00	(0.11)	20,111.11	20,111.00	(0.11)	237,014.00
<b>TOTAL FINANCIAL EXPENSES</b>	<b>20,111.11</b>	<b>20,111.00</b>	<b>(0.11)</b>	<b>20,111.11</b>	<b>20,111.00</b>	<b>(0.11)</b>	<b>237,014.00</b>
<b>NET OPER INC/(LOSS) BEFORE CAP. EXP.</b>	<b>24,484.47</b>	<b>14,963.00</b>	<b>9,521.47</b>	<b>24,484.47</b>	<b>14,963.00</b>	<b>9,521.47</b>	<b>196,410.00</b>
8005-0000 - Mortgagor Entity Income	6.88	0.00	6.88	6.88	0.00	6.88	0.00
<b>Total Partnership Activity</b>	<b>6.88</b>	<b>0.00</b>	<b>6.88</b>	<b>6.88</b>	<b>0.00</b>	<b>6.88</b>	<b>0.00</b>
<b>NET INCOME (LOSS)</b>	<b>24,491.35</b>	<b>14,963.00</b>	<b>9,528.35</b>	<b>24,491.35</b>	<b>14,963.00</b>	<b>9,528.35</b>	<b>196,410.00</b>
7104-0000 - Replacement Reserve	1,833.56	1,866.00	32.44	1,833.56	1,866.00	32.44	22,392.00
7108-0000 - Mortgage Payable (long term)	13,375.84	13,376.00	0.16	13,375.84	13,376.00	0.16	164,831.00
<b>Total Cash Flow - Financing Activities</b>	<b>15,209.40</b>	<b>15,242.00</b>	<b>32.60</b>	<b>15,209.40</b>	<b>15,242.00</b>	<b>32.60</b>	<b>187,223.00</b>
<b>CAPITAL EXPENDITURES &amp; ESCROWS</b>							
6991-0016 - Concrete Repairs	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00
6993-0000 - Appliance Replacement	0.00	0.00	0.00	0.00	0.00	0.00	2,150.00
6993-0003 - A/C Replacements	0.00	0.00	0.00	0.00	0.00	0.00	1,300.00
<b>TOTAL CAPITAL EXPENDITURES &amp; ESCROWS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,450.00</b>
<b>GAIN/(LOSS) AFTER CAPITAL EXP. &amp; ESCROWS</b>	<b>9,281.95</b>	<b>(279.00)</b>	<b>9,560.95</b>	<b>9,281.95</b>	<b>(279.00)</b>	<b>9,560.95</b>	<b>4,737.00</b>

# RAVINIA HOUSING

## Balance Sheet

Month Ending 01/31/15

### ASSETS

#### Current Assets

1110-0000 - Petty Cash	150.00
1121-0000 - Cash - Operating	394.58
1130-0000 - Tenant/member accounts receivable	34,623.98
1130-1000 - Allowance for Doubtful Accounts	(14,637.40)
1131-0000 - Accounts receivable - subsidy	1,746.00
1240-0000 - Prepaid property and liability insurance	6,025.50
1250-0000 - Prepaid Mortgage Insurance	149.60
Total Current Assets	<u>28,452.26</u>

#### Other Assets

1290-0000 - Misc Prepaid Expenses	372.13
1192-0000 - Tenant Sec Dep	6,409.57
1310-0000 - Real estate tax escrow	19,094.82
1311-0000 - Insurance escrow	6,975.71
1312-0000 - Mortgage Insurance Escrow	1,528.75
1350-0000 - Construction Escrow	16.44
1320 - Replacement Reserve	415,688.62
Total Other Assets	<u>450,086.04</u>

#### Fixed Assets

1420-0000 - Building	1,074,166.20
1420-0001 - Building Improvements	175,422.00
1430-0000 - Land Improvements	355,339.84
1450-0000 - Furniture for project/tenant use	293,811.85
1497-0000 - Site improvements	193,982.00
4120-0000 - Accum depr - buildings	(1,325,537.46)
Total Fixed Assets	<u>767,184.43</u>

#### Financing Costs

1900-0001 - Deferred Financing Costs	62,658.71
1999-0000 - Accum Amort - Bond Costs	(4,004.30)
Total Financing Costs	<u>58,654.41</u>

#### Partnership Assets

1701-0000 - Cash - Partnership	81,907.83
1702-1000 - Partnership F/A	62,063.00
1703-0000 - Partnership Receivable	3,650.00
Total Partnership Assets	<u>147,620.83</u>

