

TO: VILLAGE OF STEGER
FROM: HOMES PROJECT TEAM
SUBJECT: RECOMMENDATIONS SUMMARY
DATE: OCTOBER 2, 2017



Homes for a Changing Region provides technical assistance to help municipal leaders address pressing housing issues. Assistance is provided by the Metropolitan Mayors Caucus (MMC) and the Chicago Metropolitan Agency for Planning (CMAP), with staff support from the Metropolitan Planning Council (MPC). The *Homes* team is piloting a new approach to technical assistance that condenses the timeline of the traditional *Homes* process without sacrificing the level of analysis necessary to addressing important housing challenges in participating communities. Steger is one of three communities that participated in the pilot in 2017.

The project team held a kick-off meeting in June with Steger staff and elected officials to learn more about the Village's local housing market conditions, challenges and goals. A panel of outside housing experts attended a second meeting in August with Village staff and elected officials to weigh in on strategies to address local housing issues. Panelists included: Nicki Pecori Fioretti and Brendan Kiley from the Illinois Housing and Development Authority; James Ratner from IFF; Russ Rydin from the South Suburban Land Bank and Development Authority; Mayor Linda Lucassen and Alice Templin from the Village of Round Lake Park; and Taft West from the Chicago Community Loan Fund.

This recommendations memo aggregates all of the knowledge and feedback collected from these meetings, and outlines targeted strategies Steger can implement to address housing challenges. The recommendations focus on three different issue areas: rental housing regulation and landlord engagement; housing rehabilitation; and downtown economic development.

Rental housing regulation and landlord engagement

While Steger is unable to license landlords as a means to monitor the local rental market due to its non-home rule status, there are still a variety of effective strategies the Village can implement to better support the quality and longevity of the rental housing stock.

A rental housing inspection program is one tool municipalities use to hold property owners accountable to specific maintenance standards in the local building code. A fee may be charged to cover the municipality's expenses administering the program. Both the inspections and fee must be reasonable and rationally-based on a legitimate government interest (i.e., public health and safety). To protect tenant rights, the inspection schedule must be constrained by neutral, reasonable legislative and administrative standards (i.e., passage of time, nature of the building, etc.). These programs ensure that landlords remain in compliance with the municipal code, protecting tenants and surrounding communities from the harms associated with neglect and disinvestment.

Inspection programs can be designed in myriad ways, depending on factors such as staff capacity, the number of rental properties, and the age and condition of a municipality's housing stock. An inspection schedule can help structure a program to align with a municipality's capacity level and the property maintenance code that they have adopted. Municipalities may elect to conduct inspections annually, when there is a change of occupancy, when a property is transferred, or for cause, in the case that a building has been the subject of one or more complaints or violations.

Municipalities, regardless of home rule status, have the authority to establish rental registration programs. Registration is often used as a tool to gather information from property owners, including the name, address, and telephone number of the owner, operator, and property manager. This can benefit municipalities that want to keep an up-to-date database of rental properties to improve relations with property owners and track landlord behavior. Registration programs are commonly run in tandem with rental inspection programs. Since both programs operate on a continuous basis, staff time and other municipal resources are steadily needed to adequately support these programs.

Under the leadership of Mayor Linda Lucassen, the Village of Round Lake Park adopted a rental residential property registration and inspection ordinance in 2014. Mayor Lucassen and Alice Templin from Round Lake Park were in attendance at the second Steger meeting to discuss the merits of adopting a rental registration and inspection ordinance as a non-home rule community. Under their ordinance, all rental units are required to register and submit basic contact information to the Village's Building and Zoning Department. All rental properties are inspected annually. The annual registration fee is \$100 per dwelling unit, which includes one inspection. Any subsequent re-inspections that are required to correction violations are \$65. Landlords are also encouraged to attend a training on crime free housing, which is offered in neighboring communities free of charge. As an incentive, landlords who complete the training are eligible to receive an exemption from the annual fee and inspection for one year, assuming that the landlord also has two prior years of continued approval by the building commissioner. Thereafter, certified landlords would need to pay the registration fee and have their property inspected every other year as long as they are able to keep them in compliance.

Given that a significant portion of the local housing stock in Steger is rental, the Village will need to carefully consider the staffing that is needed to implement a registration and inspection program. The Village should consult with other non-home rule municipalities that have instituted such programs to understand how administrative costs are covered. MMC is a resource for linking Steger with these types of communities. Steger may also want to consider alternative staffing structures, such as hiring a company to conduct inspections or sharing code enforcement staff with a neighboring community. In addition, if a program is instituted, the Village will need to consider strategies to identify rental properties and ensure compliance. Finally, to ensure that the program complies with current constitutional standards, legal counsel should review the program periodically and modify the standards accordingly.

