

MEMORANDUM

To: Members of the Housing Commission
From: Mary Cele Smith, Housing Planner (msmith@cityhpil.com) and
Lee Smith, Senior Planner (lsmith@cityhpil.com)
Date: March 1, 2013

RE: HOUSING COMMISSION PACKET FOR 3-6-2013 MEETING

**Note: Dinner will be served at 6:00 p.m.
The packet contains the following documents:**

Part A. Priority Items

- Regular Meeting Agenda
- **Agenda Item IV. (Action Needed) Approval of Minutes**
 - Meeting Minutes for January 16, 2013 Special Meeting and February 6, 2013 Regular Meeting
- **Agenda Item V. Scheduled Business**
 - **1. (Action Needed) Items for Omnibus Vote Consideration**
 - Payment of Invoices: None at present
 - **2. Discussion of Request from HP Zelp, L.L.C. regarding Inclusionary Housing Fee-in-Lieu Payment. Supporting Materials:**
 - Memo from Staff
 - Request from HP Zelp, L.L.C.
 - **3. (Discussion and Consideration) Housing Commission Peers, Walnut Place, Ravinia, and Sunset Woods. Supporting Materials:**
 - February 2013 Management Report
 - Summary of Capital Improvements for Peers and Walnut Place
 - Accounts Receivable Up-Date
 - Summary Spreadsheets: Highland Park Housing Reserve Balances prepared 12/31/12
 - Housing Trust Fund Fiscal Year 2012, Unaudited through 1/31/13 to be emailed under separate cover
 - **4. (Discussion) Announcement about City Council Consideration on March 11, 2013 of the Housing Commission Recommendation regarding the Demolition Tax. Supporting Materials:**
 - Staff Memo
 - Letter from Paul Diambri
 - Additional Materials to be emailed under separate cover
 - **5. (Discussion and Consideration) Revisions to the Inclusionary Housing Ordinance. Supporting Materials:**
 - Staff Memo November 28, 2012
 - Inclusionary Housing Ordinance Mark-Up

Part B. Detailed and Optional Material

- Financial Reports for Peers, Walnut, and Ravinia Housing Associations and for Sunset Woods Housing Association for the month ending January 31, 2012

c:

- David Knapp, City Manager
- Michael Blue, Director of Community Development
- Linda Sloan, Planning Division Manager
- Peter Friedman, Corporation Counsel

Public Notice

In accordance with the Statutes of the State of Illinois, and the Ordinances of the City of Highland Park, the **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 6, 2013 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 6, 2013, 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 – January 16 Special Meeting and February 6, 2013 Regular Meeting**
- V. Scheduled Business**
 1. Items for Omnibus Vote Consideration
 - Payment of Invoices: None at present
 2. Discussion of Request from HP Zelp, L.L. C. regarding Inclusionary Housing Fee-in-Lieu Payment
 3. Housing Commission Peers, Walnut, Ravinia, and Sunset Woods
 - Management Report
 - Property Report
 - Update on Peers window replacement and ac project
 - Sunset Woods
 4. Announcement about City Council consideration on March 11, 2013 of the Housing Commission Recommendation regarding the Demolition Tax
 5. Discussion and Consideration of Revisions to the Inclusionary Housing Ordinance
 6. Update on Recommendation to City Council to Support State Enabling Legislation for a Lake County Affordable Housing Trust Fund
- VI. Executive Session for Matters relating to Real Estate Acquisition, Litigation, and Personnel Matters**
- VII. Other Business**
- VIII. Adjournment**

Draft

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

MEETING DATE: Wednesday January 16, 2013

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

CALL TO ORDER

At 6:30 p.m., the Commissioners discussed selecting a Chair for the Meeting in the absence of the Housing Commission Chairwoman and Vice-Chair.

Commissioner Adler made a motion to appoint Commissioner Wigodner as Special Meeting Chair. Commissioner Naftzger seconded the motion.

On a voice vote, the motion passed.

Chairman Wigodner then called to order the special 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 Chairman asked Planner M. Smith to call the roll.

ROLL CALL

Commissioners Present: Adler, Barber, Kaltman, Naftzger, and Wigodner

Commissioners Absent: Meek and Sharfman

Student Representative Absent: Gordon

Chairman Wigodner declared that a quorum was present.

Council Liaison Absent: Blumberg

Staff Liaison Present: Planners M. Smith and L. 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 of the Housing Commission – December 5, 2012

Commissioner Naftzger moved approval of minutes of the regular meeting of the Housing Commission, the Peers Housing Association, the Ravinia Housing Association, the Walnut

Housing Association, and the Sunset Woods Association held on December 5, 2012. Commissioner Barber seconded the motion.

On a roll call vote:

Voting Yea: Adler, Barber, Kaltman, Naftzger, and Wigodner
Voting Nay: None

The Chairman declared that the motion passed.

SCHEDULED BUSINESS

1. Items for Omnibus Vote Consideration

Payment of Invoices

Mason, Wenk & Berman L.L.C. for Invoice #36201 for legal services for the Sunset Woods closing for \$5,775.00

The Commissioners unanimously consented to take a single vote by yeas and nays on an item under the designation “omnibus vote –payment of invoice.” The invoice from Mason, Wenk & Berman L.L.C. was the second of two invoices. The first invoice for the Sunset Woods closing was for \$3,525, Invoice #35138 paid on June 6, 2012.

Chairman Wigodner entertained a motion to approve payment to Mason, Wenk & Berman L.L. C. for Invoice #36201 for legal services for the Sunset Woods closing for \$5,775. Commissioner Adler moved approval of the payment to Mason, Wenk & Berman L.L. C. for Invoice #36201 for legal services for the Sunset Woods closing for \$5,775.00. Commissioner Naftzger seconded the motion.

Commissioner Kaltman recused herself from voting.

On a voice vote, Chairman Wigodner declared that the motion passed.

2. Discussion and Consideration of Possible Revisions to the Demolition Tax Ordinance

Planner M. Smith summarized the staff memo from the packet. Attorney Paul Diambri was present to represent his father who owns a residential property and who requested that the City Council waive or reduce the demolition tax. The property owner maintains that the tax hinders his ability to demolish a vacant, dilapidated property. In response to this request and discussion at the City Council Pre-Session Meeting on November 26, 2012, the City Council directed the Housing Commission to consider the following questions:

- Whether to consider reducing the demolition tax on properties below some threshold, for example, \$100,000;
- Whether to adjust the escalator payment for deferrals, perhaps to waive it for short-term deferrals or to phase it in over time; and
- Whether to restore the entire tax payment to the Affordable Housing Trust Fund.

In order to answer these questions, the Housing Commission at the December 5, 2012 Meeting directed City staff to conduct the following research in order to answer the City Council's questions:

- collect County assessment data to find out the market value of single family properties in the City,
- report on how the Housing Commission originally arrived at the recommendation to set the demolition tax at \$10,000, and
- find out how much revenue the Multi-modal Transportation Fund receives from the demolition tax and what percent of the fund's budget comes from the tax.

Chairman Wigodner recognized Mr. Diambri who expressed the view point that a flat tax is regressive and not fair for properties with low assessed values and that the existing flat payment escalator of 150% was too high a penalty if the deferral lasted only for a year or two. The cost of the demolition tax of \$10,000 on top of the demolition cost of \$20,000 (according to an estimate that he received) created a financial hardship for their property on McGovern. During discussion, Commissioner Adler asked Mr. Diambri how the property, which has been vacant for approximately six years and was boarded up many years ago, had become derelict. Mr. Diambri said that all properties have a useful life.

With regard to the City Council's first question on reducing the demolition tax for properties at the lower end of the range, the Commissioners discussed the information from the Assessor indicating that there were 24 single-family residential properties below \$150,000 in market value and 466 (or 5.07% of the single-family housing stock) below \$250,000. Rob Anthony, Executive Director of Community Partners for Affordable Housing (CPAH), added that approximately 25 of the properties below \$250,000 in market value are CPAH properties with ground leases that established long-term affordability. He said that the majority of CPAH properties were in the \$140,000 to \$180,000 range of market value. While the Commissioners acknowledged that some of the properties at the lower end of the range could be too dilapidated for rehabilitation, they also noted that a number could be rehabbed; as Commissioner Naftzger observed, one person's demolition is someone else's affordable house, and that these properties also are a significant resource for CPAH's affordable housing program. Another concern expressed was to avoid creating an incentive for property owners to let their properties fall into disrepair in order to avoid the tax or to pay a lower one. The Commissioners agreed that they would not recommend waiving the demolition tax for residential properties based on lower assessed or market values. They did discuss, however, whether to reduce the fee to \$7,000 for properties below some assessed value threshold and discussed different thresholds.

The Commissioners also considered whether basing the fee on lot size would be a better method than a flat tax. Lot size might indicate the likely redevelopment potential and value of a parcel. The Commissioners focused on the Diambri property at 1659 McGovern as a case study to try to find a general rule by looking at a particular case. The property is 7,000 square feet according to the Assessor's information. It is likely that the zoning would permit a house of 2,800 square feet. This was an estimate in the absence of the zoning code. Chairman Wigodner and Commissioner Adler estimated that given the market value of the property of about \$130,000 without the improvement, an average cost of \$160 a square foot to build a new home, and sales prices at \$200 a square foot, the redeveloped property could have a sales price of \$578,000. Commissioner Adler qualified this conclusion, adding that it would not necessarily be the case that someone would redevelop the lot with a house as large as 2,800 square feet in this location.

From this general discussion, the Commissioners concluded that establishing a relationship between lot size and the value of future redevelopment would be too difficult and dismissed using lot size as a better method than the current tax.

With regard to the second question about revising the payment escalator for tax deferrals, Mr. Diambri suggested five percent a year, not compounded, up to ten years. Given today's demolition tax, after ten years, the total tax due would be \$15,000 or the amount of the tax imposed as of the date on which the tax is due, whichever is greater. The Commissioners discussed this suggestion and concurred with it. Chairman Wigodner commented that when the Commission considered the initial deferral request it was from a property owner who anticipated that the property would be vacant for many years, but, if a deferral were for only a year or two, a lower escalator would be appropriate.

The Commissioners discussed the third question regarding restoring funding to the Affordable Housing Trust Fund (HTF). Examining the last 3 years of revenue indicated that the demolition tax accounted for between 77% and 87% of the total revenue in the HTF, while it accounted for between 0.77% to 1.5% of the total revenue in the Multi-Modal Transportation Fund. The Commissioners agreed that given that the demolition tax revenue is the primary funding source for the HTF and that it is a minor source of revenue for the Multi-Modal Transportation Fund, they would request to have the remaining one-third of the revenue from the demolition tax restored to the Affordable Housing Trust Fund.

The Commissioners returned to the issue of whether to reduce the fee for properties at the lower end of the assessment range. Chairman Wigodner suggested reducing the tax to \$7,000 for properties assessed at or below \$70,000. Two Commissioners suggested that \$60,000 might be a better threshold, but there was no consensus on what the appropriate threshold might be.

At this point in the discussion, Chairman Wigodner entertained a motion to recommend:

1. reducing the demolition tax to \$7,000 for properties assessed at or below \$70,000,
2. revising the payment escalator for deferrals to five percent a year, un compounded, up to ten years or to pay the current tax in effect at the time the tax is due, whichever is greater, and
3. restoring 100% of the demolition tax to the Affordable Housing Trust Fund.

Commissioner Naftzger moved approval of the above motion, and Commissioner Barber seconded it.

Given the consensus on the last two points, Commissioner Naftzger then moved to amend the motion to separate the first recommendation from the latter two and moved the following two recommendations:

1. revising the payment escalator for deferrals to five percent a year, un compounded, up to ten years or to pay the current tax in effect at the time the tax is due, whichever is greater, and
2. restoring 100% of the demolition tax to the Affordable Housing Trust Fund.

Commissioner Adler seconded the motion.

On a voice vote, Chairman Wigodner declared that the motion passed unanimously.

The Commissioners did not settle on an assessed value threshold for a reduced fee, and a number of Commissioners were not convinced that a reduced fee would be a good policy. As a result they agreed to keep the amount of the demolition tax as it is and not to reduce the tax on properties assessed at the lower end of the range.

Chairman Wigodner recognized Mr. Diambri again who thanked the Commission for their consideration but expressed his disappointment that the Commission did not recommend an exemption or reduction in the demolition tax for properties with assessed value at the lower end of the range.

3. Consideration of a Request from a Homeowner of an Inclusionary Unit to Permit him to Rent his Home

The Housing Commission received a letter from a homeowner at the Pointe requesting to rent his home for a year and a half. The Affordable Unit Declaration requires that a homeowner obtain the permission of the Housing Commission in order to rent their unit. The homeowner's father represented him at the Meeting and explained that his son was no longer working and planned to return to school full-time. The Commissioners discussed whether they would be setting a precedent with this decision and agreed that it would not be, because each decision is on a case by case basis when a given homeowner makes a particular request. Mr. Anthony, Executive Director of Community Partners for Affordable Housing (CPAH), said that he would work with the homeowner to establish the appropriate rent that was 80% of Chicago Area Median including utility payments, and he would verify the prospective tenant's income qualification. The homeowner's father would undertake the management of the rental.

After discussion, Chairman Wigodner entertained a motion to permit the homeowner to rent his unit at the Pointe to a tenant up to 80% of Chicago Area Median income (AMI) with a corresponding rent affordable to households up to 80% of Chicago AMI for a lease of one year with an option to renew for a second year. At the end of the two year period, if the homeowner wished to continue to rent his unit, he would need to return to the Housing Commission for permission to extend the rental period. Commissioner Naftzger moved approval of permission for the homeowner to rent his unit at the Pointe to a tenant up to 80% of Chicago Area Median income (AMI) with a corresponding rent affordable to households up to 80% of Chicago AMI for a lease of one year with an option to renew for a second year. At the end of the two year period, if the homeowner wished to continue to rent his unit, he would need to return to the Housing Commission for permission to extend the rental period. Commissioner Barber seconded the motion.

On a voice vote, Chairman Wigodner declared that the motion passed unanimously.

4. Discussion and Consideration Regarding the Affordable Rental Period for CPAH's Pilot Rental Program

The Commissioners discussed the staff memo regarding the affordable rental period for Community Partners for Affordable Housing's (CPAH) pilot rental program. Staff recommended permitting CPAH to establish the affordable rental period as fifteen years rather than twenty-five years in order to:

- match the affordability period that the Lake County grant stipulates, which would make administration easier and
- to permit CPAH the flexibility to sell the unit as an affordable unit after fifteen years, which then would remain affordable in perpetuity.

Mr. Anthony, Executive Director of CPAH, answered questions.

After discussion, Chairman Wigodner entertained a motion to establish the affordable rental period at fifteen years for CPAH's pilot rental program. Commissioner Naftzger moved approval of establishing the affordable rental period at fifteen years for CPAH's pilot rental program. Commissioner Barber seconded the motion.

On a voice vote, Chairman Wigodner declared that the motion passed unanimously.

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

The Management Report was in the packet.

Property Operations Report

Treasurer Barber reviewed highlights of the financial reports.

Update on Peers window replacement and air conditioning project

Commissioners Wigodner and Adler requested that Evergreen staff obtain more information on alternative placements of the window air conditioning units on the second and third floors, either inside the bay or through the bedroom walls.

Reminder regarding Commission representatives at January 2013 luncheons at Peers and Walnut Place

Commissioners Wigodner and Kaltman plan to attend the Peers luncheon on January 23rd, and Commissioner Naftzger said that she would attend the one at Walnut on January 17th.

Sunset Woods:

Discussion regarding rental restrictions

The subject of rental restrictions stemmed from Commissioner Meek's summary of the discussion that occurred at the November Sunset Woods Condominium Board Meeting regarding interest in revising the condominium declaration to permit owners to rent their units. Although the sentiment among people attending the Board Meeting was mostly negative to this idea, a number of heirs are in favor of it. The Condominium Association members agreed to engage attorney John Bickley, who specializes in condominium law, to prepare a memo outlining the options and the process for revising the condominium declaration as a first step for a more extended discussion. In response to Commissioner Meek's report, the Commissioners directed Planner M. Smith to investigate whether any of the original funding agreements would prohibit such a change to the condominium declaration and what the rules are for Federal Housing Administration (FHA) insured mortgages.

Planner M. Smith reported that she contacted staff at the Illinois Housing Development Authority (IHDA) and the Federal Housing Administration. IHDA staff attorney Art Murphy said that he would prepare an answer by the end of January about any IHDA restrictions that would prohibit permitting owners to rent their units. He raised two initial concerns. While the original IHDA construction loan was retired, IHDA staff would expect to be informed of any revisions to the condo declaration that would change the original project intent. Secondly, the owners of the seventeen condos that have IHDA second mortgage would need to seek IHDA permission to amend the IHDA mortgages to permit renting.

On the subject of revisions to the condominium declaration, Mr. Murphy suggested that the condominium association may wish to consider revising the age limit to 55 and over to expand the pool of potential buyers. IHDA staff permitted a rental development to make this change when the developer was not able to fill all the rentals with people aged 62 and over.

With regard to the requirements for FHA approved status, the prohibition against renting in the condominium declaration is a barrier to obtaining it again and presents a problem now. FHA Administrator Joanne Kuczma informed Planner M. Smith that the one year waiver, which permitted condominium associations to bar renting from March 2011 to March 2012, ended and will not be renewed. Moreover, she said that it did not apply to Sunset Woods, because it did not apply to prohibitions in the condominium declaration. U.S. Housing and Urban Development staff was wrong to grant FHA approved status to Sunset Woods, and she may revoke it after reviewing the information submitted. Planner M. Smith observed that this would be unfortunate for Sunset Woods given that FHA insured mortgages are such a substantial part of the mortgage market and that these are the mortgages intended for low and moderate-income households, especially because they permit a smaller down payment.

Other Sunset Woods Items

There were no other Sunset Woods items.

6. Discussion and Consideration of Revisions to the Inclusionary Housing Ordinance

The Commissioners decided to postpone this item until the February 6th Meeting in order to have more time to consider the issues.

7. Discussion and Consideration of a Recommendation to City Council to Support State Enabling Legislation for a Lake County Affordable Housing Trust Fund

The Commissioners decided to postpone this item until the February 6th Meeting.

EXECUTIVE SESSION

There was no Executive Session.

OTHER BUSINESS

There was no Other Business.

ADJOURNMENT

Chairman Wigodner entertained a motion to adjourn the meeting. Commissioner Barber moved to adjourn. Commissioner Naftzger seconded the motion.

On a voice vote, Chairman Wigodner declared that the motion passed unanimously.

The Housing Commission adjourned its meeting at 8:55 p.m.

Submitted respectfully:

Mary Cele Smith
Housing Planner

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

MEETING DATE: Wednesday February 6, 2013

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

CALL TO ORDER

At 6:35 p.m., Chair Jami Sharfman 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, Barber, Kaltman, Meek, Sharfman, and Wigodner

Commissioners Absent: Naftzger

Student Representatives Present: Gordon and Gerber

Chair Sharfman declared that a quorum was present.

Council Liaison Present: Blumberg

Staff Liaison Present: Planners M. Smith and L. 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

Special Meeting of the Housing Commission – January 16, 2012

The Commissioners decided to postpone consideration of the Minutes until February 6th Regular Meeting, because Planner M. Smith had revised the draft that she sent earlier, and the Commissioners needed time to review the new draft.