#### Total Assets

1,451,997.97

# RAVINIA HOUSING

## Balance Sheet

Month Ending 01/31/15

### Liabilities & Equity

#### Current Liabilities

2110-0000 - Accounts payable	46,757.83
2113-0000 - Flex Benefit Payable	3.54
2114-0000 - 401K Payable	29.06
2120-0000 - Accrued wages and p/r taxes payable	1,154.49
2130-0000 - Accrued interest - mortgage	4,455.64
2131-0001 - Accrued Interest - 2nd Note	50,786.65
2131-1000 - Accrued Interest - Notes Payable	7,784.00
2150-0000 - Accrued property taxes	51,176.83
2180-0000 - Misc current liabilities	728.03
<b>Total Current Liabilities</b>	<b>162,876.07</b>

#### Non-Current Liabilities

2190-0000 - Sec. Dep. In Transit	(1,077.92)
2191-0000 - Security deposits-residential	5,853.92
2210-0000 - Prepaid Rent	1,012.00
2211-0000 - Prepaid HUD	1,205.00
2310-1000 - Notes Payable - (Long Term)	62,062.71
2320-1000 - Mortgage payable - 2nd note	712,929.63
2320-0000 - Mortgage Payable (long term)	396,027.93
<b>Total Non-Current Liabilities</b>	<b>1,178,013.27</b>

#### Owner's Equity

3100-0000 - Limited Partners Equity	81,874.21
3209-0000 - Prior Year Retained Earnings	145,358.47
3210-0000 - Retained earnings	(120,731.49)
Current YTD Earnings	4,607.44
<b>Total Owner's Equity</b>	<b>111,108.63</b>