Communities that are unable to institute rental licensing programs because of non-home rule status need to find different ways of engaging with landlords. Fortunately, there are many strategies municipal

staff can use to build relationships with landlords and improve rental housing outcomes in their communities. Hosting rental property workshops that discuss property management issues and resources landlords can access related to energy efficiency, affordability, and improvements to property operations have been an effective tool to engage landlords in communities. Similar to the example found above of Round Lake Park building in program incentives, Steger can offer abatement for landlords that may have previously incurred fines and choose to attend an approved training. Workshops focusing on issues that do not adhere to municipal boundaries are excellent opportunities for collaboration. Coordinating property management trainings with other communities and organizations invites in expertise and staff capacity that your community may not have, and addresses housing challenges with the shared goal of long-term sustainability of rental property.

Though providing crime free housing training for landlords has become a popular approach to improving rental housing conditions, it is only one of the many issue areas on which trainings can focus. The [Community Investment Corporation \(CIC\)](#) is a leader in property management trainings and has partnered with communities across the region to provide education and resources on topics ranging from tenant selection to preventative maintenance to fair housing and ethics in the industry. Steger should assess what type of education would be most effective for landlords given the Village's current challenges in regulating rental housing.

The right combination of policy changes and landlord education and engagement can build a healthier, more stable rental housing stock. Even as a non-home rule community, there are many tools the Village can use within the [range of options](#) available to regulate rental housing and productively engage landlords.

Next Steps:

- *Explore rental registration and inspection framework that is cost neutral and incentivizes good landlords who properly manage and maintain their properties.*
- *Partner with neighboring municipalities that offer trainings and educational opportunities to landlords. Collaborate with CCLF, CIC, and other community partners to organize a landlord "fair" that focuses on landlord education and resources that can help landlords more effectively manage and maintain their properties.*

Housing Rehabilitation

The housing market in Steger continues to recover from the housing crisis in 2008. Home prices are generally on the rise, but there are still homes selling out of foreclosure at very low prices. Deferred property maintenance and building code violations are also chief concerns, often because homeowners do not have the resources to pay for housing rehabilitation. There are a number of innovative [rehabilitation programs and strategies](#) that are being implemented across the region. The Village's primary goal should be to continue cultivating relationships with community and institutional partners.

One such partner is the Illinois Housing and Development Authority (IHDA). Nicki Pecori Fioretti and Brendan Kiley, both from IHDA's community affairs department, were in attendance at the August meeting to discuss resources they have available for community revitalization and foreclosure prevention efforts. Steger previously submitted an application for Blight Reduction Program (BRP) funds, but the application was not funded. Nicki discussed different components to successful applications, and described the framework that IHDA uses to review applications for the programs they offer. One point that Nicki stressed was the importance of using the application to tell a compelling story. The only means for IHDA to evaluate a candidate is through their application. Therefore, the application is the sole vehicle for an applicant to share their story and explain why they are a viable candidate to receive funding.

There were a number of other suggestions Nicki shared with the group in regards to building a successful application. IHDA places a premium on collaboration and communities that are able to leverage resources. The Village was encouraged to highlight past collaborative efforts with the Cook County Sheriff's Office as well as with neighboring municipalities on cooperative controlled burn exercises to train firefighters. Steger should also continue to highlight its collaborative work with the South Suburban Land Bank and Development Authority (SSLBDA). SSLBDA was the not-for-profit partner on Steger's BRP application, and the Village should continue to work with SSLBDA to leverage actions it cannot or is more difficult to do on its own, such as clearing back taxes and holding properties until ready for redevelopment. SSLBDA was also a recipient of \$75,000 in IHDA's round 2 Abandoned Property Program (APP). Russ Rydin, the executive director of SSLBDA, was in attendance at the August meeting and said that he would be interested in holding discussions with Village leadership to look into whether any Steger properties would be a good fit for the APP funds.