SCHEDULED BUSINESS

1. Items for Omnibus Vote Consideration

Payment of Invoices

Mason, Wenk & Berman L.L.C. for Invoice #36345 for legal services for Sunset Woods for \$600.00

The Commissioners unanimously consented to take a single vote by yeas and nays on an item under the designation “omnibus vote –payment of invoice.” Planner M. Smith submitted invoice #36345 from Mason, Wenk & Berman L.L.C. that came in after the Commission packet went out.

Chair Sharfman entertained a motion to approve payment to Mason, Wenk & Berman L.L.C. for Invoice #36345 for legal services for Sunset Woods for \$600.00. Commissioner Wigodner moved approval of the payment to Mason, Wenk & Berman L.L.C. for Invoice #36345 for legal services for Sunset Woods for \$600.00. Commissioner Adler seconded the motion.

Commissioner Kaltman recused herself from voting.

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

2. Discussion of Request from HP Zelp, L.L.C. regarding Inclusionary Housing Fee-in-Lieu Payment

This item was withdrawn, because the developer did not submit the request yet. Commissioner Meek disclosed that he is providing legal services for this project. He will recuse himself from the discussion when the request comes in.

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

The Management Report was in the packet.

Property Operations Report

Treasurer Barber reviewed highlights of the financial reports and asked staff to contact Ms. Polly Kuehl, Senior Vice President, Evergreen Real Estate Services, regarding information about the two checks that had not been cashed for Ravinia Housing.

Discussion and Consideration of Resolution to add Evergreen Signatory

After a brief discussion, Chair Sharfman entertained a motion to add Evergreen’s new Chief Financial Officer Thomas Koranda as a signatory to the Peers, Ravinia, and Walnut Housing Association accounts at Highland Park Bank that Evergreen manages. Commissioner Wigodner moved approval of the Highland Park Bank resolution adding Thomas Koranda as a signatory to the Peers, Ravinia, and Walnut Housing Association accounts at Highland Park Bank that Evergreen manages. Commissioner Barber seconded the motion.

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

Update on Peers window replacement and air conditioning project

Commissioner Wigodner reported that the Buildings and Grounds Working Group (Commissioner Adler and himself) will meet with Evergreen and City staff to discuss some remaining questions about the project.

Report on January 2013 luncheons at Peers and Walnut Place

Commissioners Wigodner and Kaltman attended the Peers resident luncheon on January 23rd, and Commissioner Naftzger attended the one at Walnut on January 17th. Commissioner Wigodner reported that residents made a number of comments on the physical conditions at the building, including the need for additional ventilation in the east and west stairwells and problems with the elevator controls. He requested that City staff ask Evergreen staff about the plans for the stairwell windows in the overall window replacement project and the functioning of the elevator controls. He observed that residents' comments provided some lessons for future senior development, including the need for adequate outdoor space, individual heat controls, and accessibility. Planner L. Smith noted that the Sunset Woods development incorporated these elements. Commissioner Wigodner also asked City staff to check with Evergreen staff regarding the value of making some additional units accessible when turnover occurs.

Planner M. Smith reported on the luncheon at Walnut Place in Commissioner Naftzger's absence. Residents were very positive and offered some suggestions for some improvements at the building, such as refinishing the outer doors to the apartments and some hallway carpet replacement. Ms. Polly Kuehl examined the hallway carpeting and agreed that an area needs to be replaced and also agreed to refinishing the doors.

Sunset Woods:

Discussion regarding rental restrictions

Planner M. Smith discussed the two chief reasons that the Sunset Woods condominium owners may wish to consider regarding revising the condominium declaration to permit some number of unit owners to rent their units. First, removing the prohibition against renting would provide some flexibility for heirs. Second, the prohibition against renting in the condominium declaration is a barrier to retaining Federal Housing Administration (FHA) approved status. Losing FHA approved status would be a significant detriment to Sunset Woods given that FHA insured mortgages are such a substantial part of the mortgage market and that these are the mortgages intended for low and moderate-income households, especially because they permit a smaller down payment. The Commissioners said that they did not want to take a formal position on whether to revise the condominium declaration at this time; they prefer to let the other owners take the lead. Planner M. Smith pointed out that Section 13.12 Special Amendment of the condo declaration empowers the Housing Commission to record a special amendment in order to comply with federal housing policies, such as those of the FHA. The Commissioners said that they would rather not use this power unless doing so would save the condominium association and the owners' time and expense. They concurred that Commissioner Meek should continue to educate his fellow condominium board members and the other owners on the FHA issue and authorized Planner M. Smith to continue to pursue information from FHA and the Illinois Housing Development Authority, who holds second mortgages on seventeen condos.

Report regarding February 4th SW Condominium Association Meeting

Planner M. Smith attended the Meeting, because Commissioner Meek was not able to. She met with the renters before the Condominium Meeting. The Condominium Board announced a pet rule change to increase the permitted weight to 45 pounds. Planner Smith discussed the FHA issue regarding the rental prohibition in the condominium declaration. A number of owners seemed open to consider revising the condominium declaration given that the building will lose its FHA approved status if they do not do so.

Other Sunset Woods Items

There were no other Sunset Woods items.

4. Discussion and Consideration of Revisions to the Inclusionary Housing Ordinance

Commissioner Meek again disclosed that he is representing a developer who plans to request a reduction in the inclusionary housing fee-in-lieu payment for a single family development and said that he would recuse himself if there was any discussion of this aspect of the ordinance. The Commissioners and staff said that it was unlikely to come up because the revisions under consideration pertain to multifamily developments, which do not have the option to pay a fee-in-lieu. Commissioner Meek attended the discussion.

Chair Sharfman led the discussion, explaining that the need to consider revisions to the Inclusionary Housing Ordinance emerged from the discussions regarding recommendations for a Condominium Conversion Ordinance. The Commissioners reviewed the Ordinance and concurred about:

- Revising the Ordinance to require that 10 percent of units in condo conversions between 5 and 19 units are affordable and retaining the 20 percent requirement for new condo and rental developments;
- Adding quality assurance requirements:
 - Energy-efficiency audits paid for from the Affordable Housing Trust Fund,
 - Energy-efficiency improvements that an audit reveals to be paid for by the developer,
 - Building department inspections of the affordable housing units,
 - Warranties from the developer, and
 - Escrow from the developer to secure the warranties. The exact amount of the escrow is under consideration, perhaps 2% of the value of the individual affordable housing unit.

The Commissioners had some suggestions for specific language regarding the quality assurance requirements and directed staff to ask corporation counsel for guidance on the definition of warranties.

Among the items that the Commissioners identified for additional discussion at the March Housing Commission Meeting is the question of whether to permit developers to pay the fee-in-lieu for condominium conversions. Commissioner Adler expressed support for extending the fee-in-lieu provision to all multifamily developments. The Commissioners agreed to continue the discussion on revisions to the Inclusionary Housing Ordinance at the March 6th Meeting.

5. Discussion and Consideration of a Recommendation to City Council to Support State Enabling Legislation for a Lake County Affordable Housing Trust Fund

The Commissioners briefly discussed the County's proposal for a Lake County Affordable Housing Trust Fund and their previous support for the enabling legislation. Last year, the Housing Commission sent a recommendation in support of the legislation to City Council, and City Council adopted it. While no legislation has been introduced yet this year, Planner L. Smith said that it is likely that the proposed fee on real estate documents would be reduced from \$5, as proposed last year, to \$3. The purpose of preparing a recommendation to City Council now is to be ready to support the legislation once it is introduced and if the City Council supports it again.

Chair Sharfman entertained a motion to send a recommendation to City Council requesting the City's support for the state enabling legislation for a Lake County Affordable Housing Trust Fund. Commissioner Barber moved approval of a recommendation to City Council in support of state enabling legislation for a Lake County Affordable Housing Trust Fund. Commissioner Meek seconded the motion.

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

6. Update on Demolition Tax Recommendation to City Council

There is no date set yet on the City Council Agenda for consideration of the Housing Commission's recommendation regarding the Demolition Tax. Planner L. Smith mentioned the January letter from the North Shore Barrington Association of Realtors (NSBAR) to Highland Park homeowners. Councilman Blumberg said that he received 30 emails from residents in response to the NSBAR letter.

7. Discussion regarding Lake County Strategic Plan Community Forums

The Commissioners expressed interest in attending the Lake County Strategic Plan Community Forums. Unfortunately, the closest one is the same evening as the March Housing Commission Meeting. Commissioner Wigodner said that he would be willing to attend it if the Housing Commission had a quorum. The Commissioners asked Planner M. Smith to find out whether any Community Partners for Affordable Housing members were planning to attend this Forum.

EXECUTIVE SESSION

There was no Executive Session.

OTHER BUSINESS

Planner L. Smith reminded the Commissioners about the invitation to the Lake County Affordable Housing Commission's Awards Breakfast on February 22nd honoring Anne Bassi for her tireless support of affordable housing.

Planner M. Smith asked the Commissioners whether they would like to receive the Housing Commission staff list, which includes home phone numbers. They agreed that it would be fine to distribute it among themselves. Planner Smith said that she would check with Commissioner Naftzger before emailing the contact list to them.

ADJOURNMENT

Chair Sharfman entertained a motion to adjourn the meeting. Commissioner Wigodner moved to adjourn. Commissioner Meek seconded the motion.

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

The Housing Commission adjourned its meeting at 9:07 p.m.

Submitted respectfully:

Mary Cele Smith
Housing Planner

MEMORANDUM

To: Chair Sharfman and Housing Commissioners

From: Mary Cele Smith, Housing Planner

Date: March 1, 2013

Re: Consideration of Request from HP Zelp, L.L. C. regarding Inclusionary Housing Fee-in-Lieu Payment

Attached is the email request from HP Zelp. Last month, Planners L. and M. Smith met with Mr. Goldman to discuss information that the developers should submit when making their request to the Housing Commission. Staff suggested that Mr. Goldman contact Rob Anthony, Executive Director, Community Partners for Affordable Housing (CPAH), about the amount of subsidy that CPAH needs from the Affordable Housing Trust Fund for the creation of an affordable housing unit. Part of the rationale for establishing the amount of the fee-in-lieu was an analysis of the amount of subsidy needed for the development of an affordable home. In addition to requesting this information, Planner L. Smith suggested that Mr. Goldman talk to Mr. Anthony about the possibility of obtaining a tax credit for providing an affordable unit off-site from the development.

Request from HP Zelp, L.L. C. regarding Inclusionary Housing Fee-in-Lieu Payment

Email

From: David Goldman [<mailto:david@rbisandz.com>]

Sent: Thursday, February 28, 2013 12:32 PM

To: Smith, Lee

Cc: Nicholas Patera; Richard Zisook; Ryan Goldstein

Subject: Grange Woods - Updates for Housing Commission and Plan Commission

Lee,

Following up on our conversations regarding Grange Woods, I have the following information for your consideration.

As discussed, we have done some research into the state of the local market conditions and the costs of providing affordable housing units. We have also had discussions with your office regarding the methodology of determining the fee-in-lieu option. I have also spoken with Rob Anthony, Executive Director at CPAH on the matter. Based on our analysis, we believe that the fee-in-lieu payment should be in the range of \$100-125,000 at the current time, more closely reflecting the actual cost to the trust of providing the incremental amount to provide an affordable unit. We propose that the fee be reduced to \$115,000.

Additionally, we also feel that the intent of the regulation being to provide housing units, we also propose that we retain the option to provide an appropriate housing unit (determined jointly by us and the trust) by transferring such a property to the trust for their use in providing an affordable unit. We would maintain this option until the earlier date either (a) a suitable unit is transferred to the trust, or (b) final approval of our PUD, at which time we would pay the \$115,000 fee-in-lieu as discussed.

Regarding the status of our Plan Commission hearing, we are encouraged by the response of City Engineering Staff to our designs. It is my understanding that they have approved our designs regarding conveyance of storm water. We remain opposed to the request to include construction of a new curb along the West side of Grange and also to the construction of a new sidewalk on the West side of Grange. Our design does not support the construction of the curb and we have concerns that it will have a negative impact on both the performance and aesthetics of the design. Furthermore, based on the feedback we have received from neighbors (some of which have contacted you directly) we believe the curb and sidewalk are inappropriate for this location.

We look forward to resolution on these matters at Plan Commission and Housing Commission hearings next week and also to full approval by City Council shortly thereafter.

Thank you again for your time and efforts on these matters.

Please do not hesitate to contact me with any questions.

David Goldman
RBI SANDZ
2001 N. Halsted St.
Chicago, IL 60614

P: 312-943-1812 x18
F: 312-943-5725
C: 312-656-0395



MEMORANDUM

TO: Highland Park Housing Commission
FROM: Polly Kuehl, Management Agent *Pky*
RE: **February Management Report/January Financials**
DATE: February 24, 2013

Once the final reimbursement from Replacement Reserves occurs, the construction project will have been closed. The construction account has been paid-out and remaining funds from the construction contingency have been wired to the Replacement Reserve account.

The Resident Satisfaction Surveys from LSN have been distributed to residents at Frank B. Peers and Walnut Place. Residents have received stamped, addressed envelopes so that the surveys can be sent directly to LSN for tabulation. The results should be available within the next 45 days.

The annual audits are in process. IHDA has approved an AAF rent increase for Frank B. Peers and receipt of the letter documenting the amount is pending. There may be retroactive payment for part of 2012.

Frank B. Peers

Occupancy: There is one vacant unit: Unit #207 (1-bedroom became vacant in late January and the move-in is expected for March 15th.) A move-out is anticipated for 2/28/13 (#301) and two applicants are in process for this unit.

Physical: There is a leak at an inner seam of one of the hot water heaters and we have received two bids for replacement (\$13,000 from Ravinia Plumbing and \$16,000 from Emcor). Subsequent to the receipt of a third bid, a request for use of Replacement Reserves will be made. Replacement of a hot water heater was included in the Capital Improvements plan for 2013.

Social Programs: The new Administrative Assistant met with residents as part of a planning committee to identify future activities and programs that are desired by residents. In January the property had a monthly luncheon, Banana Nut Bread day, bingo and the Catholic Charities (food distribution) visit.

Financial: Net Operating Income (NOI) for the first month of the new fiscal year was positive to budget by \$15,586. Cash continues to be modest at \$6,623.

Income – Income was slightly negative to budget for the month due to the higher turnover of units and holding the unit vacant for Ravinia’s construction transfer. Laundry income was received resulting in a positive variance in that line item due to “timing”.

Expenses – The expense line items that were significantly negative to budget included:

- Miscellaneous Administrative (#6390) – This reflects payment of the Life Services Network (LSN) resident surveys, postage, etc.
- Gas (#6452) - Seasonal

Walnut Place

Occupancy: The property is at 100% occupancy. However, one of the 3-bedroom townhomes will be vacant on 2/28/13. Several applicants are in process for this unit.

Physical Site: The heating boilers have been shutting-off automatically, requiring that maintenance staff manually control their operation. Emcor has been working on the problem and it appears to be an electrical programming problem that is shutting-off the circulating pumps. Repairs will be made.

Social Programs: As requested during the resident meeting, several residents met with the new Administrative Assistant to plan for future activities. Programs similar to Frank B. Peers were conducted at the site.

Financial: Net Operating Income (NOI) for the month was positive to budget by \$5,116. The cash position remains modest at \$10,758.

Income – Income was positive to budget by \$2,988, primarily due to lower vacancy loss than anticipated.

Expenses – Line items that were significantly negative to budget for the month included:

- Audit (#6350) – This is a timing issue based on when the audit began. Walnut Place changed auditors a couple of years ago.
- Miscellaneous Administrative (#6390) – Reflects purchase of the LSN resident surveys and postage.
- Gas (#6452) – Seasonal
- Boiler Repairs (#6594) – This reflects partial repair of the electrical programming system.

Ravinia Housing

Occupancy: 100% occupied. The property anticipates 2 move-outs at the end of February at the Pleasant Avenue campus. One of the residents is in legal proceedings for non-payment of rent, not adhering to the approved payment plan and for not complying with the annual certification process. This household has a significant amount of past due rent caused by unreported income and has been uncooperative with certifications for several years.

Physical Site: One of the units being vacated at Pleasant experienced a pipe leak behind the walls, which was unreported (tenant out of town). The problem was noticed by the tenant next door, but only after significant wall and ceiling damage occurred in the unit of origin. Repairs were made and turnover costs for the problem unit will be slightly more extensive because of the ceiling and wall damages.

Social Programming: The newsletter will resume in March.

Financial: NOI for the month was positive to budget by \$1,340. The cash position at the end of the month was excellent and reflects receipt of reserve reimbursement prior to making payouts to vendors.

Income – Income is significantly break-even for the month.

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

- Miscellaneous Administrative (#6390) – This reflects payment for the storage pods and pick-up, as well as the final payment for resident relocation during construction in December.
- Mortgage Interest (#6820) – This reflects accrual of the second mortgage, which is only paid if surplus cash exists.
- Replacement Reserve Reimbursement (#7105) – This reflects reimbursement from reserves for part of the kitchen rehabilitation.

Frank B. Peers Capital Improvements Up-Date										
Task	Date for Bids	Date for Work	Estimated \$ Use of Reserves	Estimated \$ Use of Operating	Comments	FMCS Role Lead, Assist or None	Date Complete	\$ Actual Reserves Spent	Replacment Reserve Request Date	
1 Kitchen Replacement (11)	Done	Fall	98,000		Owner Reserves	None				
2 Window Replacement	Partial	Spring	544,998		Owner Reserves	Assist				
3 Concrete Repairs	N/A	Summer		2,500	After windows replaced	None				
4 Appliances (4)		As Need		1,440		None				
5 Carpet (8)		As Need		7,800	Turnover/3 Cycle	None				
6 A/C Replacement		As Need		2,700		None				
7 Water Heater Replacement	February	March	13,000		IHDA Reserves	Assist				
8 Painting (Turnover and Cycle)		Fall		12,000		None				
9										
10										
11										
12										
<u>Reserves 2013 Cash Flow</u>										
Reserves Starting January 2013	\$ 171,778									
2013 Annual Deposit to Reserves	\$ 22,368									
Expected Use of Reserves (\$\$) 2013	\$ (11,000)	Total	655,998	26,440			TOTAL	-		
IHDA Reserves		Note: Owner funds will be used for most reserve requests								
Balance expected at the start of 2014	\$ 183,146									

Walnut Place Capital Improvements Up-Date										
Task	Date for Bids	Date for Work	Estimated \$ Use of Reserves	Estimated \$ Use of Operating	Comments	FMCS Role Lead, Assist or None	Date Complete	\$ Actual Reserves Spent	Replacment Reserve Request Date	
1 Renovate 3 kitchens		Fall	26,100		IHDA Reserves	None				
2 TH Furnaces (2)		As Need		4,800		None				
3 Replace 4 appliances (stoves/refrigerators)		As Need		1,600		None				
4 TH Hot Water Heaters		As Need		3,000		None				
5 A/C (estimate of 6)		As Need		4,000		None				
6 Carpet/Tile (Turnover and Cycle)		As Need	9,000		5 units cycle	None				
7 Hallway Carpet (as available from reserves)		Summer	15,000		Addition to Capital	None				
8 Painting (Turnover and Cycle)		As needed		12,000	8 Turnover; 12 Cycle	None				
9										
10										
11										
12										
<u>Reserves 2013 Cash Flow</u>										
Reserves Starting January 2013	\$ 190,494									
2013 Annual Escrow Deposit	\$ 22,044									
Expected Use of Reserves \$\$ in 2013	\$ (50,100)	Total	50,100	25,400			TOTAL	-		
Balance expected at start of 2014	\$ 162,438									

Accounts Receivable Up-Date

January, 2013

Frank B. Peers

Tenant A/R was slightly reduced from \$845 at the end of December to \$480 at the end of January. This reflects the modest payment plan payments. The breakdown is as follows:

Current	\$136
30 Days	\$ 0
60 Days	\$ 0
Prepaid	\$ 46
Credit 90 Days +	(\$298)

Subsidy A/R increased from \$54,629 at the end of December to \$58,755 at the end of January. The breakdown is as follows:

Current	\$14,710
30 Days	\$7,336
60 Days	\$5,012
90+ Days	(\$4,433)
Total Prepaid	(\$36,130)

Walnut Place

Tenant A/R decreased slightly from \$20,797 at the end of December to \$20,129 at the end of January. The breakdown is as follows:

Current	\$ 1,500
30 Days	\$ 925
60 Days	\$ 735
90+ Days	\$16,278
Net Prepaid	(\$ 691)

The 90+ Days A/R is comprised of EIV payments (3 residents) that are being reimbursed monthly.

