



Agenda Item Summary

File #: RES 24-245, **Version:** 1

Submitted By

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Reviewed By

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Agenda Item Title

A Resolution Awarding a Small Rental Property Rehabilitation Loan and Authorizing the Execution of a Loan Commitment and Agreement for the Property Located at 1017 North Harlem Avenue (SRP-049)

Overview

The purpose of the Small Rental Properties Rehabilitation Loan Program is to address deteriorated and blighted homes throughout the Village and provide affordable rental housing. The eligible owner of this mixed-use property with two residential units requests a forgivable rehabilitation loan of \$10,000 from the Village.

Recommendation

Adopt the Resolution.

Background

The Neighborhood Services Department administers the Small Rental Rehabilitation Loan Program, which was established on November 1, 2010, and is funded with Community Development Block Grant (CDBG) funds. The program is open to rental buildings with seven or fewer units. The program has two major purposes: (1) upgrade the physical conditions of small rental buildings; and (2) expand the housing choices of renters to encourage economic and racial diversity. The program includes two types of assistance: (1) forgivable loans limited to \$5,000 per unit; and (2) a Marketing Services Agreement with the Village's designated marketing agent to affirmatively market the units in the building. In exchange for the forgivable loan funds, owners agree to match the loan funds by 25% and lease at least 51% of their units at rents affordable to households earning at or below 80% of the Area Median Income (AMI) for two years.

Located at 1017 N Harlem Avenue, SRP-049 is a two-unit property with two rental units. As required by CDBG regulations, one of the rental households qualifies as low-income. A lead inspection and risk assessment were not required since the total federal funding is limited to \$5,000 per unit. Lead safe work practices will be used for all work that disturbs painted surfaces. The Small Rental Properties Rehab Loan Program has no equity requirement. The loan will be forgiven in two years. The owners have committed to paying all costs beyond the \$10,000.00 Village loan amount with an initial owner contribution of no less than \$15,923.80, which includes a contingency amount of \$1,538.53. The total project cost is estimated at \$26,923.80 including contingency.

The rehabilitation loan will be used to replace electrical and plumbing fixtures in the bathroom and kitchen of the second-floor dwelling unit.

In compliance with federal guidelines, the project was put out for bid to three contractors. Three contractors attended the walk-through and all submitted bids before the bid deadline. The scope was changed and the project was put out for re-bid. Three contractors submitted bids before the deadline and two were within the cost threshold allowed by HUD. The homeowner selected MACC as the contractor as it fell within the cost floor and ceiling established by the program guidelines.

Fiscal Impact

This rehab loan of \$10,000 was allocated under the 2023 program year Community Development Block Grant (CDBG) budget. \$62,500.00 in funds were allocated to Small Rental Rehabilitation loans in the FY2023 budget. As of now, \$57,500.00 of these funds remains available. Once these funds are expended, \$47,500.00 will remain available (Account 2083-46201-101-585617).

DEI Impact

The Small Rental Property Rehabilitation Loan Program is designed to help expand the housing choices of renters to encourage economic and racial diversity. Recipients of the loan fund agree to match the loan funds by 25% and to lease at least 51% of their units at rents affordable to households earning at or below 80% of the Area Median Income (AMI) for two years.

Alternatives

The Board can choose not to adopt the Resolution.

Previous Board Action

N/A

Citizen Advisory Commission Action

All loan and grant requests are reviewed by the Housing Programs Advisory Committee (HPAC) before they are presented for Board approval. This request was reviewed by HPAC on June 25, 2024, and recommended for approval.

Anticipated Future Actions/Commitments

N/A

Intergovernmental Cooperation Opportunities

N/A