### **Total Liability & Owner Equity**

**1,451,997.97**

**RAVINIA HOUSING**  
**Actual vs Budget Accrual Operating Statement**

	Month Ending 01/31/15			Year To Date 01/31/15			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
<b>GROSS OPERATING INCOME</b>							
<b>RESIDENTIAL RENTAL INCOME</b>							
5120-0000 - Apartment rent	9,102.00	8,449.00	653.00	9,102.00	8,449.00	653.00	102,609.00
5121-0000 - Tenant assistant payments	13,133.00	13,786.00	(653.00)	13,133.00	13,786.00	(653.00)	167,423.00
<b>TOTAL RESIDENTIAL RENTAL INCOME</b>	<b>22,235.00</b>	<b>22,235.00</b>	<b>0.00</b>	<b>22,235.00</b>	<b>22,235.00</b>	<b>0.00</b>	<b>270,032.00</b>
<b>VACANCIES &amp; ADJUSTMENTS</b>							
5220-0000 - Vacancy loss - apartments	(2,700.00)	(1,250.00)	(1,450.00)	(2,700.00)	(1,250.00)	(1,450.00)	(15,000.00)
<b>TOTAL VACANCIES &amp; ADJUSTMENTS</b>	<b>(2,700.00)</b>	<b>(1,250.00)</b>	<b>(1,450.00)</b>	<b>(2,700.00)</b>	<b>(1,250.00)</b>	<b>(1,450.00)</b>	<b>(15,000.00)</b>
<b>OTHER INCOME</b>							
5922-0000 - Late fees	30.00	10.00	20.00	30.00	10.00	20.00	120.00
5945-0000 - Damages	0.00	50.00	(50.00)	0.00	50.00	(50.00)	600.00
5413-0000 - Interest income - escrow	14.38	42.00	(27.62)	14.38	42.00	(27.62)	504.00
<b>TOTAL OTHER INCOME</b>	<b>44.38</b>	<b>102.00</b>	<b>(57.62)</b>	<b>44.38</b>	<b>102.00</b>	<b>(57.62)</b>	<b>1,224.00</b>
<b>GROSS OPERATING INCOME</b>	<b>19,579.38</b>	<b>21,087.00</b>	<b>(1,507.62)</b>	<b>19,579.38</b>	<b>21,087.00</b>	<b>(1,507.62)</b>	<b>256,256.00</b>
<b>ADVERTISING &amp; RENTING EXPENSE</b>							
6250-0000 - Renting expenses	0.00	56.00	56.00	0.00	56.00	56.00	672.00
<b>TOTAL ADVERTISING &amp; RENTING EXPENSE</b>	<b>0.00</b>	<b>56.00</b>	<b>56.00</b>	<b>0.00</b>	<b>56.00</b>	<b>56.00</b>	<b>672.00</b>
<b>ADMINISTRATIVE EXPENSE</b>							
6311-0000 - Office supplies	419.65	525.00	105.35	419.65	525.00	105.35	6,300.00
6320-0000 - Management fee	728.03	799.00	70.97	728.03	799.00	70.97	9,708.00
6340-0000 - Legal Expense - Project	0.00	375.00	375.00	0.00	375.00	375.00	4,500.00
6350-0000 - Audit Expense	0.00	875.00	875.00	0.00	875.00	875.00	10,500.00
6365-0000 - Training & Education Expense	0.00	15.00	15.00	0.00	15.00	15.00	180.00
6370-0000 - Bad debts	0.00	433.00	433.00	0.00	433.00	433.00	5,196.00
6380-0000 - Consulting/study costs	0.00	0.00	0.00	0.00	0.00	0.00	3,000.00
6390-0000 - Misc administrative expenses	99.34	84.00	(15.34)	99.34	84.00	(15.34)	1,518.00
6390-0002 - Computer Supplies/Data Processing	79.79	0.00	(79.79)	79.79	0.00	(79.79)	0.00
6860-0000 - Security Deposit Interest	(0.16)	0.00	0.16	(0.16)	0.00	0.16	0.00
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>1,326.65</b>	<b>3,106.00</b>	<b>1,779.35</b>	<b>1,326.65</b>	<b>3,106.00</b>	<b>1,779.35</b>	<b>40,902.00</b>
<b>PAYROLL &amp; RELATED COSTS</b>							
6310-0000 - Office salaries	980.73	1,297.00	316.27	980.73	1,297.00	316.27	17,642.00
6510-0000 - Janitor and cleaning payroll	1,537.43	1,408.00	(129.43)	1,537.43	1,408.00	(129.43)	18,928.00
6900-0000 - Social Service Coordinator	319.21	0.00	(319.21)	319.21	0.00	(319.21)	0.00
6715-0000 - Payroll Taxes	392.27	400.00	7.73	392.27	400.00	7.73	3,454.00
6722-0000 - Workers compensation	108.75	108.00	(0.75)	108.75	108.00	(0.75)	1,319.00
6723-0000 - Employee health insurance	(75.10)	83.00	158.10	(75.10)	83.00	158.10	1,008.00
6724-0000 - Union Benefits	364.38	360.00	(4.38)	364.38	360.00	(4.38)	4,320.00
6726-0000 - Other employee benefits	12.64	0.00	(12.64)	12.64	0.00	(12.64)	0.00
<b>TOTAL PAYROLL &amp; RELATED COSTS</b>	<b>3,640.31</b>	<b>3,656.00</b>	<b>15.69</b>	<b>3,640.31</b>	<b>3,656.00</b>	<b>15.69</b>	<b>46,671.00</b>
<b>OPERATING EXPENSES</b>							
6515-0000 - Janitors and cleaning supplies	0.00	125.00	125.00	0.00	125.00	125.00	1,500.00
6520-0000 - Miscellaneous Repair Contractors	144.10	2,500.00	2,355.90	144.10	2,500.00	2,355.90	30,000.00