Subsidy A/R increased from \$45,222 at the end of December to \$51,774 at the end of January. The breakdown is as follows:

Current	\$15,654
30 Days	\$ 5,369
60 Days	\$ 2,224

90+ Days	\$11,282
Net Prepaid	(\$17,245)

Ravinia Housing

Tenant A/R decreased from \$37,241 at the end of December to \$36,485 at the end of January. The breakdown is as follows:

Current	\$ 4,198
30 Days	\$ 3,092
60 Days	\$ 2,035
90+ Days	\$25,828
Net Prepaid	(\$ 1,332)

The 90+ Days A/R is comprised of EIV payments (2 residents). One resident is no longer making this payment and is in legal action.

Subsidy A/R decreased from \$17,985 at the end of December to \$15,959 at the end of January. The breakdown is as follows:

Current	\$ 3,058
30 Days	\$ 1,015
60 Days	(\$ 546)
90+ Days	\$ 1,486
Net Prepaid	(\$10,946)

Highland Park Housing Commission										
Reserve Balances										
Date: 1/31/2013										
Account Name		Frank B. Peers		Walnut Place		Ravinia Housing		Sunset Woods	Housing Trust Fund	TOTAL
Checking (Property)		6,623		10,758		98,012		23,473		
Security Deposit		20,828		21,037		7,158		10,492		
Replacement Reserve		141,767		165,237		605,817		0		
Residual Receipts		31,875		27,095		0		0		
Operating Reserve		0		0		246,702		9,107		
Association Money				104,510		81,881		128,280		
Market Checking										
Association Small Business Checking		12,893						20,062		
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	267,014							
Association CDs	Maturity									
CD #1	7/7/2013	505,152								
CD #2	4/7/2013	505,700								
Association MaxSafe Money Market		1,112,495								
TOTAL		2,604,346		328,637		1,039,570		-67,418		

*Net income after deducting program costs and expenditures/obligations.										
Breakdown of Housing Trust Fund:										
Beginning Balance 01/01/2010										
2010 Revenue										
Demolition Tax										
Demolition Permit										
Interest										
Contributions/Donations/Other										
Proceeds of Ceding Volume Cap										
Annual Revenue to-date 2010										
2010 Program Costs										
Ending Balance										
Pending Obligations:										
Emergency Housing Setaside										
Legal Fees										
Total Pending Obligations										
Estimated Net Housing Trust Fund										

MEMORANDUM

To: Chair Sharfman and Housing Commissioners

From: Lee Smith, Senior Planner

Date: March 1, 2013

Re: Discussion of Demolition Tax

Enclosed you will find a letter with attachments from Paul Diambri to Mayor Roterling. Prior to the Commission meeting you will receive a staff memorandum to the City Manager pertaining to the Housing Commission's recommendation and a letter from Chair Sharfman with a Demolition Tax Fact Sheet. The fact sheet was prepared to further educate the City Council on the background, purpose and policy underlying the Demolition Tax.

LAW OFFICES OF
DIAMBRI & CARAVELLO
300 GREEN BAY ROAD
HIGHWOOD, ILLINOIS 60040-1396
TELEPHONE (847) 433-2800
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DiambriCaravello@aol.com

PAUL P. DIAMBRI, LTD.
MICHAEL J. CARAVELLO

February 28, 2013

Mayor Nancy Rotering
City of Highland Park
1707 St. John's Avenue
Highland Park, Illinois 60035

Re: Demolition Tax Discussion

Dear Mayor Rotering:

My parents have been lifelong residents of Highland Park (after emigrating from Italy after WW II). My parents are getting on in years. My father is 87 and currently in Highland Park Hospital for testing. The stress of this situation is certainly not helping. As you will recall, I contacted you and the City Council regarding the unfairness of the City of Highland Park Demolition Tax. The City's Code Enforcement Department had contacted my father regarding code enforcement issues at the property. This was based upon neighbor complaints regarding the appearance of the structure. While we maintain the structure is code compliant and safe, my father offered to demo the property to assuage the City and any neighbor that may have lodged a complaint. The Demolition Tax has been the only thing standing between my family demolishing the structure which the City had cited at 1659 McGovern Avenue in Highland Park.

Based on my appeal to you, this matter was referred by the City Council to the Housing Commission for review. I understand from Community Development that the Housing Commission Report is ready, however I have not been provided with a copy of the report at the writing of this letter. I attended the Housing Commission meetings. While I appreciate the efforts of the City Council to attempt to provide a forum for review of the ordinance, I respectfully suggest that referral to the Housing Commission was not productive.

The City Council and the Housing Commission have completely different functions. While the Housing Commission has a specific purview, the City Council should exercise a broader perspective. I believe that the Housing Commission will recommend:

- A. That no relief should be granted in the amount of the Demolition Tax for any demolition;
- B. That the entire tax be provided for affordable housing, rather than a portion to the "Multi Modal Transportation Fund" fund; and

(Continued)

LAW OFFICES OF
DIAMBRI & CARAVELLO

Mayor Nancy Rotering
February 28, 2013
Page Two

C. Some relief for those who seek deferral of the tax, by phasing the additional deferral portion of the tax (\$5,000.00) in over a period of 5-10 years.

I implore the City Council to adopt a broader perspective than the Housing Commission and either grant specific relief to my family, or preferably to review the entire Demolition Tax structure and adopt a new alternative.

The City approached my family regarding the condition of this structure. As I indicated in my earlier letter to you (Attachment A), the structure was vacant for years due to water damage. According to my father, the City caused the damage to this structure by turning on the water without authorization. To add insult to injury, the City has been sending a water bill, which we have tried to resolve. After the water damage, the structure sat vacant as it was not economically feasible to repair this obsolete structure. The structure has now remained vacant for many years. As the years passed, my parents were contacted by the City regarding the structure. They were told that if they boarded up the structure they would be in compliance. Therefore, years earlier, my parents had the structure boarded up and secured at the direction of the City. Now, that same structure, in essentially the same condition, is claimed to be a nuisance. To satisfy the City's most recent request, my family offered to demolish the structure. We received estimates in the range of \$18,000.00 for such demolition. See Attachment B which is a copy of the demolition proposal. As noted in the proposal, the actual cost may be more if there are environmental concerns such as asbestos.

This obscure Demolition Tax has stirred community debate. Apparently the public at large was unaware of this unfair tax. Please see:

- A copy of the letter dated January 3, 2013 from the North Shore-Barrington Association of Realtors objecting to the tax (Attachment C);
- A copy of the article dated February 7, 2013 from the Highland Park Patch, highlighting the fundamental unfairness of the Demolition Tax (Attachment D); and
- A copy of the article dated February 13, 2013 from the Tribune highlighting the unfairness of the Demolition Tax (Attachment E).

Historically, my family has owned the structure for many years. It is very small (approximately 600 square feet according to the assessor). It is about the size of a 2 ½ car garage or accessory structure. According to the assessor, this structure was built in 1925. I believe my family purchased it *circa* 1960. Attachment F is the Tribune Article of February 21, 2013.

(Continued)

LAW OFFICES OF
DIAMBRI & CARAVELLO

Mayor Nancy Rotering
February 28, 2013
Page Three

Attachment G is several photos of the structure. These photos depict the small size and condition of the structure. As you can see the structure is secured and barely visible from the street.

While the goal of providing affordable housing is admirable, the City should recognize that:

- All structures have a useful life. As a frame structure, built in 1925, this structure is well beyond its useful life, and would never serve as housing, much less affordable housing;
- If the provision of "affordable housing" is a valid municipal goal, the burden of providing affordable housing should not be shouldered disproportionately on a small segment of the population. That Demolition Tax does impact a small, often elderly population disproportionately. They often own properties which have reached the end of their functional lives. This is the tragic, unintended consequence of the City's attempt to provide affordable housing with the imposition of this massive, unfair tax;
- If applied, the Demolition Tax should be used where a perfectly good structure is voluntarily demolished within its useful life for the financial gain of the owner. This is clearly not the case here;

This is not the situation of a greedy developer seeking to demolish a modest home, with the goal of erecting a "McMansion". Rather, this Demolition Tax unfairly affects a lifelong resident of Highland Park, who paid his taxes for a lifetime and is now voluntarily shouldering the economic responsibility of demolishing a structure which has reached the end of its useful life. The City should not heap further economic hardship on that class of citizen.

As I indicated in my earlier correspondence, even if imposed for well intentioned reasons, the Demolition Tax is not a fair tax as currently constituted. It may even be subject to legal challenge on an individual or class action basis:

- A. Economic times have changed since the original adoption of the Demolition Tax. Real estate values have plummeted. Real estate is no longer the "golden goose" that it once was, creating great profits to be diverted by the City to implement its social programs. One example is the condo development across the street on McGovern and Laurel which was never completed as a result of the economic downturn;
- B. The Demolition Tax is not phased in or structured. For example, this small, rather unremarkable property would pay exactly the same Demolition Tax as the demolition of a multi-million dollar lakefront mansion;

(Continued)

Mayor Nancy Rotering
February 28, 2013
Page Four

- C. The Demolition Tax bears no rational relationship to the City's expenses;
- D. In 2006, the inexplicable diversion of 1/3 of the tax to the "Multi Modal Transportation Fund" seems inappropriate; and
- E. Why should a small number of individuals seeking demolition of their property, shoulder the burden of financing a social program? If the provision of affordable housing is a goal of the City, all taxpayers should equally share the burden of providing affordable housing.

The above reasons constitute a basis for the City to perform its own review of this tax. As it stands, tremendous amounts of City resources are being wasted. Most importantly the common goal of both my parents and the Code Enforcement Department to have this structure removed, continue to be thwarted by this unfair tax.

I urge the City Council to act promptly to:

- Waive the Demolition Tax and allow us to proceed with demolition of this structure which is the City's goal;
- Review the Demolition Tax in its entirety and abolish this unfair burden for structures that have reached the end of their useful life;

I urge the City Council to act to avoid the further waste of resources by both my family and the City. Very simply stated, this stand-off is benefiting no one and detracting from important issues before the City. The City should encourage this demo by waiving not only the Demolition Tax, but the permit fees, and water bill. The City should work cooperatively to achieve its goal, not create obstacles.

What a sad situation if we were forced to decorate the outside of the structure, secure it and leave it in place. This may be necessary to save the tens of thousands of dollars the demolition, tax and permit fees will cost. This will not benefit the City, my family, the neighbors or the Affordable Housing fund.

Another alternative to bring a quick end to this matter (while the City considers abolishing or amending the Demolition Tax) is for the City's Code Enforcement Department to issue a demolition order. I believe that in that event, the Demolition Tax would not be applicable.

(Continued)

LAW OFFICES OF
DIAMBRI & CARAVELLO

Mayor Nancy Rotering
February 28, 2013
Page Five

I would like to supplement this letter at such time as I am provided with a copy of any Staff Report and/or the Housing Commission report.

Thank you for your attention to this matter.

Very truly yours,

LAW OFFICES OF DIAMBRI & CARAVELLO

Paul P. Diambri

PPD/daa

C:\Documents and Settings\Paul\Desktop\Laptop Work\Diambri HP DemoTax 02-28-13.doc

SERVICE LIST

City Council

Councilman Anthony Blumberg
Councilman Paul Frank
Councilman Sally Higginson
Councilman Daniel Kaufman
Councilman James Kirsch
Councilman David Naftzger

Housing Commission

Jami Sharfman, Chair
David T. Meek, Vice Chair
Kenneth Barber, Treasurer
Charles Adler
Mary Kaltman
Kathryn Naftzger
David Wighodner

City Staff and Counsel

David Knapp, City Manager
Steve Elrod, Corporation Counsel
Michael Blue Community Development
Scott Moe, Building Division Manager
Mike Croak, Code Enforcement
Mary Cele Smith, Planning
Lee Smith, Planning

Attachment A
Diambri & Caravello Correspondence of September 11, 2012

LAW OFFICES OF
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300 GREEN BAY ROAD
HIGHWOOD, ILLINOIS 60040-1396
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FAX (847) 433-7270
DiambriCaravello@aol.com

FILE

PAUL P. DIAMBRI, LTD.
MICHAEL J. CARAVELLO

September 11, 2012

Mayor Nancy R. Rotering
City of Highland Park
1707 St. Johns Avenue
Highland Park, IL 60035

Re: City of Highland Park
Demolition Tax Issue
My client/father Peter Diambri
Property Located At:
1659 McGovern
Highland Park, IL 60035

Dear Mayor Rotering:

I have not had the pleasure of making your acquaintance. However, I am writing this letter to request a meeting with you relative to the application of the City of Highland Park Demolition Tax. A short summary follows:

- A. My parents own a very small structure in Highland Park located at 1659 McGovern. It has been vacant for many years.
- B. I am told by my father that it is vacant because the City of Highland Park turned a water service on to the property, when it ought not to have been turned on (due to damaged pipes).
- C. Thereafter, my parents stopped renting the structure due to the damage.
- D. I am told the Building Department indicated that they could repair the structure or board it up. They complied and boarded up the structure.

Now, the City is apparently receiving complaints from adjacent property owners. They issued a notice of violation indicating it is a "dilapidated structure" under the International Property Maintenance Code of 2009 (IPMC 2009), adopted by the City of Highland Park, with some amendments. As an aside, are you aware of the fact that the City denied my FOIA request for a copy of the IPMC 2009, because it is copyrighted? How can a City expect compliance with an ordinance that it will not copy and is not published online?

(Continue)

LAW OFFICES OF
DIAMBRI & CARAVELLO

Mayor Nancy R. Rotering
September 11, 2012
Page Two

Putting aside the potential legal issues/legal defenses to the citation issued by the City, I convinced my parents that they should demolition the structure. My father went to the City of Highland Park to obtain a demolition permit. He was than advised of the affordable housing demolition tax which is \$10,000.00, if paid now, and \$15,000.00 if deferred! I believe that the Demolition Tax is problematic for a variety of reasons. A deferral penalty of 50% is unconscionable. Economic times have changed, properties have plummeted in value, yet the tax remains unchanged. The tax is not scaled to the value of the property (small property pays a disproportional amount when compared to a more valuable property). A property owner might choose to invest funds renovating an old structure rather than paying the tax, permit fee and demo cost.

Obviously, the demolition tax, demolition permit fee, and cost of the demolition, is substantial. We are looking to work in a cooperative manner with the City of Highland Park to eliminate what Highland Park has identified as a problem property. However, we wish to seek a waiver of the demolition tax.

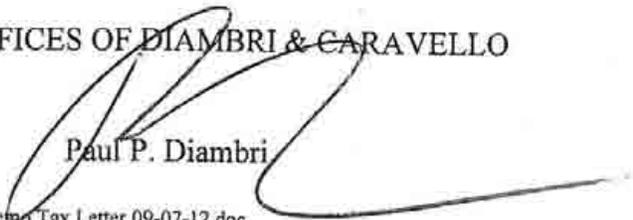
I have talked to Michael Blue and Councilman Mandel regarding the history of the demolition tax, when it was enacted, and the substantially changing market conditions. It is also my feeling, that the demolition tax (while it is good intentioned) will only hinder the City in protecting the public health safety welfare, as it relates to the structures which it desires to have demolished.

I have continued the administrative hearing to October 18, 2012, in the hopes of meeting with you, Councilman Mandel, and such staff as you may determine appropriate, in order to reach a resolution in this matter. I understand that Councilman Mandel is out of town from September 11 through September 21. However I would appreciate a meeting thereafter.

My secretarial staff is available during all working hours to work with your staff to set up an appointment. Awaiting your advices.

Very truly yours,

LAW OFFICES OF DIAMBRI & CARAVELLO


Paul P. Diambri

PPD/bb

N:\LAWYERS\PPD\Letters\Letters 2010-Present\Diambri-Rotering Demo Tax Letter 09-07-12.doc

cc: Councilman Steve Mandel
cc: Mr. Michael Blue, Director of Community Development
cc: Mr. Scott Moe, Building Division Manager
cc: Mr. Peter Diambri

Attachment B
Demolition Proposal

Green Building Technologies, Inc.

68 MacArthur Loop
 Highland Park, IL 60035-5909
 (847) 926-8888 phone
 (847) 926-8873 fax

Estimate

Date	Estimate #
9/11/2012	2138

Name / Address
Diambri, Peter 1659 McGovern Highland Park, IL 60035

			Project
Description	Qty	Cost	Total
DEMOLITION PROPOSAL			
Required asbestos testing. Removal if required to be determined later.		500.00	500.00
1. Disconnect and cap water service at city's main supply 2. Disconnect and cap sanitary sewer service at city's main 3. Install required tree protection fencing 4. Install required silt fencing 5. Demo and haul away entire rear dwelling unit and garage 6. Demo and haul away foundation and slabs 7. Demo and haul away asphalt pavement at rear 8. Demo and haul away concrete side walks (not city sidewalk) 9. Fill excavation area with clean soil and grade to level 10. Apply grass seed to leveled area 11. Street opening and patching 12. Documentation provided to city for recycling 13. Conduct all required building inspections with city		16,780.00	16,780.00
Demo permit obtained by us.		800.00	800.00
City Of Highland Park's demo tax.		10,000.00	10,000.00
Demo deposit to city paid for directly by owner and is not included in this proposal.		0.00	0.00
North Shore Gas and ComEd disconnects, if required are to be paid for directly by owner and are not included in this proposal.		0.00	0.00
Price includes all specified labor and materials. No other work to be done.			
If approved, please sign and return 1 copy to the above address.		Total	\$28,080.00

E-mail
fortunato1@comcast.net

Attachment C
North Shore-Barrington Correspondence January 3, 2013

January 2013

Dear Highland Park Homeowner:

The City of Highland Park is considering revisions to its existing \$10,000 (\$15,000 if payment is deferred) residential demolition tax. As an owner of a home built prior to 1963, this tax is targeted toward you.

Is this demolition tax the same as the demolition permit fee?

No, the \$10,000 - \$15,000 demolition tax is above and beyond the demolition fee of \$750. However, all \$750 of the demolition fee is diverted for affordable housing efforts.

How does it impact me?

A consulting firm hired by the Village of Wilmette perhaps said it best: “[A demolition] tax would impact mainly older, functionally obsolescent single family detached houses, typically owned by longtime, older residents whose major assets are their homes. Its cost would likely fall on residents selling houses destined for demolition, because builders (who may be the persons actually paying the tax) would factor the tax into the price they would be willing to pay for the property.” In other words, if your home is destined to be torn down, expect a loss of about \$10,750 (\$15,750 if payment is deferred) on the value of your property.

Where does demolition tax money go?

