Application to Petition to the Housing Trust Fund

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Applicant Information

Applicant name(s)	Oak Park Residence Corporation
Address	21 South Boulevard
Federal Tax ID #	36-2666771
Project contact	David Pope
Phone	708-386-6061 x111 or 312-498-6001
Email	dpope@oakparkrc.com
Amount requested	$450,000
Type of applicant (choose one)	Non-profit
Please attach a Certificate of Good Standing	OPRC Certificate of Good Standing - IL Secretary of State 100825.pdf

Project Category

Select any of the categories your project applies to:

Production of affordable housing including, without limitation, new construction, rehabilitation, and adaptive re-use

Acquisition and disposition, including, without limitation, vacant land, single family homes, multi-unit buildings, and other existing structures that may be used in whole or part to provide affordable housing

Grants or loans to not-for-profit organizations that are actively engaged in addressing the housing needs of eligible households

Financial assistance to eligible households to rent dwelling units

Emergency repairs to dwelling units occupied by eligible households

Project Description

Please enter the narrative here:

Summary
The Oak Park Residence Corporation (OPRC) proposes to pursue targeted condominium deconversion for the purposes of creating affordable housing units in the Village. This initiative will allow for the

acquisition of failing small condominium buildings that are economically and/or managerially not viable, and the conversion and repositioning of these buildings and units to provide additional affordable rental housing units, with a focus on areas of the Village that are under resourced in terms of the number of affordable units currently available. OPRC has identified, obtained agreement from, entered into a Letter of Intent (LOI) with, and is now drafting a Purchase and Sale Agreement (PSA) with, one such 8-10 unit association in the Village. The association is located within easy walking distance of Downtown Oak Park, and has greater than 1-to-1 parking on-site. The building, however, is facing considerable capital investment requirements resulting from deferred capital maintenance. As previously discussed with HPAC, OPRC will require support from the Affordable Housing Trust Fund (AHTF) to execute the acquisition and put the property into use as affordable housing in the community.

Background
There continue to be a number of troubled small condominium buildings here in Oak Park. The lingering economic effects of the COVID-19 pandemic on individual household finances, combined with the rapid run up in interest rates, has contributed to a lack of reinvestment in condominium buildings, and prospective economic challenges for such condominium owners and associations going forward. Many troubled and economically marginal small condominium associations have far less capacity to absorb challenging economic circumstances and/or unforeseen capital investment requirements that are increasingly emerging.

Over the past 25 years, condominium conversions in Oak Park shifted many hundreds of units of formerly rental housing out of the rental marketplace. This was disproportionately the case in and around Downtown Oak Park, with a corresponding decrease in affordable rental housing being located near one of the key employment and transportation nodes of the community. During this period, Oak Park has also witnessed considerable increases in rental market demand. As costs associated with purchasing real estate here have risen, the level of demand in the rental market has further increase competition for rental units, thereby increasing rental pricing for those units as well. All of these factors have combined to further limit access to affordable rental housing here in Oak Park.

In addition, condominium deconversions are particularly challenging for a number of reasons. Given these and other challenges, most multifamily property owners are unwilling to get involved in condominium deconversion efforts, particularly for struggling associations. Such challenges include:

• Perceived Value vs. Actual Value – Condominium owners typically pay more for acquisition of their condominium unit, and subsequently invest materially more in that unit, than can be justified simply by an economic analysis of the income generated from the rental of that same unit. In turn, the sale price that they may think the unit is "worth", is typically higher than what a rental owner would reasonably pay for the same unit (or building).
• Disagreements Among Owners – Different owners are in different situations (regarding the terms and timing of their real estate financing, their current equity position in their condominium, and their general employment and financial circumstances) which can create differences and challenges in attempting to facilitate a collective voluntary sale.
• Foreclosures, Defaults, and Multiple Financing Institutions – An 8-unit condominium may have 8 different banks and financial institutions holding the mortgages on the property. As all communities experienced in 2008, so-called "zombie" properties were allowed to languish – vacant and unmaintained – due to the fact that these financial institutions often had conflicting incentives making it very difficult to even arrange conversation, much less to facilitate a purchase or deed transfer.
• The Condominium Deconversion process – Even if all the owners and banks are on board, de-conversion requires time, expertise, and a level of attention to detail beyond what most multifamily rental operators are

willing to commit.