**RAVINIA HOUSING**  
**Actual vs Budget Accrual Operating Statement**

	Month Ending 01/31/15			Year To Date 01/31/15			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6525-0000 - Rubbish removal	463.67	480.00	16.33	463.67	480.00	16.33	5,760.00
<b>TOTAL OPERATING EXPENSES</b>	<b>607.77</b>	<b>3,105.00</b>	<b>2,497.23</b>	<b>607.77</b>	<b>3,105.00</b>	<b>2,497.23</b>	<b>37,260.00</b>
<b>UTILITIES</b>							
6450-0000 - Electricity	252.45	234.00	(18.45)	252.45	234.00	(18.45)	2,808.00
6451-0000 - Water	149.81	80.00	(69.81)	149.81	80.00	(69.81)	960.00
6452-0000 - Gas	300.17	60.00	(240.17)	300.17	60.00	(240.17)	720.00
<b>TOTAL UTILITIES</b>	<b>702.43</b>	<b>374.00</b>	<b>(328.43)</b>	<b>702.43</b>	<b>374.00</b>	<b>(328.43)</b>	<b>4,488.00</b>
<b>MAINTENANCE EXPENSES</b>							
6548-0000 - Snow removal	1,005.00	0.00	(1,005.00)	1,005.00	0.00	(1,005.00)	0.00
6590-0000 - Miscellaneous Repair	0.00	0.00	0.00	0.00	0.00	0.00	550.00
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>1,005.00</b>	<b>0.00</b>	<b>(1,005.00)</b>	<b>1,005.00</b>	<b>0.00</b>	<b>(1,005.00)</b>	<b>550.00</b>
<b>TAXES AND INSURANCE</b>							
6710-0000 - Real estate taxes	3,732.00	4,151.00	419.00	3,732.00	4,151.00	419.00	49,812.00
6720-0000 - Property and liability insurance	843.25	861.00	17.75	843.25	861.00	17.75	10,321.00
<b>TOTAL TAXES AND INSURANCE</b>	<b>4,575.25</b>	<b>5,012.00</b>	<b>436.75</b>	<b>4,575.25</b>	<b>5,012.00</b>	<b>436.75</b>	<b>60,133.00</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>11,857.41</b>	<b>15,309.00</b>	<b>3,451.59</b>	<b>11,857.41</b>	<b>15,309.00</b>	<b>3,451.59</b>	<b>190,676.00</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>7,721.97</b>	<b>5,778.00</b>	<b>1,943.97</b>	<b>7,721.97</b>	<b>5,778.00</b>	<b>1,943.97</b>	<b>65,580.00</b>
<b>FINANCIAL EXPENSES</b>							
6820-0000 - Mortgage interest	2,970.37	2,970.00	(0.37)	2,970.37	2,970.00	(0.37)	35,488.00
6850-0000 - Mortgage Service Fee	149.55	150.00	0.45	149.55	150.00	0.45	1,833.00
<b>TOTAL FINANCIAL EXPENSES</b>	<b>3,119.92</b>	<b>3,120.00</b>	<b>0.08</b>	<b>3,119.92</b>	<b>3,120.00</b>	<b>0.08</b>	<b>37,321.00</b>
<b>NET OPER INC/(LOSS) BEFORE CAP. EXP.</b>	<b>4,602.05</b>	<b>2,658.00</b>	<b>1,944.05</b>	<b>4,602.05</b>	<b>2,658.00</b>	<b>1,944.05</b>	<b>28,259.00</b>
8005-0000 - Mortgagor Entity Income	5.39	0.00	5.39	5.39	0.00	5.39	0.00
<b>Total Partnership Activity</b>	<b>5.39</b>	<b>0.00</b>	<b>5.39</b>	<b>5.39</b>	<b>0.00</b>	<b>5.39</b>	<b>0.00</b>
<b>NET INCOME (LOSS)</b>	<b>4,607.44</b>	<b>2,658.00</b>	<b>1,949.44</b>	<b>4,607.44</b>	<b>2,658.00</b>	<b>1,949.44</b>	<b>28,259.00</b>
7104-0000 - Replacement Reserve	1,349.33	1,349.00	(0.33)	1,349.33	1,349.00	(0.33)	16,597.00
7108-0000 - Mortgage Payable (long term)	622.90	623.00	0.10	622.90	623.00	0.10	7,631.00
<b>Total Cash Flow - Financing Activities</b>	<b>1,972.23</b>	<b>1,972.00</b>	<b>(0.23)</b>	<b>1,972.23</b>	<b>1,972.00</b>	<b>(0.23)</b>	<b>24,228.00</b>
<b>CAPITAL EXPENDITURES &amp; ESCROWS</b>							
7105-0000 - Replacement Reserve Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	(14,000.00)
6993-0000 - Appliance Replacement	0.00	2,000.00	2,000.00	0.00	2,000.00	2,000.00	2,000.00
6994-0000 - Carpet & tile	0.00	0.00	0.00	0.00	0.00	0.00	12,000.00
<b>TOTAL CAPITAL EXPENDITURES &amp; ESCROWS</b>	<b>0.00</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>0.00</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>0.00</b>
<b>GAIN/(LOSS) AFTER CAPITAL EXP. &amp; ESCROWS</b>	<b>2,635.21</b>	<b>(1,314.00)</b>	<b>3,949.21</b>	<b>2,635.21</b>	<b>(1,314.00)</b>	<b>3,949.21</b>	<b>4,031.00</b>