One-third of the demolition tax money gets deposited in the City’s infrastructure fund, two-thirds of the money goes toward City affordable housing initiatives.

Are infrastructure and affordable housing worthy initiatives?

Regardless of the merit of the expenditures, those that simply own older homes, which are most likely to be demolished, should not shoulder a disproportionate burden of funding these activities. As is, the overwhelming number of Highland Park residents are not required to contribute anything toward affordable housing efforts, while those that own smaller, older homes destined by the market to be demolished get hit with this massive tax.

How can I make my voice heard?

Share your thoughts with your City Council. Let them know that it is unfair that you must shoulder a disproportionate burden of funding the City’s affordable housing efforts while most of the community pays nothing:

Mayor Nancy Roterling nrotering@cityhpil.com		
Councilman Anthony Blumberg tony@tonyblumberg.com	Councilman Paul Frank paulfrank2011hp@gmail.com	Councilman James Kirsch hpkirsch@comcast.net
Councilman Sally Higginson sallyrhigginson@gmail.com	Councilman David Naftzger davidnaftzger@davidnaftzger.com	Councilman Daniel Kaufman dankaufmanhp@comcast.net

† Village of Wilmette, Affordable Housing Plan, December 14, 2004

Paid for and authorized by the Illinois Association of REALTORS in coordination with the North Shore – Barrington Association of REALTORS. The views expressed may or may not reflect the view of each and every REALTOR. For more information, please contact 847-480-7177.

January 3, 2013

Chair David F. Wigodner and Members of the Housing Commission
CITY OF HIGHLAND PARK

RE: Modifications to the Demolition Tax

Dear Chair Wigodner and Members of the Housing Commission:

The North Shore – Barrington Association of REALTORS® (NSBAR) adopted Statement of Public Policy states: demolition taxes “are unfairly assessed on persons who happen to own older properties and disproportionately affect seniors and those on the lower end of a community’s socio-economic scale; subsequently we oppose their implementation.” Therefore we strongly urge the City of Highland Park Housing Commission to recommend substantially abating the impact of the city’s demolition tax and suggest more equitable policies to generate revenue for affordable housing initiatives.

The Demolition Tax is Unfair

Optimal tax theory suggests that taxing a broad based group at a low rate is the most efficient form of taxation because it does not distort market activity. A demolition tax is contrary to optimal tax theory as a small group of individuals are taxed relatively infrequently.

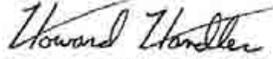
Those that happen to own older homes must pay a substantial share to fund affordable housing initiatives in Highland Park while the vast majority of property owners never have to contribute. As a consulting firm retained by the Village of Wilmette put it: “Its cost [a demolition tax] would likely fall on residents selling houses destined for demolition, because builders (who may be the persons actually paying the tax) would factor the tax into the price they would be willing to pay for the property.”

The Demolition Tax is Regressive

Highland Park’s demolition tax is targeted toward those that own the least expensive, most obsolete housing in Highland Park. By and large, those that can most afford \$10,000 pay nothing while those that need every dollar the most pay one of the largest demolition taxes in the nation. The same aforementioned consulting opined to Wilmette Village officials: “[A demolition] tax would impact mainly older, functionally obsolescent single family detached houses, typically owned by longtime, older residents whose major assets are their homes.” In other words, those that are most often moving on to a stage of life with limited income and a high reliance on existing assets are taxed while the rest of the community remains unaffected.

Again, we urge the Housing Commission to be mindful that real Highland Park residents, without regard to financial means, are paying \$10,000 to \$15,000 out of their own pocket while the remainder of the community is not even asked to pay \$100. We look forward to reviewing the recommendations from your committee. Please be sure to contact me at hhandler@iar.org or 847-480-7177 if we can be of any assistance.

Sincerely,



Howard Handler, MPPA
Government Affairs Director

cc: Mary Smith, Staff Liaison

North Shore - Barrington Association of REALTORS®

450 Essex Blvd. Bldg 1200
Northbrook, IL 60062-7820
847-480-7177 • Fax 847-480-7300

1250 Grove Avenue, Suite 200
Barrington, IL 60010
847-381-7827 • Fax 847-642-2040

www.nsbear.org



Attachment D
Highland Park Patch Article, February 7, 2012



JG
847.80



Editor [Jacob Nelson jacob@patch.com](mailto:jacob@patch.com)



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Local Voices



[Howard Handler](#)

HP's demo tax is fundamentally unfair

Posted on February 7, 2013 at 2:27 pm

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Peter Diambri is 87 years old and owns a tiny vacant house on a small lot in Highland Park. The home, for freezing and subsequent severe water damage. Several years ago, at the City's request, Diambri boarded

Mr. Diambri and his family have determined the home, with an estimate property value of \$100,000, cannot corrective action. Diambri contacted the City to obtain a demolition permit to raze the objectionable structure the City is not opposing the demolition they want him to pay a \$10,000 demolition tax to do so.

One-third of the \$10,000 is to go to the City's infrastructure fund, and two-thirds of the money will be deposited into the Affordable Housing Fund that helps provide below market housing to those that may otherwise be unable to afford to live in Highland Park. Mr. Diambri would also have to pay an additional \$5,000 if he wishes to defer paying the tax now and a \$750 demolition permit fee also diverted to the affordable housing fund). Of course, he will also have to pay a contractor an estimated

This isn't a special tax just for Mr. Diambri; it's a tax targeted toward all owners of older residential properties in Highland Park. As the Village of Wilmette best put it: "[A demolition] tax would impact mainly older, functionally obsolescent homes owned by longtime, older residents whose major assets are their homes." Even when a homeowner sells the property, the tax would [still] likely fall on residents selling houses destined for demolition, because builders (who may be the ones to pay the tax into the price they would be willing to pay for the property."

Very few communities nationwide have instituted such a tax, and even fewer as high as \$10,000. That's no housing is devoid of merit, but those that simply own older homes, which are most likely to be demolished, of funding these activities. As is, most Highland Park residents are not required to contribute anything towards their own smaller, older homes destined by the market to be demolished get hit with this massive tax.

At 87, Mr. Diambri has put in a lifetime of hard work to provide for his family and retirement. He is trying to sell his obsolete property; he should not have to forgo 10 to 15 percent of his property's value to fund ancillary city services. Highland Park residents do not have to contribute even \$100.

Howard Handler is Government Affairs Director for the not-for-profit North Shore – Barrington Association and a property advocate. Handler, a licensed real estate broker, received his undergraduate degree from the University of Illinois and his master's degree in Public Policy and Administration from Northwestern University. He can be reached at: hhandler@northshorebarrington.org

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[Old H.P.](#)

[7:43 pm on Thursday, February 7, 2013](#)

Come on Pete, It's just time to redistribute your money. You must think you have a right to keep it or some trust fund kids, they know what's best for Highland Park.

Leave a comment

Submit >

Attachment E
Tribune Article, February 13, 2012

Highland Park demolition tax stirs debate

Real estate group sends letter to homeowners

By JOHN P. HUSTON
Tribune reporter

A letter targeting owners of older Highland Park homes has created a stir over a city tax aimed at both staving off tear-downs and funding affordable housing measures.

To demolish a home in Highland Park, the owner must pay a \$750 permit fee plus a \$10,000 tax. If the tax payment is deferred, it rises to \$15,000.

Highland Park's Housing Commission, which oversees the affordable housing program, was tasked recently with evaluating the tax, according to Lee Smith, senior planner with the city's Community Development Department. The

panel is working on a recommendation regarding the tax, but it won't increase, said David Wigodner, a commission member.

But the commission may recommend a graduated increase in the deferred tax amount, in addition to asking that all the proceeds go into the city's housing trust fund, Wigodner said. Currently the fund receives two-thirds of the tax revenue, with the remainder going to fund infrastructure such as roads and bridges.

In light of the commission's review and coming recommendation to the City Council, the North Shore-Barrington Association of Realtors sent a letter to Highland Park residents with homes built before 1963.

"This tax is targeted toward you," the letter said. Howard Handler, government affairs director for

the group, said the tax unfairly impacts the owner of older, predominantly smaller homes.

"Meanwhile, the vast majority of the community doesn't have to contribute anything to affordable housing," Handler said. "I'm not here to knock the merits of the ultimate goal, but these costs, if this is something that truly the community wants, these costs should be spread across the entire community, not just massive taxes targeted on select people."

The letter prompted homeowners to email City Council members in opposition to the tax.

"Which they have done in droves," Councilman Anthony Blumberg, liaison to the Housing Commission, said at a recent meeting.

He said he received around 30 emails in the past few days, and that Mayor



JOHN P. HUSTON/TRIBUNE PHOTO

JamI Sharfman, center, chairs the Feb. 6 Highland Park Housing Commission meeting, where members briefly discussed the city's demolition tax.

Nancy Rotering had received more than 50.

"Really, what our answer has been, which is completely accurate, is that there are no current plans for the council to do anything relative to the demolition tax," Blumberg said.

He explained the tax as "primarily to prevent the tearing down of older houses at a time when tear-downs were becoming prevalent and damaging the variety of housing stock in the city of Highland Park."

The fund received \$106,672 in 2012 from demolition tax revenue. A side benefit, Blumberg

jhouston@tribune.com

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Attachment F
Tribune Article, February 21, 2012

FEBRUARY 21-27, 2013

HIGHLAND PARK DEERFIELD

Demolishing the demolition tax

Highland Park charge is keeping eyesore from being torn down

BY JOHN P. HUSTON
Tribune reporter

Since the tiny, ramshackle house on McGovern Street was boarded up nearly a decade ago it has become an eyesore, and seemingly everyone wants it demolished — its neighbors, its owner, even the City of Highland Park.

Its owner says the one thing delaying the process is the city's demolition tax, which charges \$10,000 — on top of a \$750 permit fee — to remove a single-family home.

The boarded-up shack of 87-year-old Pete Diambri prompted Highland Park to re-examine the tax, which was created in 2002 to fund affordable housing initiatives at a time when tear-downs threatened to significantly alter the city's housing stock. As small homes gave way to much larger ones, middle- and lower-income residents were pushed out, officials said.

Diambri's son, Paul, a Highland attorney, took up his father's cause last fall, after they learned of the demolition tax, which would be on top of the nearly \$20,000 cost to demolish the structure and



STACEY WESCOTT/TRIBUNE PHOTO
Paul Diambri, right, walks his dad, Pete Diambri, 87, out to his former rental properties along McGovern Street in Highland Park on Feb. 18. Diambri, the neighbors and the municipality all want it torn down.

disconnect utilities, he said. The land and 634-square-foot single-story building were assessed last year by Lake County at \$64,670, which is considered one-third of an estimated \$194,010

market value. Pete Diambri has owned it for more than 50 years and has rented it to various tenants over the years for less than \$200 a month, he said.

Nearly 10 years ago, water

Please turn to Page 17

EDUCATION



Science Night delights and educates in Highland Park. PAGE 10

ENTERTAINMENT



Doctor by day plays the viola at night. PAGE 8

VOLUNTEERS



Amy Davidson of the Nuestro Center in Highland Park. PAGE 14

Some Highland Park residents want to demolish tax

Continued from Page 1

plained to the city, which contacted Diambri and asked that the building be fixed up or removed.

That's when the Diambri learned of the \$10,000 tax — which climbs to \$15,000 if payment is deferred.

Paul Diambri called the tax punitive, and said he opposes "the fact that it's not proportioned in any way. It's a flat \$10,000 fee, and it's awfully high to start with."

Highland Park Mayor Nancy Rotering said the time has come to take a fresh look at the demolition tax, as well as the way the city approaches funding its affordable housing initiatives.

"Frankly, there's a balance that needs to be achieved," Rotering said. "You don't want to give somebody the incentive to let their property deteriorate to such a degree."

The issue is scheduled for City Council discussion on Monday, Feb. 25, when members will hear a recommendation from the Housing Commission, which administers the city's affordable housing program.

The panel has not recommended decreasing the tax or creating an exemption for residents in Pete Diambri's situation. Neither has it recommended increasing the

tax. Rather, it is recommending to soften the blow of the deferred tax amount.

In 11 years since the tax was established, it has helped fund Community Partners for Affordable Housing, a nonprofit community land trust established as part of Highland Park's 2001 affordable housing plan.

Demolition tax and permit revenue is put into a Housing Trust Fund administered by the Housing Commission, but the money primarily goes to Community Partners for Affordable Housing, which leverages the money to obtain state and federal grants, said Rob Anthony, CPAH executive director.

When Community Partners renovates a single-family home or establishes an affordable multifamily building, the money it receives from Highland Park's Housing Trust Fund can account for anywhere from 10 percent to 60 percent of the project budget, Anthony said.

Highland Park's demolition tax has generated more than \$3.1 million in the past decade for local affordable housing initiatives, the result of at least 359 tear-downs, according to city records.

Howard Handler, spokesman for North Shore-Barrington Association of Realtors, said funding affordable housing initiatives

should be spread out among the many, rather than focused on the few.

"This is a tax targeted to people who own probably the lowest value, the oldest homes," which are the ones most ripe for demolition, Handler said. "Meanwhile, the vast majority of the community doesn't have to contribute anything to affordable housing."

Handler's organization penned a recent letter to the owners of Highland Park homes built before 1963, asking them to contact City Council members to express their opposition to the tax. Councilman David Nafziger wrote in an email to city staff that he and his colleagues were "bombarded" by letters from residents.

Mayor Rotering said the conversation is just beginning, and hinted a more regional approach to affordable housing might affect the local plan. She pointed to a Lake County initiative, awaiting General Assembly approval, to create a \$3 fee on recorded property deeds that would fund initiatives across the region.

"From a housing standpoint, I think a regional approach is overdue," Rotering said.

jhuston@tribune.com

Demolition tax revenue

As tear-downs were increasing, Highland Park implemented a \$10,000 demolition tax in 2003 to raise money for its Affordable Housing Trust Fund, which goes toward creating units for lower income residents. Below is the amount of demolition tax revenue the city has received, followed by the number of homes demolished.

May 1, 2003 — April 30, 2004: \$570,000 / 57
May 1, 2004 — April 30, 2005: \$730,000 / 73
May 1, 2005 — April 30, 2006: \$850,000 / 85
May 1, 2006 — April 30, 2007*: \$466,690 / 70
May 1, 2007 — July 31, 2008: \$226,678 / 35
2009: \$33,335 / 5
2010: \$93,338 / 14
2011: \$46,669 / 7
Jan. 1 — Sept. 30, 2012: \$86,671 / 13
TOTAL: \$3,105,381 / 359

* On April 24, 2006, Demolition Tax amended to begin allocating one-third of revenue to Multi-Modal Transportation Fund.

** Statistics between Aug. 1 and Dec. 31, 2008 not provided.

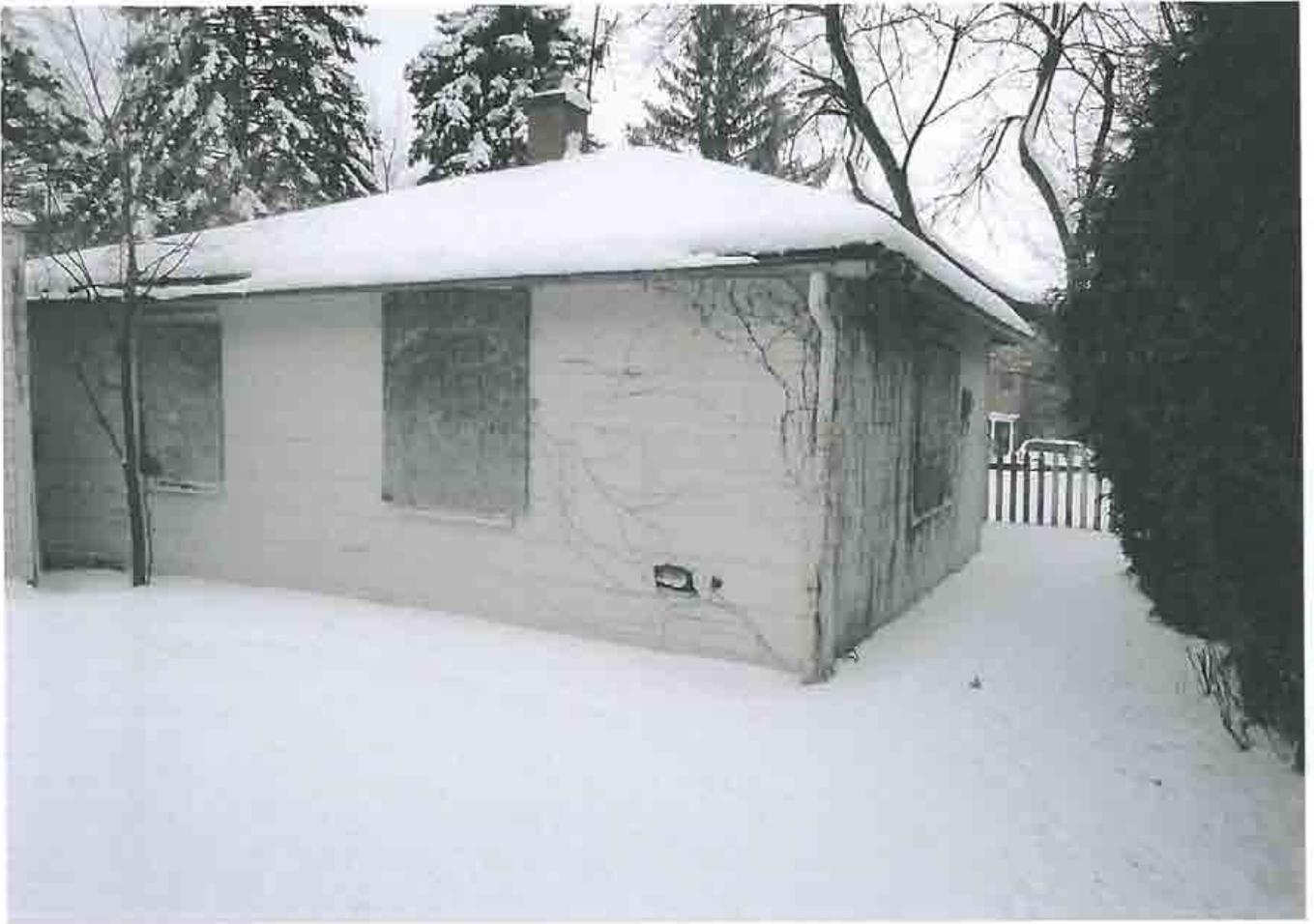
Source: City of Highland Park

53 YEARS OF RELIABILITY

PLUMBING INC

Heating Cooling

Attachment G
Photos of Structure





Agenda Item 5

MEMORANDUM

Date: November 28, 2012

To: Housing Commissioners

From: Mary Cele Smith, Housing Planner

RE: Consideration of Revisions to Inclusionary Housing Ordinance

The need to revise the Inclusionary Housing Ordinance emerged from the discussions regarding the recommendations for a Condominium Conversion Ordinance. The revisions now under discussion fall into the following categories:

- Reducing the affordable unit percentage to ten percent for condominium conversions with no more than nineteen units. The rationale is the recognition that in a simple conversion, a developer would not be able to avail themselves of the density bonus. Previous Commission discussion included the suggestion to apply this reduced standard to rental projects and possibly new condo developments as well. It is not clear, however, that it is any more difficult for new multifamily projects to obtain the density bonus compared to single family developments.
- Permitting developers of condo conversions to pay the fee-in-lieu. Again, the previous discussions included the idea of permitting this for rental projects and perhaps new condo developments. The argument against extending the fee in lieu to all covered multifamily developments under twenty units is that it is contrary to the “intent and preference of this Article ...for the provision of permanently affordable housing units constructed on-site and privately produced, owned, and managed.” (Section 150.2100 Policy, page 2)
- Establishing additional provisions for quality assurance for the affordable housing units:
 - **Energy-efficiency audits.** One of the questions that emerged from the discussion was who should pay for these: should the developer be expected to bear the cost or should the Housing Commission provide the funds?
 - **Developer warranties** for major mechanical systems and appliances for 1 year from the transfer of title.
 - **Escrow** of one percent of the sales price of each affordable housing unit to cover warranties.
 - **Building inspections** to insure that the affordable housing units meet City Code and the requirements of the Inclusionary Housing Ordinance.