At the same time, OPRC is the not-for-profit affordable housing partner of the Village of Oak Park. The Village has identified failing small condominiums as both a challenge facing the community (e.g. for neighbors who may be negatively impacted by the deterioration of a multi-unit building that is no longer able to be maintained), and a difficulty for owners of units in failing associations who may be “trapped” and unable to exit. OPRC is seeking to address these challenge (through the strategic acquisition of one or more small condominium buildings) while also increasing the amount of affordable rental housing to serve HUD’s categories of very low-income (<50% AMI) and low-income (<80% AMI) members of our community.

With more than 30 buildings, OPRC brings deep expertise in the development, renovation, maintenance, and management of multifamily rental properties here in Oak Park. As a 501(c)3 not for profit affordable housing provider, we are also deeply committed to advancing the Village’s objectives regarding ensuring the existence of affordable housing options for residents throughout our community.

Through our past outreach, we identified a number of prospective condominium associations to target for such acquisition and deconversion efforts described above. One of the associations that we entered into discussions with in late 2024 re-engaged with us in the May/June timeframe following their discovery of a material capital investment need for which they were unprepared.

In our 2024 discussions with HPAC, OPRC originally requested extension of the term of the grant through the end of 2025. Through those discussions, it was determined that a shorter extension was preferable, and at the end of that term, OPRC committed to HPAC that, rather than seeking a further extension, it would instead return once it had an immediately actionable request in hand. In turn, we have worked over the past few months with the target association to obtain preliminary acquisition agreement, a level of understanding regarding the capital need requirement, and direction from the required ¾ majority of the voting ownership of the association that they will proceed with the sale. Having now received that agreement regarding the terms contained in the Letter of Intent, and having directed our respective attorneys to draft a corresponding Purchase and Sale Agreement, we are now returning to HPAC to seek your agreement to move forward with the approval of the necessary funding required to support the acquisition of the building.

or attach a prepared document narrative attachment (if needed).

OPRC - VOP Application to Petition to the Housing Trust Fund 100825.pdf

Project Details

Project overview table

Item 1

Unit type
1BR/1BA

Total unit count
2

Affordable count
2

Sq. ft.
550

Rent per sq. ft.
<$2.618

Gross rent
<$1,440

Item 2

Unit type
1BR/1BA

Total unit count
4

Affordable count
4

Sq. ft.
550

Rent per sq. ft.
<$2.618

Gross rent
<$1,440

Item 3

Unit type
1BR/1BA

Total unit count
3

Affordable count
3

Sq. ft.
550

Rent per sq. ft.
<$2.70

Gross rent
<$1,485

Item 4

Unit type
Consistent with OPRC’s mission requirements, a minimum of 20% of units in this building (like all OPRC buildings) will be occupied by households earning less than 50% of Area Median Income (AMI). In addition, and again similar to OPRC’s other buildings, the remaining units will be priced a level affordable to households earning less than 80% of AMI. The reality is that, in reviewing the rent levels that we would likely charge for this building, an additional four units would be priced at or below 60% of AMI, and the remaining three units are estimated to be priced at approximately 62% of AMI.