Steger is a good candidate to receive APP and BRP funds. APP funds are generated through fees banks pay for foreclosure filings. APP funds are currently slated to be collected until 2020. IHDA is expecting a round 3 application to be release before the end of the year. Given its location in both Cook and Will Counties, Steger is at a competitive advantage because of how APP funds are distributed: 25 percent to the City of Chicago, 30 percent to rest of Cook County, 30 percent to collar counties, and 15 percent to the balance of the state. Besides APP and BRP funds, there are other programs IHDA offers that the Village and residents of Steger can benefit from, including the Home Accessibility Program (HAP) and the I-REFI Program. For programs that do not have competitive applications, the Village should market and lend credibility to these programs, serving as a connector between its residents and IHDA. The Village should post information about these programs on the Village website and in its newsletter, as well as publicize the programs in community spaces such as libraries and community centers. Below is a short description of programs that IHDA offers that could be beneficial to the Village and its residents:

- [Abandoned Property Program](#)
 - APP is a competitive state-funded program open to any Illinois municipality or county that provides funds for securing, maintaining, demolishing, or rehabilitating abandoned homes. Eligible properties include 1-6 unit residential properties. Information is forthcoming regarding round 3 applications.

- [Blight Reduction Program](#)
 - BRP is a competitive program funded through the U.S. Treasury Hardest Hit Fund. Applicants must be Illinois units of local government, and need to partner with a not-for-profit developer or agency. Funds may be used for acquisition, demolition, greening, maintenance, and administration of 1-4 unit residential properties.
- [Home Accessibility Program](#)
 - HAP is funded by the Illinois Affordable Housing Trust Fund and provides funding to units of local government and not-for-profit organizations for home accessibility grants. Qualifying households are eligible to receive up to \$25,000 in the form of forgivable loans for home modifications that prevent premature or unnecessary institutionalization of seniors and people with disabilities.
- [I-REFI](#)
 - Homeowners who are current on their mortgages but owe more than their home is worth may qualify for up to \$50,000 in federal assistance to reduce the balance owed on their mortgage and refinance into a new affordable loan based on current market value of their home. Homeowners can apply directly through an approved I-REFI lender.
- [1stHomeIllinois and @HomeIllinois](#)
 - These loan programs provide down payment and closing cost assistance for qualifying borrowers who would otherwise qualify for a mortgage. 1stHomeIllinois offers up to \$7,500 cash assistance for down payment and closing costs, and @HomeIllinois provides buyers with up to \$5,000 in down payment or closing cost assistance.
- [Financial Literacy and Pre-Purchase Counseling](#)
 - Through its network of housing counseling agencies, IHDA connects households looking for pre-purchase counseling and financial literacy training to reputable counselors around the state. Households can access services free of charge to learn more about the home buying process and selecting the right mortgage product.

Next Steps:

- *Set up meeting with IHDA representatives to further discuss components of a successful application for competitive grant programs.*
- *Connect with SSLBDA to discuss possible collaborative efforts pertaining to APP funds.*
- *Use existing marketing and outreach channels to inform residents of homeowner resources through IHDA.*
- *Connect with HUD-certified housing counseling agencies serving Steger to make sure residents have appropriate financial counseling for making use of IHDA resources.*

Downtown Economic Development

The revitalization of Steger's downtown district is an economic development priority for the Village. Village leadership is trying to attract more commercial development and create a defined area that is more pedestrian friendly. The Village is moving into the planning process with momentum. Steger's existing TIF District and enterprise zone, as well as recently obtained CDBG funds, give the community some options for revitalization efforts. Steger has looked to the downtowns of other neighboring communities and learned that small placemaking interventions in the form of landscaping and other streetscaping investments can go a long way in enhancing the character and livability of a community. An increase in interest and activity in an area illustrated through a placemaking project can have a catalytic effect, opening the door to further public or private sector investment. Local governments across the Chicago region have played a central role in developing and implementing [placemaking projects](#), and Steger should make incorporate these investments into any larger economic development efforts.

Large upcoming investments near two commercial corridors—Steger Road and Union Avenue and Chicago Road and Steger Road—should help the Village to center some of its future placemaking efforts. The biggest concern for Steger, however, is the future of the Kmart site. James Ratner from IFF joined the August meeting to provide some ideas on alternative uses, which included mixed-use office and retail, indoor agriculture facilities, and healthcare offices. When thinking about reuse, Steger should think about the current demographics of the Village and what the site will be able to support.

Next Steps:

- *Use existing economic development tools such as TIF District and enterprise zone to make meaningful placemaking interventions in Steger's downtown district.*
- *Explore applying to the Urban Land Institute's Technical Assistance Panel to explore the future of the Kmart site in response to local demographics.*

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