One question I have about these requirements, if recommended, is whether they should apply only to the initial sale. City policy is that there are no required building inspections for the resale of existing market-rate housing.

Attached is a red-lined copy of the Inclusionary Housing Ordinance incorporating these draft revisions along with staff comments and questions.

ARTICLE XXI. INCLUSIONARY HOUSING

SECTION

- 150.2100 Policy
- 150.2101 Covered Development Projects
- 150.2102 Percentage of Affordable Housing Units Required (with amendments)
- 150.2103 Application and Inclusionary Housing Plan
- 150.2104 Development Agreement and Other Documents (with amendments)
- 150.2105 Development Cost Off-Sets
- 150.2106 Density Bonuses
- 150.2107 Integration of Affordable Housing Units
- ~~XXXX~~ Quality Assurance for Affordable Housing Units
- 150.2108 Alternative to On-Site Affordable Housing Units
- 150.2109 Target Income Levels for Affordable Housing Units
- 150.2110 Eligibility of Households
- 150.2111 Marketing of the Affordable Housing Units
- 150.2112 Period of Affordability
- 150.2113 Affordability Controls
- 150.2114 Departures from Requirements
- 150.2115 Administrative Guidelines

Sec. 150.2100 Policy.

The purpose of this Article is to promote the public health, safety, and welfare by promoting housing of high quality located in neighborhoods throughout the community for households of all income levels, ages and sizes in order to meet the City's goal of preserving and promoting a culturally and economically diverse population in the City. Based upon the review and consideration of reports and analyses of the housing situation in the City, it is apparent that the diversity of the City's housing stock has declined as a result of increasing property values and housing costs and a reduction in the availability of affordable housing; that demolition of certain existing dwellings has led to a reduction in the diversity of the City's housing stock and affordable housing opportunities, and that subsequent redevelopment has in many cases contributed to property value increases that further the difficulty of providing affordable housing in the City; and that, with the exception of housing developed in partnership with the City or its Housing Commission, the privately developed new residential housing that is being built in the City generally is not affordable to low- and moderate-income households. The City recognizes the need to provide affordable housing to low- and moderate-income households in order to maintain a diverse population and to provide housing for those who live or work in the City. Without intervention, the trend toward increasing housing prices will result in an inadequate supply of affordable housing for City residents and local employees, which will have a negative impact upon the ability of local employers to maintain an adequate local work force and will otherwise be detrimental to the public health, safety, and welfare of the City and its residents. Since the remaining land appropriate for new residential development within the City is limited, it is essential that a reasonable proportion of such land be developed into housing units affordable to low- and moderate-income households and working families.

While this Article provides specific alternatives to the production of on-site affordable housing units, the intent and preference of this Article is for the provision of permanently affordable housing units constructed on-site and privately produced, owned, and managed.

The provisions of this Article may be supplemented by a set of Administrative Guidelines adopted pursuant to Section 150.2115 of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Sec. 150.2101 Covered Development Projects.

(A) General. The provisions of this Article shall apply to all developments that result in or contain five or more residential dwelling units. The types of development subject to the provisions of this Article include, but are not limited to, the following:

(1) A development that is new residential construction or new mixed-use construction with a residential component.

(2) A development that is the renovation or reconstruction of an existing multiple family residential structure that increases the number of residential units from the number of units in the original structure.

(3) A development that will change the use of an existing building from non-residential to residential or that will change the type of residential use. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(4) A development that includes the conversion of rental property to private ownership of individual housing units. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) Development on Multiple Parcels. For purposes of this Article, a development that occurs on adjacent parcels under common ownership shall be considered one development. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Sec. 150.2102 Percentage of Affordable Housing Units Required.

(A) General Requirement. Except as otherwise specifically provided in Subsection (C) below and Section 150.2108 of this Article and in developments that include the conversion of rental property to private ownership of individual housing units, 20 percent of the total number of residential units within any covered development shall be affordable housing units and shall be located on the site of the covered development. For developments that include the conversion of rental property to private ownership of individual housing units and that have no more than nineteen units, 10 percent of the total number of residential units shall be affordable housing units and shall be located on the site of the covered development. [Question: does the Housing Commission wish to add rental developments or new condo projects to this exception? It should be noted that new developments might be better able to incorporate density bonuses available as mitigation for the provision of affordable units.]

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(B) Calculation. To calculate the number of affordable housing units required in a covered development, the total number of proposed units shall be multiplied by ~~20~~ 20 percent with the exception of a development that includes the conversion of rental property to private ownership with no more than nineteen units. For this exception, the total number of proposed shall be multiplied by 10 percent. If the product includes a fraction, a fraction of .5 or more shall be rounded up, and a fraction of less than .5 shall be rounded down.

(C) Cash Payment In-Lieu of Housing Units.

(1) General Applicability. The applicant may make a cash payment in lieu of constructing some or all of the required affordable housing units if; ~~and only if,~~ the covered development ~~is a single family detached development that has no more than nineteen units.~~ [Note: This language assumes that permitting the fee-in-lieu would apply to rental projects and new condos as well as condo conversions. Staff realizes that this remains a matter for discussion.]

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(2) Amount and Use of Cash in Lieu. The per unit payment amount shall be determined by the City Council and set forth in the City's annual fee resolution. The per unit amount shall be based on an estimate of the cost of providing an affordable housing unit and shall be reviewed and modified periodically by the City Council. All cash payments received pursuant to this Article shall be deposited directly into the Affordable Housing Trust Fund for purposes authorized under Section 33.1133 of this Code. [Note: there was some discussion about setting a lower cash in lieu for condo conversions and rental developments. If that is the Commission's recommendation, it will require some thought regarding how to do this. Simply applying a percent (such as 75 or 50) to lower the fee could result in very low cash payments that are not reflective of market conditions if the City Council were to lower the cash in lieu payment overall. Moreover, if the payment in lieu is calculated on 10% of the units in condo conversions with fewer than nineteen units, this may be a sufficient reduction.]

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(3) Calculation. For purposes of determining the total in lieu payment amount, the per unit amount established by the City pursuant to Paragraph (C)(2) of this Section shall be multiplied by 20 percent of the number of units proposed in the covered development. For purposes of such calculation, if 20 percent of the number of proposed units results in a fraction, the fraction shall not be rounded up or down. If the cash payment is in lieu of providing one or more but not all of the required units, the calculation shall be prorated as appropriate. [Question: does the Commission wish to change the cash payment in lieu formula for condo conversions and rental developments (and possibly new condo developments) to 10%, mirroring the ten percent unit obligation for developments that have no more than nineteen units?]

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Sec. 150.2103 Application and Inclusionary Housing Plan.

(A) Application. For all covered development projects, the Applicant shall file an application for approval thereof on a form provided and required by the City. The application shall require, and the Applicant shall provide, among other things, general information about the nature and scope of the covered development, as well

as such other documents and information as the Director of the City's Department of Community Development, or his or her designee ("**Director**"), may require. The Director shall also have the authority to require, as part of the application submittal, such portions of the inclusionary housing plan required under Subsection (B) of this Section as the Director shall deem necessary to properly evaluate the proposed covered development under the requirements and provisions of this Article.

(B) Inclusionary Housing Plan. As part of the approval of a covered development project, the Applicant shall present to the Housing Commission and the City Council an inclusionary housing plan that outlines and specifies the covered development's compliance with each of the applicable requirements of this Article, in accordance with the following: **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(1) Required Submittals for Inclusionary Housing Plan. The plan shall specifically contain, at a minimum, the following information regarding the covered development project;

(a) Preliminary Plan.

(i) A general description of the development, including whether the development will contain rental units or individually owned units, or both;

(ii) The total number of market rate units and affordable units in the development;

(iii) The total number of attached and detached residential units; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(iv) The number of bedrooms in each market rate unit and each affordable unit;

(v) The square footage of each market rate unit and each affordable unit;

(vi) The location within any multiple-family residential structure and any single-family residential development of each market rate unit and each affordable unit.

(vii) Floor plans for each affordable unit; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(viii) The amenities that will be provided to and within each market rate unit and affordable unit; and **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(ix) The pricing for each market rate unit and each affordable housing unit.

(b) Final Plan.

(i) All of the information required for the preliminary Inclusionary Housing Plan pursuant to Section 150.2103(B)(1)(a) of this Article; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(ii) The phasing and construction schedule for each market rate unit and each affordable unit;

(iii) Documentation and plans regarding the exterior and interior appearances, materials, and finishes of the development and each of its individual units;

(iv) A description of the marketing plan that the applicant proposes to utilize and implement to promote the sale or rental of the affordable units within the development; and

(v) A description of the specific efforts that the applicant will undertake to provide affordable housing units to households pursuant to the priorities set forth in Section 150.2110 of this Article.

(2) Review Procedure.

(a) Preliminary Plan.

(i) Housing Commission Review. Within 60 days after the filing of a complete preliminary Inclusionary Housing Plan, the Housing Commission shall review the Inclusionary Housing Plan, and shall recommend either the approval (with or without modifications) or the rejection of the Inclusionary Housing Plan. The Housing Commission shall transmit its findings of fact and recommendation to the City Council. The failure of the Housing Commission to provide a recommendation within such 60 day period, or such further time to which the applicant may, in writing, agree, shall be deemed a recommendation against the approval of the Inclusionary Housing Plan. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(ii) City Council Consideration.

(A) Upon receipt of the Housing Commission recommendation pursuant to Section 150.2103(B)(2)(a)(i) of this Article, the City Council may, by resolution duly adopted, approve or reject the Preliminary Inclusionary Housing Plan. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) Approval of the preliminary Inclusionary Housing Plan by the City Council shall neither: (1) be deemed or interpreted as obligating the City Council to approve a final Inclusionary Housing Plan; nor (2) vest any right to the applicant other than the right to submit a final Inclusionary Housing Plan for the proposed Covered Development Project. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(b) Final Plan.

(i) Housing Commission Review. Within 60 days after the filing of a complete final Inclusionary Housing Plan, the Housing Commission shall review the Inclusionary Housing Plan, and shall recommend either the approval (with or without modifications) or the rejection of the Inclusionary Housing Plan. The Housing Commission shall transmit its findings of fact and recommendation to the City Council. The failure of the Housing Commission to provide a recommendation within such 60 day period, or such further time to which the applicant may, in writing, agree, shall be deemed a recommendation against the approval of the Inclusionary Housing Plan. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(ii) City Council Consideration. Upon receipt of the Housing Commission recommendation pursuant to Section 150.2103(B)(2)(b)(i) of this Article, the City Council may, by ordinance duly adopted, approve or reject the Inclusionary Housing Plan. Any ordinance approving a final Inclusionary Housing Plan shall include, without limitation, the following: **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(A) All standards, conditions, or restrictions deemed necessary or applicable by the City Council to effectuate the proposed development and protect the public interest, health, safety and welfare; and **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) A provision requiring the execution and recordation by the applicant of a development agreement, as required pursuant to Section 150.2104 of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(c) Concurrent Review of Preliminary and Final Plans. Notwithstanding any provision of this Article to the contrary, the Housing Commission and City Council shall review the preliminary and final Inclusionary Housing Plans concurrently for all Covered Development Projects that are not Planned Developments, pursuant to the final Inclusionary Housing Plan review procedure set forth in Section 150.2103(B)(2)(b) of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(3) Standards of Review. The Housing Commission shall not recommend the approval of a preliminary or final Inclusionary Housing Plan, and the City Council shall not approve a preliminary or final Inclusionary Housing Plan, except upon making the following findings: **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(a) That the applicant has demonstrated that the proposed affordable housing units are designed to accommodate the needs of the target households; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(b) That the location, floor plan, fixtures and finishes, and amenities of each proposed affordable housing unit satisfy the applicable provisions of this Article and are suitable for the needs of the target households; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(c) That each affordable housing unit is designed to accommodate family living needs for common space and dining areas; and **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(d) That the proposed affordable housing units, and the development as a whole, conform to the applicable standards and requirements of this Chapter. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Sec. 150.2104 Development Agreement and Other Documents.

Prior to issuance of a building permit for any covered development, the applicant shall have entered into a development agreement with the City regarding the specific requirements and restrictions regarding affordable housing and the covered development. The applicant shall execute any and all documents deemed necessary by the City, including without limitation, restrictive covenants and other related instruments, to ensure the continued affordability of the affordable housing units in accordance with this Article. The development agreement shall set forth the commitments and obligations of the City and the applicant and shall incorporate,

among other things, the inclusionary housing plan and quality assurance requirements. The development agreement shall also contain the agreements and decisions regarding the applicability of any one or more of the alternatives to the provision of on-site affordable housing units as set forth in Section 150.2108 of this Article.

Sec. 150.2105 Development Cost Off-Sets.

An applicant that fully complies with the requirements of this Article shall, upon written request, receive from the City, with regard to the affordable housing units in the covered development, a waiver of all of the otherwise applicable application fees, building permit fees, plan review fees, inspection fees, sewer and water tap-on fees, demolition permit fees, the demolition tax, and such other development fees and costs which may be imposed by the City; provided, however, that this waiver shall not apply to third-party legal, engineering, and other consulting or administrative fees, costs, and expenses incurred or accrued by the City in connection with the review and processing of plans for the covered development. The waiver of fees and costs under this Section shall only apply to the affordable units. All applicable fees and costs under this Code shall apply to all market rate units. To the extent that there are impact fees attributable to the affordable housing units, those impact fees shall be paid from funds in the Affordable Housing Trust Fund. (Ord. 45-07, J. 33, p. 251-253, passed 6/11/07)

Sec. 150.2106 Density Bonuses.

(A) Bonus Units for Affordable Housing Provided. For all covered developments under this Article, a density bonus shall be provided equal to one market rate unit for each affordable housing unit that is required and provided under this Article. The density bonus set forth in this Section 150.2106(A) shall be provided regardless of whether the affordable housing unit or units are provided on-site pursuant to Section 150.2102 of this Article, or off-site pursuant to Section 150.2108(B)(3) of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) PUD Discretionary Bonus. If an applicant is required or chooses to utilize the Planned Unit Development process as outlined in Article V of this Chapter and provides affordable housing units on the site of the covered development in accordance with this Article, then the applicant may, as part of the Planned Unit Development process, seek a density bonus in addition to the density bonus authorized under Subsection (A) of this Section. The additional density bonus under this Subsection may be authorized up to 0.5 market rate units for each affordable housing unit required under this Article that is provided within the Development, but only upon the recommendation of the Plan Commission and the approval of the City Council, in accordance with and pursuant to the standards and procedures for Planned Developments, as set forth in Article V of this Chapter. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(C) No Density Bonuses with Payment of Fee-In-Lieu. No density bonus shall be provided pursuant to this Section 150.2106 for any development for which a cash payment in lieu of construction of the required affordable units is made pursuant to Section 150.2103 of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Sec. 150.2107 Integration of Affordable Housing Units.

(A) Location of Affordable Housing Units. Affordable housing units shall be dispersed among the market rate units throughout the covered development.

(B) Phasing of Construction. The inclusionary housing plan and the development agreement shall include a phasing plan that provides for the timely and integrated development of the affordable housing units as the covered development project is built out. The phasing plan shall provide for the development of the affordable housing units concurrently with the market rate units. Building permits shall be issued for the covered development project based upon the phasing plan. The phasing plan may be adjusted by the Director when necessary in order to account for the different financing and funding environments, economies of scale, and infrastructure needs applicable to development of the market rate and the affordable housing units. The phasing plan shall also provide that the affordable housing units shall not be the last units to be built in any covered development.

(C) Exterior Appearance. The exterior appearance of the affordable housing units in any covered development shall be visually compatible with the market rate units in the development. External building materials and finishes shall be substantially the same in type and quality for affordable housing units as for market rate units.

(D) Unit Amenities: Amenities that are provided with a market rate unit shall also be provided, with the affordable units. For purposes of this Subsection (D), “amenities” shall include, without limitation, basements, front porches, storage lockers, balconies, roof decks, outdoor patios, off-street parking, enclosed parking, appliances, and similar unit features and additions. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(E) Interior Appearance and Finishes. Affordable housing units may differ from market rate units with regard to interior finishes and gross floor area, provided that:

(1) The bedroom mix of affordable units shall be in equal proportion to the bedroom mix of the market rate units.

(2) The differences between the affordable housing units and the market rate units shall not include improvements related to energy efficiency, including mechanical equipment and plumbing, insulation, windows, and heating and cooling systems.

(3) The interior gross floor area for the affordable housing units shall be no less than the lesser of (a) 75 percent of the gross floor area of market rate units with a comparable number of bedrooms, or (b) the minimum size requirements outlined in the table below; provided, however, that interior gross floor area shall not include areas devoted to vertical circulation, basements, off-street parking, lockers and similar storage areas, and mechanical rooms. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Number of Bedrooms	Unit Type	
	Single Story Dwelling Units	Multi-Story Dwelling Units
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

(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)

Sec. XXXX Quality Assurance for Affordable Housing Units

(A) Energy-efficiency Audit of Affordable Housing Units. Prior to issuance of a certificate of occupancy, an energy-efficiency audit must be conducted for the affordable housing units, and any defect identified in the audit must be corrected. The cost for the energy –efficiency audit by a licensed or certified auditor shall be paid from funds in the Affordable Housing Trust Fund. [Note: staff recalls this suggestion from previous Meeting, so placed here for additional discussion.] Correction of any defect identified in the energy-efficiency audit is the responsibility of the seller. The seller shall submit proof of remediating any defects to the Director of Community Development or their designee [or to the Building Department?].

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(B) Inspection of Affordable Housing Units. Prior to issuance of a certificate of occupancy, the Building Department will inspect all affordable housing units to insure compliance with City Code and compliance with Section 150.2107.

(C) Warranties for Affordable Housing Units. The seller must provide a warranty for major mechanical systems and appliances for one year from the date of transfer of title.

(D) Escrow. The seller must provide an escrow of one percent of the sales price of each affordable housing unit sold in order to insure payment of the warranties.

[Question: Should these requirements only apply to the initial sale?]

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Sec. 150.2108 Alternatives to On-Site Affordable Housing Units.

(A) Applicability. In lieu of the provision of affordable housing on the site of the covered development as otherwise required by Section 150.2102 of this Article, the City Council, following consideration by and a recommendation from the Housing Commission, may approve one or more of the three alternatives for affordable housing as set forth in Subsection B of this Section. Utilization and the requirements of the provisions of this Section shall be specifically set forth in the affordable housing development agreement for the covered development. This Section shall not be utilized unless the applicant demonstrates to the satisfaction of

the City Council that the alternate means of compliance will further affordable housing opportunities in the City to an equal or greater extent than compliance with the otherwise applicable on site requirements of this Article.