Total unit count

Affordable count

	Sq. ft.
	Rent per sq. ft.
	Gross rent

Funding

Funding description

The last section didn't provide for the inclusion of the narrative to accompany the Project Details, so I'm including that here: Consistent with OPRC's mission requirements, a minimum of 20% of units in this building (like all OPRC buildings) will be occupied by households earning less than 50% of Area Median Income (AMI). In addition, and again similar to OPRC's other buildings, the remaining units will be priced a level affordable to households earning less than 80% of AMI. The reality is that, in reviewing the rent levels that we would likely charge for this building, an additional four units would be priced at or below 60% of AMI, and the remaining three units are estimated to be priced at approximately 62% of AMI.

Now, the Funding description:
The acquisition cost for all of the combined units and common areas of the property is $1,215,000. The AHTF Funding support provided through this grant application ($450,000) will be used to cover a portion of this acquisition cost for this target property. The additional acquisition cost ($765,000) and all associated acquisition-related costs, will be paid for and financed by OPRC. In addition, OPRC will pay all further costs associated with the outstanding capital need requirement (balcony replacement projected to cost in excess of $200,000), as well as all operational, legal, and transaction-related costs associated with the execution of the acquisition, and all such costs resulting from the deconversion and the management and leasing of the new affordable units that will be created as a result.

Leveraging: Briefly describe and/or summarize any leveraging of additional funds

As described above, OPRC will fund the significant majority of property acquisition and conversion related costs. Since initiating this condominium deconversion effort, OPRC worked with a funding provider to establish an easily accessed seven-figure line-of credit (Byline Bank) to ensure flexibility to respond quickly to opportunities. We also worked with our other two primary funding providers (Wintrust and PNC) to reposition and free up assets to make additional capital available for the acquisition and rehabilitation of qualifying properties. These financial institutions are well aware of our interest in advancing this effort, and they recognize that success with this initial affordable-oriented deconversion can serve as an important model here in the Village.

The Village funding sought in this application is really intended to serve as gap funding to help cover the shortfall associated with the portion of the costs that are not able to be recouped from standard financing and operations activities. It is this gap that inhibits the private market from stepping in to address this situation regarding logical deconversion opportunities, as they simply are not worth the time, effort, and risk associated with all of the required steps necessary to identify, facilitate, and execute such a transaction. Given OPRC's mission, however, this effort will present a unique opportunity to translate such market failure into the creation of additional affordable units here in Oak Park.

Project Budget and Development Pro-Forma: Please attach a line item budget and describe each line item including stating whether the funds have been committed or not.

OPRC - VOP Application to Petition to the Housing Trust Fund 100825 - Project Budget.pdf