Sunset Woods Housing  
Balance Sheet  
January 31, 2015

ASSETS

Current Assets		
Assn FBHP Checking	\$	9,350.65
FBHP General Checking		51,103.11
FBHP Security Dep. Savings		10,550.91
Assn FBHP Savings		119,273.37
FBHP Savings		9,158.43
Financing Costs		8,135.00
Tax Reserve		6,385.66
Accounts Receivable		418.00
A/R, Transfers		<u>20.00</u>
 Total Current Assets		 214,395.13
Property and Equipment		
Building	1,552,988.40	
Building Unit 231	135,000.32	
Building Unit 319	134,999.62	
Appliances	474.17	
Accum Dep Building	(397,956.00)	
Accum Amort-Financing Fees	<u>(678.00)</u>	
 Total Property and Equipment		 1,424,828.51
Other Assets		
		<u>0.00</u>
 Total Other Assets		 0.00
 Total Assets		 <u>\$ 1,639,223.64</u>

LIABILITIES AND CAPITAL

Current Liabilities		
Due to Peers Housing Assn	\$	258,832.40
Accrued RE Tax		12,784.40
Accrued RE Taxes Assn		6,434.84
Security Deposits		<u>9,585.00</u>
 Total Current Liabilities		 287,636.64
Long-Term Liabilities		
Notes Payable, Lake Co	72,231.18	
Notes Payable, FHLB	421,889.84	
Notes Payable, IHDA	<u>138,019.60</u>	
 Total Long-Term Liabilities		 <u>632,140.62</u>
 Total Liabilities		 919,777.26

Capital		
Equity-Retained Earnings	716,391.36	
Net Income	<u>3,055.02</u>	
Total Capital		<u>719,446.38</u>
Total Liabilities & Capital		<u><u>\$ 1,639,223.64</u></u>
<hr/>		

Sunset Woods Housing  
Income Statement  
Compared with Budget  
For the One Month Ending January 31, 2015

	Current Month Actual	Current Month Budget	Current Month Variance
Revenues			
Rents	\$ 9,394.00	\$ 8,895.00	499.00
Interest Income Assn	45.57	0.00	45.57
	<hr/>		
Total Revenues	9,439.57	8,895.00	544.57
	<hr/>		
Cost of Sales			
	<hr/>		
Total Cost of Sales	0.00	0.00	0.00
	<hr/>		
Gross Profit	9,439.57	8,895.00	544.57
	<hr/>		
Expenses			
Office Supplies	1.19	8.00	(6.81)
Management Fee	565.89	578.00	(12.11)
Credit Ck Fees	0.00	4.00	(4.00)
Government Fees	0.00	95.00	(95.00)
Carpet Cleaning	0.00	83.00	(83.00)
Heating & Air	0.00	41.00	(41.00)
Electrical & Plumbing Maint	235.00	41.00	194.00
Painting & Decorating	0.00	83.00	(83.00)
Appliance Repairs	0.00	41.00	(41.00)
Supplies	439.33	83.00	356.33
Maintenance	145.00	83.00	62.00
Condo Assessment Rental Units	2,756.40	2,564.00	192.40
Cable TV	579.96	540.00	39.96
Real Estate tax expense	0.00	1,167.00	(1,167.00)
Loan Interest	1,637.18	2,500.00	(862.82)
Professional Services	24.60	0.00	24.60
Bldg Insurance	0.00	217.00	(217.00)
	<hr/>		
Total Expenses	6,384.55	8,128.00	(1,743.45)
	<hr/>		
Net Income	\$ 3,055.02	\$ 767.00	2,288.02
	<hr/> <hr/>		

Sunset Woods Housing  
**Account Register**  
 For the Period From Jan 1, 2015 to Jan 31, 2015  
 1103M13 - FBHP General Checking