(B) Available Alternatives. Any one or more of the following affordable housing alternatives may be utilized in lieu of all or part of the otherwise applicable on site requirements set forth in Section 150.2102 of this Article: **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(1) A cash payment to be deposited directly into the Affordable Housing Trust Fund for purposes authorized under Section 33.1133 of this Code in an amount not less than the per unit payment established pursuant to Section 150.2102(C)(2) of this Article; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(2) A dedication of land to the Highland Park Housing Commission or the Commission's not-for-profit designee; or

(3) The provision of affordable housing units at another site within the City.

Sec. 150.2109 Target Income Levels for Affordable Housing Units.

(A) For-Sale Affordable Housing Units. In covered development projects that contain for-sale units, at least one affordable housing unit and no less than 50 percent of the affordable housing units shall be sold to low-income households at a price, as determined pursuant to Subsection (C) of this Section, that, on average, is affordable to a household with an annual income that is 65 percent of area median income. Any remaining affordable units shall be sold to moderate-income households at a price, as determined pursuant to Subsection (C) of this Section, that, on average, is affordable to a household with an annual income that is 100 percent of area median income. The owner shall execute and record any documents required by Section 150.2104 of this Article to ensure compliance with this Subsection.

(B) Rental of Affordable Housing Units. In covered development projects that contain rental units: (i) no less than 33 percent of the affordable housing units shall be rented or leased to households with gross incomes from zero percent to 50 percent of the Chicago area median income at a price, as determined pursuant to Subsection (C) of this Section, that, on average, is affordable to a household with an annual income that is 45 percent of area median income; (ii) no less than 33 percent of the affordable housing units shall be rented or leased to households with gross incomes between 51 percent and 80 percent of the Chicago area median income at a price, as determined pursuant to Subsection (C) of this Section, that, on average, is affordable to a household with an annual income that is 65 percent of area median income; and (iii) no more than 33 percent of the affordable housing units shall be rented or leased to households with gross incomes between 81 percent and 120 percent of the Chicago area median income at a price, as determined pursuant to Subsection (C) of this Section, that, on average, is affordable to a household with an annual income that is 100 percent of area median income. If fewer than three affordable units will be provided, such units shall be rented or leased to low-income households at a price, as determined pursuant to Subsection (C) of this Section, that

does not exceed what is affordable to a household with an annual income that is 65 percent of area median income.

(C) Pricing Schedule. The City, through the Director of Community Development, shall publish a pricing schedule of rental and sales prices for affordable housing units (“Pricing Schedule”), which Pricing Schedule shall be updated at least once every 12 months. The Director of Community Development may, in his or her discretion, include the Pricing Schedule within administrative guidelines adopted pursuant to Section 150.2115 of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Sec. 150.2110 Eligibility of Households.

(A) For-Sale Affordable Housing Units. Only eligible households shall be permitted to purchase an affordable housing unit for purposes of this Article. Priority will be given first to households who live in Highland Park or households in which the head of the household or the spouse or domestic partner works in Highland Park as part of employment by 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, and then to households in which the head of the household or the spouse or domestic partner works in Highland Park for any other employer. At the applicant’s request, the City or its not-for-profit designee shall select eligible households for the affordable housing units at an additional charge to the applicant at an amount to be determined by the City. If, during possession, the gross income of the eligible household increases above the eligible income levels, set forth in Section 150.2109 of this Article, the eligible household may continue to own the affordable housing unit. The owner shall execute and record any documents required by Section 150.2104 of this Article to ensure compliance with this Subsection. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) Rental Affordable Housing Units. Only eligible households shall be permitted to rent an affordable housing unit for purpose of this Article. Priority will be given first to households who live in Highland Park or households in which the head of the household or the spouse or domestic partner works in Highland Park as part of employment by 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, or the South Lake County Mosquito Abatement District, and then to households in which the head of the household or the spouse or domestic partner works in Highland Park for any other employer. At the applicant’s request, the City or its not-for-profit designee shall select eligible households for the affordable housing units at an additional charge to the applicant at an amount to be determined by the City. If, during possession, the gross income of the eligible household increases above the eligible income levels, set forth in Section 150.2109 of this Article, the eligible household may continue to lease the unit and may renew the lease as well. The owner shall execute and record any documents required by Section 150.2104 of this

Article to ensure compliance with this Subsection. (Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)

Sec. 150.2111 Marketing of the Affordable Housing Units.

(A) Good Faith Marketing Required. All sellers and lessors of affordable units are responsible for marketing the affordable units, and shall engage in good faith marketing efforts to inform members of the public who are qualified to purchase or rent affordable units of the availability of such units for sale or rent. Prior to the initiation of public marketing efforts to sell or lease an affordable housing unit, the seller or lessor thereof shall submit to the Director of Community Development a description of the marketing plan that the applicant proposes to utilize and implement to promote the sale or rental of the affordable units within the development to the appropriate income groups. (Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)

(B) City Assistance with Marketing. At the applicant's request, the City or its designee shall assist the applicant in marketing the affordable housing units to eligible households, for an additional charge to be determined by the City. (Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)

Sec. 150.2112 Period of Affordability.

(A) Sale of Affordable Housing Units. In covered developments that contain for-sale units, affordable housing units shall be resold to low and moderate income households in perpetuity or as long as permissible by law. The owner shall execute and record any documents required by Section 150.2104 of this Article to ensure compliance with this Subsection.

(B) Rental of Affordable Housing Units. In developments that contain rental units, affordable housing units shall be rented to low and moderate income households in accordance with Section 150.2110 of this Article for 25 years from the date of the issuance of the certificate of occupancy for the respective unit. The owner shall execute and record any documents required by Section 150.2104 of this Article to ensure compliance with this Subsection.

(1) In the event that the owner of a covered rental development sells the development before the end of the 25-year affordability period, the new owner shall be required to continue to provide the affordable housing units in accordance with Section 150.2110 of this Article for the remainder of the 25-year period.

(2) If the owner of a covered rental development converts the development to condominiums or other form of individual unit ownership, the development shall be subject to the for-sale development requirements set forth in Subsection 150.2109(A) of this Article. (Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)

(3) The Housing Commission or its designee shall have the right, but not the obligation, to purchase any for-sale affordable housing units in the development pursuant to Section 150.2113 of this Article.

Sec. 150.2113 Affordability Controls.

(A) For-Sale Affordable Housing Units.

(1) Housing Commission Purchases. The Housing Commission, or a not-for-profit agency designated by the Housing Commission, shall have the pre-emptive option and right, but not an obligation, to purchase each of the for-sale affordable housing units prior to any sale of any such unit. If the City, or the designated not-for-profit, exercises the option and purchases the affordable housing unit, the affordable housing unit shall be subject to such documents deemed necessary by the City, including, without limitation, restrictive covenants and other related instruments, to ensure the continued affordability of the affordable housing units in accordance with this Article. Such documentation shall include the provisions of this Article and shall provide, at a minimum, each of the following: **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(a) The calculated maximum resale price is an upper limit, but shall not be construed as a guarantee that the unit will be resold at that price. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(b) Market conditions, and characteristics of the affordable housing unit, may result in the sale of an affordable housing unit at a price lower than the calculated maximum resale price. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(2) Private Party Purchases. In all other sales of for-sale affordable housing units, the parties to the transaction shall execute and record such documentation as required by Section 150.2104 of this Article to ensure the provision and continuous maintenance of the affordable housing units. Such documentation shall include the provisions of this Article and shall provide, at a minimum, each of the following:

(a) The affordable housing unit shall be sold to and occupied by an eligible household.

(b) The affordable housing unit shall be conveyed subject to restrictions that shall permanently maintain the affordability of such affordable housing units for eligible households.

(c) Preference for the affordable housing units shall be given to eligible households pursuant to the priorities set forth in Section 150.2110 of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(d) The calculated maximum resale price is an upper limit, but shall not be construed as a guarantee that the unit will be resold at that price. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(e) Market conditions, and characteristics of the affordable housing unit, may result in the sale of an affordable housing unit at a price lower

than the calculated maximum resale price. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) Rental Affordable Housing Units. For covered rental developments that contain affordable housing units, the owner of the development shall execute and record such documentation as required by Section 150.2104 of this Article to ensure the provision and continuous maintenance of the affordable housing units. Such documentation shall include the provisions of this Article and shall provide, at a minimum, each of the following:

(1) The affordable housing units must be leased and occupied by eligible households.

(2) The affordable housing units must be leased at rent levels affordable to eligible households for a period of 25 years from the date of the initial certificate of occupancy.

(3) Preference for the affordable housing units shall be given to eligible households pursuant to the priorities set forth in Section 150.2110 of this Article.

(4) The calculated maximum rental price is an upper limit, but shall not be construed as a guarantee that the unit will be rented at that price. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(5) Market conditions, and characteristics of the affordable housing unit, may result in the rental of an affordable housing unit at a price lower than the calculated maximum rental price. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(C) Subleasing Prohibited. Subleasing of affordable units shall not be permitted without the express written consent of the Director. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Section 150.2114 Departures from Requirements.

The Housing Commission may recommend, and the City Council may approve, departures from any of the standards set forth in this Article, upon making each of the following findings: **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(A) Due to specific and unique circumstances, undue hardship would be caused by the literal enforcement of the standards and requirements set forth in this Article; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) By virtue of excellence in design, the proposed departure from the standards does not result in a diminished or lower quality affordable dwelling unit, but provides a functionally equivalent dwelling unit; and **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(C) The proposed affordable housing units otherwise meet the purpose and intent of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Section 150.2115 Administrative Guidelines.

The City Director of Community Development shall have the right, but not the obligation, to adopt, and to amend from time to time, administrative guidelines to assist in the effective implementation of this Article by participants in the Inclusionary Housing Program; provided, however, that any administrative guidelines adopted or amended pursuant to this Section 150.2115 shall not be inconsistent with this Article, and that in the event of a conflict between the administrative guidelines and this Article, this Article shall control **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(Article 21 added by Ord. 52-03, J. 29, p. 174-185, passed 8/25/03)

FRANK B. PEERS HOUSING

Balance Sheet

Month Ending 01/31/13

ASSETS

Current Assets

1110-0000 - Petty Cash	300.00
1121-0000 - Cash - Operating	6,623.49
1130-0000 - Tenant/member accounts receivable	480.00
1131-0000 - Accounts receivable - subsidy	58,755.00
1240-0000 - Prepaid property and liability insurance	10,183.04
Total Current Assets	<u>76,341.53</u>

Other Assets

1290-0000 - Misc Prepaid Expenses	710.19
1192-0000 - Tenant Sec Dep	20,828.14
1310-0000 - Real estate tax escrow	109,667.29
1311-0000 - Insurance escrow	20,042.95
1330-0000 - Debt Service Escrow	138,749.66
1140-0000 - Accounts Receivable - Other	3,284.36
1320 - Replacement Reserve	141,766.73
1340 - Residual Receipt	31,874.46
Total Other Assets	<u>466,923.78</u>

Fixed Assets

1420-0000 - Building	1,848,860.15
1420-0001 - Building Improvements	97,993.87
1430-0000 - Land Improvements	1,638,303.39
1450-0000 - Furniture for project/tenant use	507,019.34
1497-0000 - Site improvements	172,218.77
4120-0000 - Accum depr - buildings	(3,131,499.64)
Total Fixed Assets	<u>1,132,895.88</u>

Financing Costs

1900-0001 - Deferred Financing Costs	192,398.85
1999-0000 - Accum Amort - Bond Costs	(57,387.22)
Total Financing Costs	<u>135,011.63</u>

Partnership Assets

1701-0000 - Cash - Partnership	12,892.66
1702-0000 - Partnership MM	2,123,347.25
1703-0000 - Partnership Receivable	267,013.69
Total Partnership Assets	<u>2,403,253.60</u>

Total Assets

4,214,426.42

FRANK B. PEERS HOUSING

Balance Sheet

Month Ending 01/31/13

Liabilities & Equity

Current Liabilities

2110-0000 - Accounts payable	10,188.28
2113-0000 - Flex Benefit Payable	7.92
2120-0000 - Accrued wages and p/r taxes payable	3,206.52
2150-0000 - Accrued property taxes	103,140.00
2180-0000 - Misc current liabilities	9,549.61
Total Current Liabilities	126,092.33

Non-Current Liabilities

2190-0000 - Sec. Dep. In Transit	25.00
2191-0000 - Security deposits-residential	16,016.00
2191-0001 - Pet Deposit	895.00
2210-0000 - Prepaid Rent	298.00
2211-0000 - Prepaid HUD	36,759.00
2320-1000 - Mortgage payable - 2nd note	2,290,000.00
2320-0000 - Mortgage Payable (long term)	1,870,376.52
Total Non-Current Liabilities	4,214,369.52

Owner's Equity

3100-0000 - Limited Partners Equity	2,402,918.63
3209-0000 - Prior Year Retained Earnings	(2,601,328.52)
3210-0000 - Retained earnings	48,221.46
Current YTD Earnings	24,153.00
Total Owner's Equity	(126,035.43)

Total Liability & Owner Equity

4,214,426.42

FRANK B. PEERS HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 01/31/13			Year To Date 01/31/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
GROSS OPERATING INCOME							
RESIDENTIAL RENTAL INCOME							
5120-0000 - Apartment rent	20,444.00	36,910.00	(16,466.00)	20,444.00	36,910.00	(16,466.00)	442,920.00
5121-0000 - Tenant assistant payments	63,504.00	46,976.00	16,528.00	63,504.00	46,976.00	16,528.00	563,712.00
5140-0000 - Commercial base rent	484.66	60.00	424.66	484.66	60.00	424.66	720.00
TOTAL RESIDENTIAL RENTAL INCOME	84,432.66	83,946.00	486.66	84,432.66	83,946.00	486.66	1,007,352.00
VACANCIES & ADJUSTMENTS							
5220-0000 - Vacancy loss - apartments	(3,649.00)	(2,468.00)	(1,181.00)	(3,649.00)	(2,468.00)	(1,181.00)	(22,212.00)
5221-0000 - Non-Revenue Units	(1,243.00)	(1,234.00)	(9.00)	(1,243.00)	(1,234.00)	(9.00)	(14,808.00)
TOTAL VACANCIES & ADJUSTMENTS	(4,892.00)	(3,702.00)	(1,190.00)	(4,892.00)	(3,702.00)	(1,190.00)	(37,020.00)
OTHER INCOME							
5910-0000 - Laundry income	448.00	205.00	243.00	448.00	205.00	243.00	2,460.00
5922-0000 - Late fees	0.00	5.00	(5.00)	0.00	5.00	(5.00)	60.00
5945-0000 - Damages	0.00	50.00	(50.00)	0.00	50.00	(50.00)	600.00
5990-0000 - Misc other income	0.00	0.00	0.00	0.00	0.00	0.00	600.00
5413-0000 - Interest income - escrow	0.00	2.00	(2.00)	0.00	2.00	(2.00)	24.00
TOTAL OTHER INCOME	448.00	262.00	186.00	448.00	262.00	186.00	3,744.00
GROSS OPERATING INCOME	79,988.66	80,506.00	(517.34)	79,988.66	80,506.00	(517.34)	974,076.00
ADVERTISING & RENTING EXPENSE							
6213-0000 - Employee Recruitment	40.19	25.00	(15.19)	40.19	25.00	(15.19)	300.00
6253-0000 - Credit Report Fees	0.00	30.00	30.00	0.00	30.00	30.00	360.00
TOTAL ADVERTISING & RENTING EXPENSE	40.19	55.00	14.81	40.19	55.00	14.81	660.00
ADMINISTRATIVE EXPENSE							
6311-0000 - Office supplies	498.52	225.00	(273.52)	498.52	225.00	(273.52)	2,700.00
6316-0000 - Office Equipment	167.79	405.00	237.21	167.79	405.00	237.21	4,860.00
6320-0000 - Management fee	3,865.23	4,167.00	301.77	3,865.23	4,167.00	301.77	50,004.00
6340-0000 - Legal Expense - Project	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00
6350-0000 - Audit Expense	0.00	2,283.00	2,283.00	0.00	2,283.00	2,283.00	13,700.00
6360-0000 - Telephone	681.67	750.00	68.33	681.67	750.00	68.33	9,000.00
6360-0001 - Answering Service/ Pagers	60.89	61.00	0.11	60.89	61.00	0.11	732.00
6365-0000 - Training & Education Expense	0.00	125.00	125.00	0.00	125.00	125.00	1,500.00
6370-0000 - Bad debts	0.00	417.00	417.00	0.00	417.00	417.00	5,004.00
6380-0000 - Consulting/study costs	0.00	250.00	250.00	0.00	250.00	250.00	3,000.00
6385-0000 - Temporary Help	0.00	84.00	84.00	0.00	84.00	84.00	1,008.00
6390-0000 - Misc administrative expenses	821.20	184.00	(637.20)	821.20	184.00	(637.20)	2,208.00
6390-0002 - Computer Supplies/Data Processing	230.69	150.00	(80.69)	230.69	150.00	(80.69)	1,800.00
6395-0000 - Tenant Retention	648.28	500.00	(148.28)	648.28	500.00	(148.28)	7,000.00
6431-0000 - Travel & Expense Reimbursement	492.57	170.00	(322.57)	492.57	170.00	(322.57)	2,040.00
6860-0000 - Security Deposit Interest	(0.53)	0.00	0.53	(0.53)	0.00	0.53	0.00
TOTAL ADMINISTRATIVE EXPENSE	7,466.31	9,871.00	2,404.69	7,466.31	9,871.00	2,404.69	105,756.00
PAYROLL & RELATED COSTS							
6310-0000 - Office salaries	5,317.96	4,752.00	(565.96)	5,317.96	4,752.00	(565.96)	63,145.00
6510-0000 - Janitor and cleaning payroll	2,539.48	2,468.00	(71.48)	2,539.48	2,468.00	(71.48)	32,120.00
6540-0000 - Repairs payroll	2,854.71	2,144.00	(710.71)	2,854.71	2,144.00	(710.71)	27,903.00