Need/Benefit & Project Feasibility: Demonstrate that the

The Illinois Housing Development Authority (IHDA) calculates that

proposed project/program and effectively meets identified current and future housing needs, using data-based analysis. Provide narrative and evidence that connects the proposed project with adopted Village priority(s).	approximately 18% of Oak Park's housing stock is affordable for homeowners within the community with incomes at 80% of the Area Median Income and for renters at 60% of the Area Median Income (3,991 total affordable housing units). More than 25% (1,088) of these units are subsidized or income restricted, and more than half of these units are owned, overseen, or managed by the Oak Park Residence Corporation. We understand intimately the challenges presented by the lack of affordable housing in the community, and the opportunities to address this challenge. The Village recently determined that remaining within the 18% to 20% affordable range would be a valuable guideline for the community to maintain, but recent escalations in rents are putting pressure on Oak Park's ability to maintain this target. OPRC purchases, rehabilitates, and maintains high quality properties throughout the Village, operating them in accordance with our mission to advance integrated affordability as the core purpose of our role in the community. Consistent with the Village's objectives, if we are approved to proceed with this important effort, we will acquire this target building and will maintain it consistent with our mission goals targeting affordability for decades to come.
Timeline: Applicant must describe proposed timeline for expending funds, either in terms of steps required to deploy funds or schedules for capital project completion.	Given the Progress made to date, the remaining steps to get to closing include the following: - Finalize Purchase Contract - 30-60 days - Condo Owner Voting - 30-60 days - Buyer's Due Diligence - 45 days (based on LOI terms, see attached) - Closing Date - 30 days after due diligence (based on LOI terms, see attached) Realistically, we should assume another 30 days for due diligence extensions and 30-45 days for a closing date extension. In turn, this general time-frame, including the extensions, indicates March/April as the likely closing date.
Sustainability: Provide narrative below describing how the proposed project will contribute toward the provision of more sustainable and resilient neighborhood development.	Preservation of existing vintage housing advances sustainability by preserving the embodied energy and associated carbon already expended in the initial construction of the building. At OPRC, we have developed considerable experience with sustainable practices through our work to construct our newest building (The Pierce at 7 Van Buren) as a leading national Net Zero Energy project here in Oak Park. We will similarly bring to this effort a commitment to responsible environmental stewardship and the advancement of core sustainability principles, and we will apply such practices as may be appropriate to the property.
Equity: Provide narrative below describing how the proposed project will contribute toward the provision of more equitable neighborhood. Specific equity focuses could include, but are not limited to, addressing racial equity disparities in housing or providing language access to support overcoming barriers to housing.	Oak Park's affordable housing units are currently disproportionately distributed within the community. By way of example, over 70% of the U.S. Department of Housing and Urban Development's (HUD's) Housing Choice Voucher (HCV) recipient households live in the southern half of the community, and more than 60% live in roughly the eastern third of the community – in the census tracts that border Austin Boulevard. This is partly a function of the Village zoning map (that goes back nearly a century), with more vintage apartment corridors built along Austin Blvd., Washington Blvd., Harrison Street, and Garfield Blvd. (in addition to a mix of vintage and mid-century apartment buildings in the area surrounding downtown Oak Park). But it is also a function of a self-reinforcing cycle of lower-cost housing on the east and south sides of the Village and higher cost housing downtown and to the northwest. This disproportionate distribution of affordable housing throughout Oak Park also has implications for children and for schools here in our community. Children from households with Housing Choice Vouchers are concentrated on the east and south sides of the community, with Beye (86), Longfellow (100), Irving (79), and Lincoln (100) having the largest number of households, and Whittier having a large number of student-aged children (22) from HCV households as well. Also, while Oak Park's population is approximately 65% White and 20%

African American, Oak Park's Housing Choice Voucher recipient households are disproportionately African American (89.8% of heads of HCV households). In turn, the limited availability of affordable housing in the northern and western portions of the Village, and specifically near Downtown Oak Park, is limiting access to this area disproportionately for low-income and African American individuals and families. This fact undermines housing choice opportunities for these residents. It also has the effect of undermining Oak Park's leading-edge commitment to ensuring housing opportunity and supporting intentional integration strategies.

OPRC's proposal supports the geographic targeting of investment to help to address not only an increase in the total number of affordable units, but also expand location options for all members of our community.

Site Information (if applicable)

Site Control - If proposed project is recommended for funding, proof of site control must be provided before funds are disbursed. Site control is or will be in the form of:	Deed Purchase contract
Please add details if necessary	Condominium Deconversion
Site Description/Land Use Status - Please provide the area of the site either in acres or square feet	
Is site zoned appropriately for your development?	yes
If no, is site currently in the process of re-zoning?	
What zoning catgory is required?	
When is zoning issue to be resolved? Please enter month/year if possible.	
Has the Village approved the site plan and/or plat?	
Copy of the site plan/plat if applicable	
Are there any other development reviews and approvals required?	no
If yes, please explain - list any required reports or studies underway or completed (such as soils report, environmental assessment, traffic study, etc.):	
Has the Village issued the building permit?	