<b>Date</b>	<b>Trans No</b>	<b>Type</b>	<b>Trans Desc</b>	<b>Deposit Amt</b>	<b>Withdrawal Amt</b>	<b>Balance</b>
			Beginning Balance			50,349.48
1/1/15	1/12/14	Deposit	Tenant	417.00		50,766.48
1/1/15	ihda1501	Other	ihda/auto pymt		100.00	50,666.48
1/2/15	1/2/15	Deposit	Tenant	246.00		50,912.48
		Deposit	Tenant	402.00		51,314.48
		Deposit	Tenant	374.00		51,688.48
		Deposit	Tenant	525.00		52,213.48
		Deposit	Tenant	642.00		52,855.48
		Deposit	Tenant	574.00		53,429.48
		Deposit	Tenant	647.00		54,076.48
		Deposit	Tenant	247.00		54,323.48
		Deposit	Tenant	267.00		54,590.48
1/2/15	1619	Withdrawal	Sunset Woods Condominium Assoc		3,336.36	51,254.12
1/7/15	1/7/15	Deposit	Tenant	262.00		51,516.12
		Deposit	Tenant	207.00		51,723.12
		Deposit	Tenant	166.00		51,889.12
		Deposit	Tenant	865.00		52,754.12
		Deposit	Tenant	795.00		53,549.12
		Deposit	Tenant	280.00		53,829.12
		Deposit	Tenant	329.00		54,158.12
		Deposit	Tenant	397.00		54,555.12
		Deposit	Tenant	480.00		55,035.12
		Deposit	Tenant	854.00		55,889.12
1/9/15	1620	Withdrawal	Real Page, Inc.		24.60	55,864.52
1/26/15	1621	Withdrawal	ABT Appliance		439.33	55,425.19
1/26/15	loan1501	Other	FBHP/auto pymt		3,375.00	52,050.19
1/28/15	1622	Withdrawal	Housing Opportunity Dev. Corp.		567.08	51,483.11
1/28/15	1623	Withdrawal	RC Paint & Home Improvements		380.00	51,103.11
			Total	8,976.00	8,222.37	

Sunset Woods -January 31, 2014

Ending balance checking	\$	52,490
Ending balance operating reserve	\$	<u>9,161</u>
TOTAL	\$	61,651

SWA Rental  
Balance Sheet  
January 31, 2015

ASSETS

Current Assets		
FBHP Checking	\$ 30,026.52	
FBHP Security Dep Savings	2,225.97	
A/R, Transfers	<u>20.00</u>	
 Total Current Assets		 32,272.49
Property and Equipment		
	<u>                    </u>	
Total Property and Equipment		0.00
Other Assets		
	<u>                    </u>	
Total Other Assets		<u>0.00</u>
Total Assets		<u><u>\$ 32,272.49</u></u>

LIABILITIES AND CAPITAL

Current Liabilities		
Security Deposits	\$ 2,123.00	
 Total Current Liabilities		 2,123.00
Long-Term Liabilities		
	<u>                    </u>	
Total Long-Term Liabilities		<u>0.00</u>
Total Liabilities		2,123.00
Capital		
Equity-Retained Earnings	29,062.99	
Net Income	<u>1,086.50</u>	
Total Capital		<u>30,149.49</u>
Total Liabilities & Capital		<u><u>\$ 32,272.49</u></u>

SWA Rental  
Income Statement  
Compared with Budget  
For the One Month Ending January 31, 2015

	Current Month Actual	Current Month Budget	Current Month Variance
Revenues			
Rents	\$ 2,123.00	\$ 1,910.00	213.00
Total Revenues	<u>2,123.00</u>	<u>1,910.00</u>	<u>213.00</u>
Cost of Sales			
Total Cost of Sales	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Gross Profit	<u>2,123.00</u>	<u>1,910.00</u>	<u>213.00</u>
Expenses			
Office Supplies	0.00	4.00	(4.00)
Management Fee	138.00	124.00	14.00
Heating & Air	0.00	41.00	(41.00)
Supplies	0.00	8.00	(8.00)
Maintenance	125.00	41.00	84.00
Condo Asst Rental Units	672.74	626.00	46.74
Cable TV	96.66	90.00	6.66
Real Estate tax expense	0.00	541.00	(541.00)
Professional Services	4.10	0.00	4.10
Bldg Insurance	0.00	33.00	(33.00)
Total Expenses	<u>1,036.50</u>	<u>1,508.00</u>	<u>(471.50)</u>
Net Income	<u>\$ 1,086.50</u>	<u>\$ 402.00</u>	<u>684.50</u>

SWA Rental  
 Account Register  
 For the Period From Jan 1, 2015 to Jan 31, 2015  
 1103M14 - FBHP Checking