FRANK B. PEERS HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 01/31/13			Year To Date 01/31/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6900-0000 - Social Service Coordinator	0.00	1,389.00	1,389.00	0.00	1,389.00	1,389.00	17,093.00
6715-0000 - Payroll Taxes	1,801.98	2,162.00	360.02	1,801.98	2,162.00	360.02	14,198.00
6722-0000 - Workers compensation	271.25	275.00	3.75	271.25	275.00	3.75	3,300.00
6723-0000 - Employee health insurance	1,629.14	550.00	(1,079.14)	1,629.14	550.00	(1,079.14)	6,894.00
6724-0000 - Union Benefits	0.00	1,200.00	1,200.00	0.00	1,200.00	1,200.00	14,415.00
6726-0001 - Contingency	0.00	235.00	235.00	0.00	235.00	235.00	5,504.00
TOTAL PAYROLL & RELATED COSTS	14,414.52	15,175.00	760.48	14,414.52	15,175.00	760.48	184,572.00
OPERATING EXPENSES							
6515-0000 - Janitors and cleaning supplies	394.17	300.00	(94.17)	394.17	300.00	(94.17)	3,600.00
6516-0000 - Bulbs & Tubes	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00
6517-0000 - Outside Cleaning Service	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00
6518-0000 - Uniforms	0.00	500.00	500.00	0.00	500.00	500.00	500.00
6519-0000 - Exterminating Contract	210.00	110.00	(100.00)	210.00	110.00	(100.00)	1,320.00
6525-0000 - Rubbish removal	317.84	310.00	(7.84)	317.84	310.00	(7.84)	3,720.00
6490-0000 - Misc operating expenses	0.00	50.00	50.00	0.00	50.00	50.00	600.00
TOTAL OPERATING EXPENSES	922.01	1,370.00	447.99	922.01	1,370.00	447.99	12,440.00
UTILITIES							
6450-0000 - Electricity	1,730.29	1,800.00	69.71	1,730.29	1,800.00	69.71	21,600.00
6451-0000 - Water	(4,603.58)	950.00	5,553.58	(4,603.58)	950.00	5,553.58	11,400.00
6452-0000 - Gas	2,681.19	2,000.00	(681.19)	2,681.19	2,000.00	(681.19)	16,000.00
TOTAL UTILITIES	(192.10)	4,750.00	4,942.10	(192.10)	4,750.00	4,942.10	49,000.00
MAINTENANCE EXPENSES							
6536-0000 - Ground supplies	0.00	292.00	292.00	0.00	292.00	292.00	3,504.00
6537-0000 - Grounds Contractor (Landscaper)	0.00	0.00	0.00	0.00	0.00	0.00	5,200.00
6541-0000 - Repair materials (general supplies)	36.80	560.00	523.20	36.80	560.00	523.20	6,720.00
6541-0001 - Appliance Parts	167.91	50.00	(117.91)	167.91	50.00	(117.91)	600.00
6541-0002 - Plumbing Supplies	270.45	100.00	(170.45)	270.45	100.00	(170.45)	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	24.56	50.00	25.44	24.56	50.00	25.44	600.00
6541-0005 - Hand Tools	0.00	300.00	300.00	0.00	300.00	300.00	300.00
6541-0006 - Expendable Tools	0.00	400.00	400.00	0.00	400.00	400.00	400.00
6541-0007 - Safety Equipment	0.00	50.00	50.00	0.00	50.00	50.00	600.00
6541-0009 - Window Supplies	0.00	200.00	200.00	0.00	200.00	200.00	200.00
6541-0010 - Carpentry/Hardware	294.55	50.00	(244.55)	294.55	50.00	(244.55)	600.00
6545-0000 - Elevator Contractor (Annual Maintenance Contract)	0.00	290.00	290.00	0.00	290.00	290.00	3,480.00
6546-0000 - Heating/Cooling Contractor	0.00	213.00	213.00	0.00	213.00	213.00	2,556.00
6548-0000 - Snow removal	0.00	2,608.00	2,608.00	0.00	2,608.00	2,608.00	15,648.00
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	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	208.00	208.00	0.00	208.00	208.00	2,496.00
6580-0000 - Equipment repairs	0.00	0.00	0.00	0.00	0.00	0.00	500.00
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	400.00	400.00	0.00	400.00	400.00	4,800.00
6582-0001 - Fire Safety Equipment	0.00	500.00	500.00	0.00	500.00	500.00	6,000.00
6590-0000 - Miscellaneous Repair	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00
6591-0000 - Electrical Repairs	0.00	300.00	300.00	0.00	300.00	300.00	3,600.00
6592-0000 - Boiler Repairs	656.43	500.00	(156.43)	656.43	500.00	(156.43)	6,000.00

FRANK B. PEERS HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 01/31/13			Year To Date 01/31/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6594-0000 - Carpentry Repairs	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00
6595-0000 - Plumbing Repairs	608.00	790.00	182.00	608.00	790.00	182.00	9,480.00
6596-0000 - Floor Repairs/Cleaning	0.00	150.00	150.00	0.00	150.00	150.00	1,800.00
6598-0000 - Roof Repairs	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00
TOTAL MAINTENANCE EXPENSES	<u>2,058.70</u>	<u>9,536.00</u>	<u>7,477.30</u>	<u>2,058.70</u>	<u>9,536.00</u>	<u>7,477.30</u>	<u>96,084.00</u>
TAXES AND INSURANCE							
6710-0000 - Real estate taxes	9,000.00	9,000.00	0.00	9,000.00	9,000.00	0.00	108,000.00
6720-0000 - Property and liability insurance	2,036.62	2,083.00	46.38	2,036.62	2,083.00	46.38	24,996.00
6721-0000 - Fidelity bond insurance	0.00	10.00	10.00	0.00	10.00	10.00	120.00
TOTAL TAXES AND INSURANCE	<u>11,036.62</u>	<u>11,093.00</u>	<u>56.38</u>	<u>11,036.62</u>	<u>11,093.00</u>	<u>56.38</u>	<u>133,116.00</u>
TOTAL OPERATING EXPENSES	<u>35,746.25</u>	<u>51,850.00</u>	<u>16,103.75</u>	<u>35,746.25</u>	<u>51,850.00</u>	<u>16,103.75</u>	<u>581,628.00</u>
NET OPERATING INCOME (LOSS)	<u>44,242.41</u>	<u>28,656.00</u>	<u>15,586.41</u>	<u>44,242.41</u>	<u>28,656.00</u>	<u>15,586.41</u>	<u>392,448.00</u>
FINANCIAL EXPENSES							
6820-0000 - Mortgage interest	20,276.29	20,277.00	0.71	20,276.29	20,277.00	0.71	239,947.00
7104-0000 - Replacement Reserve	1,863.67	1,864.00	0.33	1,863.67	1,864.00	0.33	22,368.00
7108-0000 - Mortgage Payable (long term)	10,211.25	10,161.00	(50.25)	10,211.25	10,161.00	(50.25)	125,294.00
TOTAL FINANCIAL EXPENSES	<u>32,351.21</u>	<u>32,302.00</u>	<u>(49.21)</u>	<u>32,351.21</u>	<u>32,302.00</u>	<u>(49.21)</u>	<u>387,609.00</u>
NET OPER INC/(LOSS) BEFORE CAP. EXP.	<u>11,891.20</u>	<u>(3,646.00)</u>	<u>15,537.20</u>	<u>11,891.20</u>	<u>(3,646.00)</u>	<u>15,537.20</u>	<u>4,839.00</u>
NET INCOME (LOSS)	<u>11,891.20</u>	<u>(3,646.00)</u>	<u>15,537.20</u>	<u>11,891.20</u>	<u>(3,646.00)</u>	<u>15,537.20</u>	<u>4,839.00</u>
Partnership Income							
8005-0000 - Mortgagor Entity Income	196.88	0.00	196.88	196.88	0.00	196.88	0.00
8010-0000 - Other Entity Expense	(10.00)	0.00	(10.00)	(10.00)	0.00	(10.00)	0.00
Total Partnership Activity	<u>186.88</u>	<u>0.00</u>	<u>186.88</u>	<u>186.88</u>	<u>0.00</u>	<u>186.88</u>	<u>0.00</u>
CAPITAL EXPENDITURES & ESCROWS							
7105-0000 - Replacement Reserve Reimbursement	0.00	(181,666.00)	(181,666.00)	0.00	(181,666.00)	(181,666.00)	(660,998.00)
6991-0000 - Capital expenditures	0.00	0.00	0.00	0.00	0.00	0.00	98,000.00
6991-0002 - Windows	0.00	181,666.00	181,666.00	0.00	181,666.00	181,666.00	544,998.00
6991-0016 - Concrete Repairs	0.00	0.00	0.00	0.00	0.00	0.00	2,500.00
6993-0000 - Appliance Replacement	0.00	120.00	120.00	0.00	120.00	120.00	1,440.00
6993-0002 - Water Heaters	0.00	0.00	0.00	0.00	0.00	0.00	11,000.00
6993-0003 - A/C Replacements	0.00	225.00	225.00	0.00	225.00	225.00	2,700.00
6994-0000 - Carpet & tile	0.00	650.00	650.00	0.00	650.00	650.00	7,800.00
TOTAL CAPITAL EXPENDITURES & ESCROWS	<u>0.00</u>	<u>995.00</u>	<u>995.00</u>	<u>0.00</u>	<u>995.00</u>	<u>995.00</u>	<u>7,440.00</u>
GAIN/(LOSS) AFTER CAPITAL EXP. & ESCROWS	<u>12,078.08</u>	<u>(4,641.00)</u>	<u>16,719.08</u>	<u>12,078.08</u>	<u>(4,641.00)</u>	<u>16,719.08</u>	<u>(2,601.00)</u>

WALNUT PLACE

Balance Sheet

Month Ending 01/31/13

ASSETS

Current Assets

1110-0000 - Petty Cash	900.00
1121-0000 - Cash - Operating	10,758.12
1130-0000 - Tenant/member accounts receivable	20,129.43
1131-0000 - Accounts receivable - subsidy	51,774.00
1240-0000 - Prepaid property and liability insurance	10,183.04
Total Current Assets	<u>93,744.59</u>

Other Assets

1290-0000 - Misc Prepaid Expenses	880.06
1192-0000 - Tenant Sec Dep	21,036.70
1310-0000 - Real estate tax escrow	142,711.40
1311-0000 - Insurance escrow	22,882.77
1330-0000 - Debt Service Escrow	136,095.53
1320 - Replacement Reserve	165,237.25
1340 - Residual Receipt	27,094.53
Total Other Assets	<u>515,938.24</u>

Fixed Assets

1410-0000 - Land	220,000.00
1420-0000 - Building	2,907,088.00
1420-0001 - Building Improvements	23,774.27
1430-0000 - Land Improvements	321,376.00
1440-0000 - Building Equipment Portable	354,185.56
1450-0000 - Furniture for project/tenant use	398,382.24
4120-0000 - Accum depr - buildings	(3,402,414.59)
1498-0000 - Current F/A	569.00
Total Fixed Assets	<u>822,960.48</u>

Financing Costs

1900-0001 - Deferred Financing Costs	174,813.03
1999-0000 - Accum Amort - Bond Costs	(42,601.51)
Total Financing Costs	<u>132,211.52</u>

Partnership Assets

1701-0000 - Cash - Partnership	104,510.42
Total Partnership Assets	<u>104,510.42</u>

Total Assets

1,669,365.25

WALNUT PLACE

Balance Sheet

Month Ending 01/31/13

Liabilities & Equity

Current Liabilities

2110-0000 - Accounts payable	11,706.39
2113-0000 - Flex Benefit Payable	7.92
2120-0000 - Accrued wages and p/r taxes payable	3,206.46
2150-0000 - Accrued property taxes	125,920.00
2155-0000 - Accrued professional services	14,714.00
2180-0000 - Misc current liabilities	7,550.27
Total Current Liabilities	<u>163,105.04</u>

Non-Current Liabilities

2190-0000 - Sec. Dep. In Transit	(12,407.00)
2191-0000 - Security deposits-residential	18,899.00
2191-0001 - Pet Deposit	1,175.00
2210-0000 - Prepaid Rent	692.00
2211-0000 - Prepaid HUD	17,245.00
2320-1000 - Mortgage payable - 2nd note	2,546,000.00
2320-4000 - Deferred Revenue	247,127.00
2320-0000 - Mortgage Payable (long term)	1,910,468.59
Total Non-Current Liabilities	<u>4,729,199.59</u>

Owner's Equity

3100-0000 - Limited Partners Equity	104,375.87
3209-0000 - Prior Year Retained Earnings	(3,627,757.44)
3210-0000 - Retained earnings	281,096.77
Current YTD Earnings	19,345.42
Total Owner's Equity	<u>(3,222,939.38)</u>

Total Liability & Owner Equity

1,669,365.25

WALNUT PLACE
Actual vs Budget Accrual Operating Statement

	Month Ending 01/31/13			Year To Date 01/31/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
GROSS OPERATING INCOME							
RESIDENTIAL RENTAL INCOME							
5120-0000 - Apartment rent	19,515.00	38,120.00	(18,605.00)	19,515.00	38,120.00	(18,605.00)	457,440.00
5121-0000 - Tenant assistant payments	67,121.00	48,516.00	18,605.00	67,121.00	48,516.00	18,605.00	582,192.00
5140-0000 - Commercial base rent	304.18	0.00	304.18	304.18	0.00	304.18	0.00
TOTAL RESIDENTIAL RENTAL INCOME	86,940.18	86,636.00	304.18	86,940.18	86,636.00	304.18	1,039,632.00
VACANCIES & ADJUSTMENTS							
5220-0000 - Vacancy loss - apartments	0.00	(2,000.00)	2,000.00	0.00	(2,000.00)	2,000.00	(24,000.00)
5221-0000 - Non-Revenue Units	(1,260.00)	(1,260.00)	0.00	(1,260.00)	(1,260.00)	0.00	(15,120.00)
TOTAL VACANCIES & ADJUSTMENTS	(1,260.00)	(3,260.00)	2,000.00	(1,260.00)	(3,260.00)	2,000.00	(39,120.00)
OTHER INCOME							
5910-0000 - Laundry income	724.00	0.00	724.00	724.00	0.00	724.00	2,800.00
5922-0000 - Late fees	0.00	10.00	(10.00)	0.00	10.00	(10.00)	120.00
5930-0000 - Credit Check Fees	0.00	30.00	(30.00)	0.00	30.00	(30.00)	360.00
TOTAL OTHER INCOME	724.00	40.00	684.00	724.00	40.00	684.00	3,280.00
GROSS OPERATING INCOME	86,404.18	83,416.00	2,988.18	86,404.18	83,416.00	2,988.18	1,003,792.00
ADVERTISING & RENTING EXPENSE							
6213-0000 - Employee Recruitment	40.19	0.00	(40.19)	40.19	0.00	(40.19)	0.00
6253-0000 - Credit Report Fees	0.00	30.00	30.00	0.00	30.00	30.00	360.00
TOTAL ADVERTISING & RENTING EXPENSE	40.19	30.00	(10.19)	40.19	30.00	(10.19)	360.00
ADMINISTRATIVE EXPENSE							
6311-0000 - Office supplies	488.69	225.00	(263.69)	488.69	225.00	(263.69)	2,700.00
6316-0000 - Office Equipment	167.78	405.00	237.22	167.78	405.00	237.22	4,860.00
6320-0000 - Management fee	4,027.56	4,137.00	109.44	4,027.56	4,137.00	109.44	49,644.00
6340-0000 - Legal Expense - Project	0.00	167.00	167.00	0.00	167.00	167.00	2,004.00
6350-0000 - Audit Expense	2,179.00	1,083.00	(1,096.00)	2,179.00	1,083.00	(1,096.00)	12,996.00
6360-0000 - Telephone	626.41	850.00	223.59	626.41	850.00	223.59	10,200.00
6360-0001 - Answering Service/ Pagers	60.88	62.00	1.12	60.88	62.00	1.12	744.00
6365-0000 - Training & Education Expense	0.00	110.00	110.00	0.00	110.00	110.00	1,320.00
6370-0000 - Bad debts	452.00	583.00	131.00	452.00	583.00	131.00	6,996.00
6380-0000 - Consulting/study costs	0.00	0.00	0.00	0.00	0.00	0.00	3,500.00
6390-0000 - Misc administrative expenses	703.60	155.00	(548.60)	703.60	155.00	(548.60)	1,860.00
6390-0002 - Computer Supplies/Data Processing	230.87	150.00	(80.87)	230.87	150.00	(80.87)	1,800.00
6395-0000 - Tenant Retention	618.41	400.00	(218.41)	618.41	400.00	(218.41)	7,000.00
6431-0000 - Travel & Expense Reimbursement	492.56	188.00	(304.56)	492.56	188.00	(304.56)	2,256.00
6860-0000 - Security Deposit Interest	(0.54)	0.00	0.54	(0.54)	0.00	0.54	0.00
TOTAL ADMINISTRATIVE EXPENSE	10,047.22	8,515.00	(1,532.22)	10,047.22	8,515.00	(1,532.22)	107,880.00
PAYROLL & RELATED COSTS							
6310-0000 - Office salaries	5,315.06	4,752.00	(563.06)	5,315.06	4,752.00	(563.06)	63,145.00
6510-0000 - Janitor and cleaning payroll	2,539.48	1,122.00	(1,417.48)	2,539.48	1,122.00	(1,417.48)	14,605.00
6540-0000 - Repairs payroll	2,854.71	3,490.00	635.29	2,854.71	3,490.00	635.29	45,418.00
6900-0000 - Social Service Coordinator	0.00	1,389.00	1,389.00	0.00	1,389.00	1,389.00	17,093.00
6715-0000 - Payroll Taxes	1,801.50	2,162.00	360.50	1,801.50	2,162.00	360.50	14,198.00
6722-0000 - Workers compensation	271.25	271.00	(0.25)	271.25	271.00	(0.25)	3,252.00

WALNUT PLACE
Actual vs Budget Accrual Operating Statement

	Month Ending 01/31/13			Year To Date 01/31/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6723-0000 - Employee health insurance	1,632.04	537.00	(1,095.04)	1,632.04	537.00	(1,095.04)	6,738.00
6724-0000 - Union Benefits	0.00	1,200.00	1,200.00	0.00	1,200.00	1,200.00	14,415.00
6726-0001 - Contingency	0.00	0.00	0.00	0.00	0.00	0.00	2,684.00
TOTAL PAYROLL & RELATED COSTS	14,414.04	14,923.00	508.96	14,414.04	14,923.00	508.96	181,548.00
OPERATING EXPENSES							
6515-0000 - Janitors and cleaning supplies	386.00	320.00	(66.00)	386.00	320.00	(66.00)	3,840.00
6516-0000 - Bulbs & Tubes	0.00	75.00	75.00	0.00	75.00	75.00	900.00
6517-0000 - Outside Cleaning Service	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00
6518-0000 - Uniforms	0.00	500.00	500.00	0.00	500.00	500.00	500.00
6519-0000 - Exterminating Contract	180.00	150.00	(30.00)	180.00	150.00	(30.00)	1,800.00
6525-0000 - Rubbish removal	317.84	355.00	37.16	317.84	355.00	37.16	4,260.00
6490-0000 - Misc operating expenses	0.00	50.00	50.00	0.00	50.00	50.00	600.00
TOTAL OPERATING EXPENSES	883.84	1,450.00	566.16	883.84	1,450.00	566.16	13,400.00
UTILITIES							
6450-0000 - Electricity	1,015.46	1,200.00	184.54	1,015.46	1,200.00	184.54	14,400.00
6451-0000 - Water	1,087.11	600.00	(487.11)	1,087.11	600.00	(487.11)	7,200.00
6452-0000 - Gas	2,947.00	1,666.00	(1,281.00)	2,947.00	1,666.00	(1,281.00)	20,000.00
TOTAL UTILITIES	5,049.57	3,466.00	(1,583.57)	5,049.57	3,466.00	(1,583.57)	41,600.00
MAINTENANCE EXPENSES							
6536-0000 - Ground supplies	0.00	333.00	333.00	0.00	333.00	333.00	3,996.00
6537-0000 - Grounds Contractor (Landscaper)	0.00	0.00	0.00	0.00	0.00	0.00	5,200.00
6541-0000 - Repair materials (general supplies)	63.92	250.00	186.08	63.92	250.00	186.08	3,000.00
6541-0001 - Appliance Parts	167.91	50.00	(117.91)	167.91	50.00	(117.91)	600.00
6541-0002 - Plumbing Supplies	270.45	100.00	(170.45)	270.45	100.00	(170.45)	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	24.55	85.00	60.45	24.55	85.00	60.45	1,020.00
6541-0005 - Hand Tools	0.00	50.00	50.00	0.00	50.00	50.00	600.00
6541-0006 - Expendable Tools	0.00	50.00	50.00	0.00	50.00	50.00	600.00
6541-0007 - Safety Equipment	0.00	50.00	50.00	0.00	50.00	50.00	600.00
6541-0009 - Window Supplies	169.44	100.00	(69.44)	169.44	100.00	(69.44)	1,200.00
6541-0010 - Carpentry/Hardware	0.00	60.00	60.00	0.00	60.00	60.00	720.00
6545-0000 - Elevator Contractor (Annual Maintenance Contract)	0.00	300.00	300.00	0.00	300.00	300.00	3,600.00
6546-0000 - Heating/Cooling Contractor	0.00	385.00	385.00	0.00	385.00	385.00	4,620.00
6548-0000 - Snow removal	0.00	1,973.00	1,973.00	0.00	1,973.00	1,973.00	11,838.00
6551-0000 - Elevator Contractor (Special Repairs)	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00
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	100.00	100.00	0.00	100.00	100.00	1,200.00
6580-0000 - Equipment repairs	0.00	0.00	0.00	0.00	0.00	0.00	500.00
6581-0000 - Window Washing	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00
6582-0000 - Fire Protection	0.00	300.00	300.00	0.00	300.00	300.00	3,600.00
6582-0001 - Fire Safety Equipment	0.00	50.00	50.00	0.00	50.00	50.00	600.00
6590-0000 - Miscellaneous Repair	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00
6591-0000 - Electrical Repairs	0.00	300.00	300.00	0.00	300.00	300.00	3,600.00
6592-0000 - Boiler Repairs	1,861.85	200.00	(1,661.85)	1,861.85	200.00	(1,661.85)	2,400.00
6594-0000 - Carpentry Repairs	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00
6595-0000 - Plumbing Repairs	0.00	700.00	700.00	0.00	700.00	700.00	8,400.00
6596-0000 - Floor Repairs/Cleaning	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00