Affordability

Under the Village's AHTF, an eligible household is defined as having income at or below eighty percent (80%) of the Area Median Income (AMI) for for-sale units and at or below sixty percent (60%) of the AMI for rental units. Please indicate the number of total households and eligible households that will be assisted under this program and at what income levels.	This proposal envisions acquiring 8-10 units of housing, specifically targeting the creation of affordable units within walking distance of Downtown Oak Park, as this population is significantly underserved based on current locational availability here in Oak Park. OPRC would be expected to own and operate the property for at least 20 years, which would result in over 2000 unit months of affordable rents in the target

	building. The Project Details Table (previously provided) indicates the affordability distribution of the anticipated units (with almost all being below 60% AMI). As additional background, across OPRC's portfolio, our typical economic breakdown is that approximately 30% of units are occupied by residents earning less than 50% of Area Median Income, and most of the rest of the households occupy units that are priced as affordable to households earning less than 80% of AMI.
What is the proposed affordability period for the project:	As referenced above, we would expect a minimum of 20 years, and likely far longer than that.
How will the affordability period be enforced and monitored over time for compliance:	As a mission-driven affordable housing not-for-profit organization, we are committed to long-term affordability. As such, we provide annual compliance reports for our bank financing and we report annually on our performance vs. our established thresholds.
If funds are granted directly to income-certified beneficiaries for the purposes of preventing homelessness or stabilizing housing situations, please describe the longer term means of ensuring that a housing situation is stabilized:	N/A

Demonstrated Capability/Organizational Capacity/Partnerships

Describe the expertise of your organization and past projects to provide the type of housing or programs proposed for funding. Use attached page if necessary:	The Oak Park Residence Corporation (OPRC) is the Village of Oak Park's affordable housing partner organization and has assisted the Village by developing, advancing, and maintaining affordable housing in the community for the past fifty-nine years. The Residence Corporation also manages the regular operations of the Oak Park Housing Authority (an independently incorporated Illinois municipal body), managing public housing as well as the Housing Choice Voucher Program. Since its founding in 1966 as an independent not-for-profit corporation, OPRC has acquired, rehabilitated, maintained, overseen, and managed over 1,000 units of affordable housing in more than 30 buildings across Oak Park. In turn, the Residence Corporation, acting in accordance with the Village, has made tens of thousands of "affordable unit-years" of rental housing available to Oak Parkers, thereby supporting and strengthening the economic diversity of Oak Park. In this way, OPRC is a key strategic player in supporting the Village's mission of remaining a broadly diverse community committed to economic integration and the intentional availability of affordable housing throughout the community. OPRC also manages, at the Village's request, the Small Condominium Management Program (SCMP). This program was developed to help aid small condominium associations to acquire and demonstrate the needed practices and processes that are most likely to ensure strong responsible management, fiscal health, and responsible property management. Through this program, OPRC trains numerous condominium board members and associations annually in such practices as documentation and annual filings, budgeting and financial management for condominium boards, condominium communications, property management, maintenance, and capital improvement processes, etc. Given the background identified above, we believe that we are uniquely qualified to implement the proposal that we have put forth herein.
Describe your staffing and attach resumes of key personnel:	OPRC staff bring considerable experience to their work. Please see the attached information for background on a number of our personnel.
Describe community partnerships and collaborations that will be achieved as direct result of this project and how they will strengthen community networking ties and expand and deepen access to the housing/services offered through the project.	OPRC has a strong history of working closely with other organizations committed to advancing affordable housing throughout the community, as well as with governments and social service providers operating in Oak Park as well. If we are able to proceed with this project, we will work

closely with these partners to ensure broad outreach and strong service support to residents as may be appropriate. A partial list of the partners with whom we work closely would include:
• The Oak Park Housing Authority
• Housing Forward
• The Oak Park Regional Housing Center
• The Oak Park Homelessness Coalition
• The Alliance to End Homelessness in Cook County
• Oak Park Township
• The Village of Oak Park

Please attach additional documentation (i.e. resumes, etc).

Required Attachments to Application

In addition to the submittal requirements described in the body of the application, the following attachments may apply to your application. Please check the additional documents you are including with your application and upload them below:

Project budget or Development Pro Forma (required)

Additional documents