<b>Date</b>	<b>Trans No</b>	<b>Type</b>	<b>Trans Desc</b>	<b>Deposit Amt</b>	<b>Withdrawal Amt</b>	<b>Balance</b>
			Beginning Balance			28,940.02
1/2/15	1124	Withdrawal	Sunset Woods Condominium Assoc		769.40	28,170.62
1/7/15	1/7/15	Deposit	Tenant	1,090.00		29,260.62
		Deposit	Tenant	1,033.00		30,293.62
1/9/15	1123	Withdrawal	Real Page, Inc.		4.10	30,289.52
1/28/15	1125	Withdrawal	Housing Opportunity Developmen		138.00	30,151.52
1/28/15	1126	Withdrawal	RC Paint & Home Improvement		125.00	30,026.52
			Total	2,123.00	1,036.50	

Chgo Tribune 2/22/2015 3

# Starter homes hover on brink of extinction



**MARY UMBERGER**  
On Real Estate

The dodo bird. The passenger pigeon. The stegosaurus. The starter home?

Yes, that icon of American life — that unadorned but cherished “first house” that builders have churned out for decades — may be on its way to extinction, according to someone whose business it is to survey the homebuilding landscape.

And if it isn't quite at the point of extinction, the starter house is “at least a question mark,” for numerous reasons, according to John McManus, who oversees a group of influential industry publications for Hanley Wood, including Builder magazine.

In an edited interview, he explained how economics and changing consumer tastes have combined to make the simple starter home an endangered species, or worse.

**Q: Let's start with a definition. What do you mean when talking about a starter home?**

A: Builder is putting together a March cover story that asks whether, in a metaphoric way, the newly constructed, below-\$200,000 house is extinct.

We've got a fair amount of homebuilding research from our sister company, Metrostudy, on 36 markets around the country, and in broad strokes, the data is affirming the idea. Only a few homebuilders around the country are actually building these houses as a focus, a strategy.

In different locations, of course, the starter home is a different price band in homebuilding. But basically, it's that lowest, entry-level price band that allows people to come out of apartments and into their first homes.

It's something that started after World War II,



JEFF SAINLAR/MILWAUKEE JOURNAL SENTINEL

Several factors, including land costs and municipalities' fees, are limiting the choices for starter homes, making them an endangered species.



**“Entry-level buyers just don't want a starter home — they want something fancier.”**

— John McManus, who oversees a group of influential housing industry publications

when William Levitt started (using mass-construction techniques in) Levittown, N.Y., to give an opportunity to people coming back from the service. The prices and locations were accessible to them. That's what we have in mind. We're not talking specifically of the first-time buyer, which is a broader group — the starter-home buyer is a subset within the first-timers.

**Q: What's driving the**

**starter home into extinction?**

A: It's several things. Land is too expensive to put the more modest house on it. Municipalities' fees are another reason. And then there's this phenomenon: Entry-level buyers just don't want a starter home — they want something fancier.

**Q: What are builders telling you about cost constraints?**

A: From the time that high-production builders

gained traction in the '40s and '50s and into the last part of the last decade, they were able to access inexpensive land and get labor and materials in ways that allowed them to produce an accessible and affordable entry-level home.

But the Great Recession didn't cause land to decline in value the way that houses did, and the lots aren't widely available. When they are available, there are multiple bidders for them, which pushes the price up. Builders also downsized during the recession, and they don't have the same capacity to build in volume that they once had. Today, if you're building a \$300,000 or \$400,000 house, you're going to make more money than if you were building two or three \$150,000

houses.

Some of the sticker shock for buyers of entry-level homes comes from the local entitlement and permit fees that effectively ward off entry-level neighborhoods from established communities. These fees get baked into the cost and may add 20 to 25 percent to the cost of the home, for schools, infrastructure and support services.

Municipalities seem to be doing everything they can to prevent lower-cost housing from being developed. They want property values and, in turn, property taxes, to be higher.

**Q: How have tastes turned against the starter home?**

A: The startup of household formations is lagging the generation earlier by a few years. They're becom-

ing couples later and having children later. In some seismic way, we're seeing that age group that we call the millennials buying their first homes at age 35, 36, 37. Because that generation grew up in what are really the nicest homes that ever existed in any society, they're not going to want to go back to a very modest first home that will set them back, in terms of what they're used to. They have a whole different mindset about that than we did.

Certainly, some percentage of this group is going to want (the simple starter), but most will want what they've become used to. “Modest” is not what they have in mind.

FloutingNews@comcast.net  
Twitter @maryumberger