WALNUT PLACE
Actual vs Budget Accrual Operating Statement

	Month Ending 01/31/13			Year To Date 01/31/13			
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
6598-0000 - Roof Repairs	470.01	170.00	(300.01)	470.01	170.00	(300.01)	2,040.00
6599-0000 - Window repairs	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00
TOTAL MAINTENANCE EXPENSES	3,028.13	7,206.00	4,177.87	3,028.13	7,206.00	4,177.87	82,334.00
TAXES AND INSURANCE							
6710-0000 - Real estate taxes	10,000.00	10,000.00	0.00	10,000.00	10,000.00	0.00	120,000.00
6720-0000 - Property and liability insurance	2,036.62	2,037.00	0.38	2,036.62	2,037.00	0.38	24,444.00
6721-0000 - Fidelity bond insurance	0.00	0.00	0.00	0.00	0.00	0.00	25.00
TOTAL TAXES AND INSURANCE	12,036.62	12,037.00	0.38	12,036.62	12,037.00	0.38	144,469.00
TOTAL OPERATING EXPENSES	45,499.61	47,627.00	2,127.39	45,499.61	47,627.00	2,127.39	571,591.00
NET OPERATING INCOME (LOSS)	40,904.57	35,789.00	5,115.57	40,904.57	35,789.00	5,115.57	432,201.00
FINANCIAL EXPENSES							
6820-0000 - Mortgage interest	21,568.03	21,568.00	(0.03)	21,568.03	21,568.00	(0.03)	254,965.00
7104-0000 - Replacement Reserve	1,836.67	1,850.00	13.33	1,836.67	1,850.00	13.33	22,200.00
7108-0000 - Mortgage Payable (long term)	11,918.92	11,862.00	(56.92)	11,918.92	11,862.00	(56.92)	146,175.00
TOTAL FINANCIAL EXPENSES	35,323.62	35,280.00	(43.62)	35,323.62	35,280.00	(43.62)	423,340.00
NET OPER INC/(LOSS) BEFORE CAP. EXP.	5,580.95	509.00	5,071.95	5,580.95	509.00	5,071.95	8,861.00
NET INCOME (LOSS)	5,580.95	509.00	5,071.95	5,580.95	509.00	5,071.95	8,861.00
Partnership Income							
8005-0000 - Mortgagor Entity Income	8.88	0.00	8.88	8.88	0.00	8.88	0.00
Total Partnership Activity	8.88	0.00	8.88	8.88	0.00	8.88	0.00
CAPITAL EXPENDITURES & ESCROWS							
7105-0000 - Replacement Reserve Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	(41,550.00)
6991-0000 - Capital expenditures	0.00	0.00	0.00	0.00	0.00	0.00	30,900.00
6993-0000 - Appliance Replacement	569.00	400.00	(169.00)	569.00	400.00	(169.00)	1,600.00
6993-0002 - Water Heaters	0.00	0.00	0.00	0.00	0.00	0.00	3,000.00
6993-0003 - A/C Replacements	0.00	0.00	0.00	0.00	0.00	0.00	4,000.00
6994-0000 - Carpet & tile	0.00	750.00	750.00	0.00	750.00	750.00	9,000.00
TOTAL CAPITAL EXPENDITURES & ESCROWS	569.00	1,150.00	581.00	569.00	1,150.00	581.00	6,950.00
GAIN/(LOSS) AFTER CAPITAL EXP. & ESCROWS	5,020.83	(641.00)	5,661.83	5,020.83	(641.00)	5,661.83	1,911.00

RAVINIA HOUSING

Balance Sheet

Month Ending 01/31/13

ASSETS

Current Assets

1110-0000 - Petty Cash	150.00
1121-0000 - Cash - Operating	98,011.78
1130-0000 - Tenant/member accounts receivable	36,485.60
1131-0000 - Accounts receivable - subsidy	15,959.00
1240-0000 - Prepaid property and liability insurance	2,695.54
1250-0000 - Prepaid Mortgage Insurance	170.24
Total Current Assets	<u>153,472.16</u>

Other Assets

1290-0000 - Misc Prepaid Expenses	272.21
1192-0000 - Tenant Sec Dep	7,158.17
1310-0000 - Real estate tax escrow	18,228.30
1311-0000 - Insurance escrow	3,924.77
1312-0000 - Mortgage Insurance Escrow	1,723.08
1140-0000 - Accounts Receivable - Other	635.36
1350-0000 - Construction Escrow	246,701.51
1320 - Replacement Reserve	605,816.93
Total Other Assets	<u>884,460.33</u>

Fixed Assets

1420-0000 - Building	1,074,166.20
1421-0000 - Construction In Progress	51,975.82
1430-0000 - Land Improvements	214,491.66
1450-0000 - Furniture for project/tenant use	218,491.84
1497-0000 - Site improvements	102,351.00
4120-0000 - Accum depr - buildings	(1,111,480.47)
1498-0000 - Current F/A	48,569.00
Total Fixed Assets	<u>598,565.05</u>

Financing Costs

1800-0000 - Organization costs	41,848.00
1900-0001 - Deferred Financing Costs	35,658.71
1999-0000 - Accum Amort - Bond Costs	(30,360.30)
Total Financing Costs	<u>47,146.41</u>

Partnership Assets

1701-0000 - Cash - Partnership	81,880.97
Total Partnership Assets	<u>81,880.97</u>

Total Assets

1,765,524.92

RAVINIA HOUSING

Balance Sheet

Month Ending 01/31/13

Liabilities & Equity

Current Liabilities

2110-0000 - Accounts payable	49,484.57
2113-0000 - Flex Benefit Payable	2.16
2114-0000 - 401K Payable	24.00
2120-0000 - Accrued wages and p/r taxes payable	874.49
2130-0000 - Accrued interest - mortgage	1,538.82
2131-0001 - Accrued Interest - 2nd Note	18,110.71
2150-0000 - Accrued property taxes	36,500.00
2180-0000 - Misc current liabilities	1,066.77
Total Current Liabilities	<u>107,601.52</u>

Non-Current Liabilities

2190-0000 - Sec. Dep. In Transit	537.00
2191-0000 - Security deposits-residential	6,901.06
2210-0000 - Prepaid Rent	1,332.00
2211-0000 - Prepaid HUD	10,946.00
2320-1000 - Mortgage payable - 2nd note	713,396.28
2320-0000 - Mortgage Payable (long term)	410,352.47
Total Non-Current Liabilities	<u>1,143,464.81</u>

Owner's Equity

3100-0000 - Limited Partners Equity	144,465.21
3111-0000 - Contributions - Current Year	62,062.71
3209-0000 - Prior Year Retained Earnings	388,704.59
3210-0000 - Retained earnings	(83,023.98)
Current YTD Earnings	2,250.06
Total Owner's Equity	<u>514,458.59</u>

Total Liability & Owner Equity

1,765,524.92

RAVINIA HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 01/31/13			Year To Date 01/31/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
GROSS OPERATING INCOME							
RESIDENTIAL RENTAL INCOME							
5120-0000 - Apartment rent	3,707.00	9,554.00	(5,847.00)	3,707.00	9,554.00	(5,847.00)	114,648.00
5121-0000 - Tenant assistant payments	18,006.00	12,159.00	5,847.00	18,006.00	12,159.00	5,847.00	145,908.00
TOTAL RESIDENTIAL RENTAL INCOME	21,713.00	21,713.00	0.00	21,713.00	21,713.00	0.00	260,556.00
VACANCIES & ADJUSTMENTS							
5220-0000 - Vacancy loss - apartments	0.00	(833.00)	833.00	0.00	(833.00)	833.00	(10,000.00)
TOTAL VACANCIES & ADJUSTMENTS	0.00	(833.00)	833.00	0.00	(833.00)	833.00	(10,000.00)
OTHER INCOME							
5413-0000 - Interest income - escrow	22.02	30.00	(7.98)	22.02	30.00	(7.98)	360.00
TOTAL OTHER INCOME	22.02	30.00	(7.98)	22.02	30.00	(7.98)	360.00
GROSS OPERATING INCOME	21,735.02	20,910.00	825.02	21,735.02	20,910.00	825.02	250,916.00
ADVERTISING & RENTING EXPENSE							
6213-0000 - Employee Recruitment	10.95	0.00	(10.95)	10.95	0.00	(10.95)	0.00
6250-0000 - Renting expenses	0.00	20.00	20.00	0.00	20.00	20.00	240.00
TOTAL ADVERTISING & RENTING EXPENSE	10.95	20.00	9.05	10.95	20.00	9.05	240.00
ADMINISTRATIVE EXPENSE							
6311-0000 - Office supplies	374.15	521.00	146.85	374.15	521.00	146.85	6,252.00
6320-0000 - Management fee	1,066.77	765.00	(301.77)	1,066.77	765.00	(301.77)	9,180.00
6340-0000 - Legal Expense - Project	0.00	100.00	100.00	0.00	100.00	100.00	1,200.00
6350-0000 - Audit Expense	0.00	985.00	985.00	0.00	985.00	985.00	11,820.00
6365-0000 - Training & Education Expense	0.00	50.00	50.00	0.00	50.00	50.00	600.00
6370-0000 - Bad debts	714.00	433.00	(281.00)	714.00	433.00	(281.00)	5,196.00
6390-0000 - Misc administrative expenses	3,905.49	100.00	(3,805.49)	3,905.49	100.00	(3,805.49)	1,200.00
6390-0002 - Computer Supplies/Data Processing	91.26	70.00	(21.26)	91.26	70.00	(21.26)	840.00
6860-0000 - Security Deposit Interest	(0.19)	0.00	0.19	(0.19)	0.00	0.19	0.00
TOTAL ADMINISTRATIVE EXPENSE	6,151.48	3,024.00	(3,127.48)	6,151.48	3,024.00	(3,127.48)	36,288.00
PAYROLL & RELATED COSTS							
6310-0000 - Office salaries	1,449.54	1,295.00	(154.54)	1,449.54	1,295.00	(154.54)	17,216.00
6510-0000 - Janitor and cleaning payroll	1,471.12	1,246.00	(225.12)	1,471.12	1,246.00	(225.12)	16,214.00
6900-0000 - Social Service Coordinator	0.00	378.00	378.00	0.00	378.00	378.00	4,661.00
6715-0000 - Payroll Taxes	491.39	589.00	97.61	491.39	589.00	97.61	3,867.00
6722-0000 - Workers compensation	71.46	71.00	(0.46)	71.46	71.00	(0.46)	852.00
6723-0000 - Employee health insurance	490.96	144.00	(346.96)	490.96	144.00	(346.96)	1,818.00
6724-0000 - Union Benefits	0.00	327.00	327.00	0.00	327.00	327.00	3,927.00
6726-0001 - Contingency	0.00	0.00	0.00	0.00	0.00	0.00	732.00
TOTAL PAYROLL & RELATED COSTS	3,974.47	4,050.00	75.53	3,974.47	4,050.00	75.53	49,287.00
OPERATING EXPENSES							
6515-0000 - Janitors and cleaning supplies	27.12	100.00	72.88	27.12	100.00	72.88	1,200.00
6520-0000 - Miscellaneous Repair Contractors	1,012.82	2,575.00	1,562.18	1,012.82	2,575.00	1,562.18	30,900.00
6525-0000 - Rubbish removal	450.59	500.00	49.41	450.59	500.00	49.41	6,000.00
TOTAL OPERATING EXPENSES	1,490.53	3,175.00	1,684.47	1,490.53	3,175.00	1,684.47	38,100.00

RAVINIA HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 01/31/13			Year To Date 01/31/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
UTILITIES							
6450-0000 - Electricity	292.05	260.00	(32.05)	292.05	260.00	(32.05)	3,129.00
6451-0000 - Water	19.05	27.00	7.95	19.05	27.00	7.95	324.00
6452-0000 - Gas	0.00	125.00	125.00	0.00	125.00	125.00	1,500.00
6453-0000 - Sewer	320.00	50.00	(270.00)	320.00	50.00	(270.00)	600.00
TOTAL UTILITIES	631.10	462.00	(169.10)	631.10	462.00	(169.10)	5,553.00
MAINTENANCE EXPENSES							
6546-0000 - Heating/Cooling Contractor	0.00	42.00	42.00	0.00	42.00	42.00	504.00
6548-0000 - Snow removal	0.00	2,000.00	2,000.00	0.00	2,000.00	2,000.00	7,000.00
6591-0000 - Electrical Repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6595-0000 - Plumbing Repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL MAINTENANCE EXPENSES	0.00	2,042.00	2,042.00	0.00	2,042.00	2,042.00	7,504.00
TAXES AND INSURANCE							
6710-0000 - Real estate taxes	3,500.00	3,500.00	0.00	3,500.00	3,500.00	0.00	42,000.00
6720-0000 - Property and liability insurance	539.10	540.00	0.90	539.10	540.00	0.90	6,480.00
6721-0000 - Fidelity bond insurance	0.00	0.00	0.00	0.00	0.00	0.00	50.00
TOTAL TAXES AND INSURANCE	4,039.10	4,040.00	0.90	4,039.10	4,040.00	0.90	48,530.00
TOTAL OPERATING EXPENSES	16,297.63	16,813.00	515.37	16,297.63	16,813.00	515.37	185,502.00
NET OPERATING INCOME (LOSS)	5,437.39	4,097.00	1,340.39	5,437.39	4,097.00	1,340.39	65,414.00
FINANCIAL EXPENSES							
6820-0000 - Mortgage interest	3,024.09	1,539.00	(1,485.09)	3,024.09	1,539.00	(1,485.09)	18,323.00
6850-0000 - Mortgage Service Fee	170.19	152.00	(18.19)	170.19	152.00	(18.19)	1,824.00
7104-0000 - Replacement Reserve	1,333.33	1,333.00	(0.33)	1,333.33	1,333.00	(0.33)	15,996.00
7108-0000 - Mortgage Payable (long term)	569.38	569.00	(0.38)	569.38	569.00	(0.38)	6,976.00
TOTAL FINANCIAL EXPENSES	5,096.99	3,593.00	(1,503.99)	5,096.99	3,593.00	(1,503.99)	43,119.00
NET OPER INC/(LOSS) BEFORE CAP. EXP.	340.40	504.00	(163.60)	340.40	504.00	(163.60)	22,295.00
NET INCOME (LOSS)	340.40	504.00	(163.60)	340.40	504.00	(163.60)	22,295.00
Partnership Income							
8005-0000 - Mortgagor Entity Income	6.95	0.00	6.95	6.95	0.00	6.95	0.00
Total Partnership Activity	6.95	0.00	6.95	6.95	0.00	6.95	0.00
CAPITAL EXPENDITURES & ESCROWS							
7105-0000 - Replacement Reserve Reimbursement	(24,060.00)	0.00	24,060.00	(24,060.00)	0.00	24,060.00	(3,200.00)
6991-0000 - Capital expenditures	48,569.00	0.00	(48,569.00)	48,569.00	0.00	(48,569.00)	0.00
6994-0000 - Carpet & tile	0.00	0.00	0.00	0.00	0.00	0.00	3,200.00
TOTAL CAPITAL EXPENDITURES & ESCROWS	24,509.00	0.00	(24,509.00)	24,509.00	0.00	(24,509.00)	0.00
GAIN/(LOSS) AFTER CAPITAL EXP. & ESCROWS	(24,161.65)	504.00	(24,665.65)	(24,161.65)	504.00	(24,665.65)	22,295.00

Sunset Woods Housing
Income Statement
Compared with Budget
For the One Month Ending January 31, 2013

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
Revenues						
Rents	\$ 9,010.00	\$ 9,388.00	(378.00)	\$ 9,010.00	\$ 9,388.00	(378.00)
Interest Income Assn	31.89	0.00	31.89	31.89	0.00	31.89
Interest Income	4.30	0.00	4.30	4.30	0.00	4.30
Total Revenues	9,046.19	9,388.00	(341.81)	9,046.19	9,388.00	(341.81)
Cost of Sales						
Total Cost of Sales	0.00	0.00	0.00	0.00	0.00	0.00
Gross Profit	9,046.19	9,388.00	(341.81)	9,046.19	9,388.00	(341.81)
Expenses						
Office Supplies	0.00	8.00	(8.00)	0.00	8.00	(8.00)
Management Fee	540.80	610.00	(69.20)	540.80	610.00	(69.20)
Legal and Accounting Assn	5,775.00	0.00	5,775.00	5,775.00	0.00	5,775.00
Credit Ck Fees	0.00	4.00	(4.00)	0.00	4.00	(4.00)
Heating & Air	0.00	41.00	(41.00)	0.00	41.00	(41.00)
Electrical & Plumbing Maint	411.45	41.00	370.45	411.45	41.00	370.45
Painting & Decorating Assn	0.00	83.00	(83.00)	0.00	83.00	(83.00)
Appliance Repairs	385.00	41.00	344.00	385.00	41.00	344.00
Supplies	0.00	41.00	(41.00)	0.00	41.00	(41.00)
Locks Assn	168.00	0.00	168.00	168.00	0.00	168.00
Carpet	0.00	41.00	(41.00)	0.00	41.00	(41.00)
Maintenance	40.00	41.00	(1.00)	40.00	41.00	(1.00)
Security	0.00	8.00	(8.00)	0.00	8.00	(8.00)
Condo Assessment Rental Units	2,442.94	3,167.00	(724.06)	2,442.94	3,167.00	(724.06)
Cable TV	510.00	583.00	(73.00)	510.00	583.00	(73.00)
Real Estate tax expense	0.00	1,250.00	(1,250.00)	0.00	1,250.00	(1,250.00)
Loan Interest	1,693.99	2,500.00	(806.01)	1,693.99	2,500.00	(806.01)
Bldg Insurance	0.00	216.00	(216.00)	0.00	216.00	(216.00)
Total Expenses	11,967.18	8,675.00	3,292.18	11,967.18	8,675.00	3,292.18
Net Income	(\$ 2,920.99)	\$ 713.00	(3,633.99)	(\$ 2,920.99)	\$ 713.00	(3,633.99)