



Legislation Text

File #: 17-500, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Adopt the Resolution restricting the proceeds from the cede of the 2017-2021 Volume Cap for use in reimbursing Naperville Elderly Homes, Inc., or other qualifying affordable housing providers, certain City costs related to the review, permitting and inspection of affordable housing projects.

DEPARTMENT: Transportation, Engineering and Development

SUBMITTED BY: Allison Laff, AICP, Deputy Director of TED

BOARD/COMMISSION REVIEW:

Not required.

BACKGROUND:

On June 6, 2017, the City Council approved certain entitlements related to the proposed Naperville Elderly Homes project to be constructed at 310 Martin Avenue. This project will create 68 new units of low-income senior housing, which is a housing type identified as a gap in the City's Analysis of Impediments to Fair Housing Choice (2017).

During discussion of this agenda item, the petitioner requested that the City consider waiving the review, permitting and inspection fees related to this project. City Council directed staff to prepare an agenda item related to this request for consideration at the June 20, 2017 City Council meeting.

DISCUSSION:

Given the value and need for additional affordable senior housing units in the City, staff recommends that the proceeds from the cede of 2017-2021 Volume Cap be restricted for use in reimbursing qualifying housing providers certain City costs related to their affordable housing projects. Further information related to the volume cap can be found below.

Naperville Elderly Homes Estimated Fees

The estimated costs for review, permitting and inspections related to the proposed Naperville Elderly Homes, Inc. project at 310 Martin Avenue is approximately \$114,000, as further detailed below:

Development Review

| | | |
|---------------------------------------|----------------------------------|-------------|
| Engineering Review Fees | 1.5% of engineer's cost estimate | \$10,176.00 |
| Building Review Board Application Fee | | \$ 250.00 |
| Subdivision Plat Fees (0-5 Acres) | | \$ 2,500.00 |
| Conditional Use (0-10 Acres) | | \$ 290.00 |
| Variance | | \$ 325.00 |
| Publication of Legal Notice | | \$ 80.00 |

| | |
|-----------|-------------|
| Sub-Total | \$14,161.00 |
|-----------|-------------|

Permits & Inspections

| | | |
|---------------------------|---------------------------------|-------------|
| Architectural Plan Review | \$44.00 per page | \$ 2,876.00 |
| City Inspections | \$61.00 per City inspection | \$ 6,100.00 |
| IAC (Water tap-on fees) | 3" diameter | \$ 6,048.00 |
| IAC (Water Meter) | 3" compound meter | \$ 1,773.58 |
| IAC (Sewer) | 3" diameter | \$ 7,251.00 |
| FIC (Electric) | New utility transformer install | \$75,000.00 |
| Sub-Total | | \$99,048.58 |

Total Development Review, Permits & Inspections **\$113,209.58**

**The italicized fees are estimates. These fees will be finalized as the architectural drawings are completed and inspections are scheduled.*

Volume Cap

The Volume Cap Program is a federally authorized program, which allows the state to allocate tax-exempt bond authority to various projects throughout the State. With this authority, bond issuers are able to finance projects at interest rates below that of the conventional market.

The Tax Reform Act of 1986 established a unified state volume cap to regulate the activities permitted to be financed with tax-exempt private activity bonds which include a wide range of purpose of public projects, such as single-family mortgages, manufacturing facilities, multi-family housing, economic development, student loans, and certain non-profit and environmental facilities.

Since 2011, the City's volume cap has ranged from approximately \$12-14 million. Interested parties that have utilized the City's volume cap have generally paid a fee of 0.5% of the amount ceded (note: interested parties can request the use of a portion or all of the volume cap; in 2016, none of the City's volume cap was requested). The proceeds collected from the cede of the City's volume cap are added to the City's general fund.

The annual amount of proceeds received by the City for the ceding of its volume cap is uncertain as it depends on the utilization of the cap by interested third parties. The potential annual proceeds range from \$0, if none of the annual volume cap is ceded as was the case in 2016, to approximately \$70,000, if the total annual volume cap is ceded. If these funds are restricted as proposed by staff, they could then be used to reimburse qualifying affordable housing providers, such as Naperville Elderly Homes, Inc., for review, permitting and inspection fees to eligible projects. Under the proposed program, funds would only be reimbursed to qualifying providers if proceeds are collected through the cede of the volume cap. Reimbursements would be limited to only the review, permitting and inspection fees related to eligible projects and no reimbursement is guaranteed.

FISCAL IMPACT:

Dependent on the cede of each annual volume cap (2017-2021). If the full volume cap is ceded per year, up to \$70,000 could be available through the general fund to reimburse qualifying affordable housing providers.