



Agenda Item Summary

File #: RES 17-482, **Version:** 1

Submitted By

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Reviewed By

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Agenda Item Title

A Resolution Approving a Professional Services Agreement with the National Development Council for Community Development, Inc., d/b/a National Development Council, in an Amount not to Exceed \$70,000.00 and Authorizing its Execution

Overview

This resolution will allow the Village Manager to execute an agreement substantially similar to the one attached with the National Development Council for the purpose of providing the Village with underwriting, monitoring and oversight services related to the Village's Community Development Block Grant (CDBG) Section 108 Loan Guarantee Program to create a \$3,000,000 Business Loan Fund.

Staff Recommendation

Approve the resolution.

Fiscal Impact

The consultant will be paid using Program Year 2016 CDBG grant funds. As such, it will have no impact on other projects already funded using PY 2016 funds.

Background

The Village has made economic development a high priority and was approved by the federal Department of Housing and Urban Development (HUD) in November of 2016 to establish a \$3,000,000 CDBG Section 108 Loan Fund (Fund).

The Fund will be used by the Village to support businesses expansion and improvement, create and/or retain jobs, assist low/moderate-income households, and deliver positive economic benefits for the Village and its residents.

The Fund works by allowing the Village to take on financing that is secured by future CDBG entitlement grants, which it receives each year from HUD. The Village will use the financing to make loans to local businesses primarily for the purposes of developing or upgrading commercial spaces. The Village in turn, will use the proceeds from these loans to service its debt to HUD. For every \$35,000 financed, the loan recipient will need to make one job available to low- or moderate income persons.

As such, it will be important to ensure that the Village adheres to strict underwriting criteria in evaluating each loan application for credit, collateral, and character, in addition to the eligibility requirements established by HUD. This resolution will enable the Village to hire the National Development Council to provide professional services with regard to underwriting, monitoring and oversight of these loans.

With support from the consultant, each loan application will be reviewed by Village staff. Then an established Loan Review Committee will review each application and make a recommendation to the Board of Trustees. The Board will then vote to approve each loan.

Alternatives

The Board may choose to call the resolution back for a second reading or not approve it.

Previous Board Action

On September 6, 2016, the Board voted to approve the application to HUD for a section 108 Loan Guarantee Program to create a \$3,000,000 Business Loan Fund.

Citizen Advisory Commission Action

NA.

Anticipated Future Actions/Commitments

The Loan Review Committee will recommend approval of individual loans at future Board meetings.

Intergovernmental Cooperation Opportunities

As a member of the Cook County HOME program consortium, and with Cook County serving as the lead agency for the Consolidated Plan and each Action Plan, the Village will administer the Fund in cooperation with Cook County.

Performance Management (MAP) Alignment

A Governance Priority established for the Neighborhood Services Division of the Development Customer Services Department is "CDBG Administration."