



## Agenda Item Summary

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**File #:** RES 18-856, **Version:** 1

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### **Submitted By**

Tammie Grossman, Director of Development Customer Services

### **Reviewed By**

LKS

### **Agenda Item Title**

**A Resolution Awarding a Small Rental Property Rehabilitation Loan and Authoring the Execution of a Loan Commitment and Agreement for the Property Located at 501-505 Madison Street (SRP-035)**

### **Overview**

The purpose of the Small Rental Properties Rehabilitation Loan Program is to address deteriorated and blighted homes throughout the Village, and to provide affordable rental housing. The eligible owner of this three unit multi-use property is requesting a forgivable rehabilitation loan of \$15,000 from the Village.

### **Staff Recommendation**

Staff agrees with the Housing Programs Advisory Committee recommendation to approve this \$15,000 forgivable loan.

### **Fiscal Impact**

This rehab loan of \$15,000 was allocated under the Community Development Block Grant (CDBG) budget. \$90,000 in funds were allocated to Small Rental Rehabilitation loans in the FY2018 budget. As of now, \$90,000 of these funds remain available. Once these funds are expended, \$75,000 will remain available.

### **Background**

The Development Customer Services Department administers the Small Rental Rehabilitation Loan Program, which was established on November 1, 2010 and 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 has two types of assistance: (1) forgivable loans which are limited to \$5,000 per unit; and (2) a Marketing Services Agreement for the Oak Park Regional Housing Center 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 to rent at least 51% of their units to households earning at or below 80% of the Area Median Income (AMI).

SRP-035 is a three unit multi-use, multi family building located at 501-505 Madison Street. As required by CDBG regulations, two rental households qualify 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 Loans are forgiven after a short time, in this case two years. The owners have committed to paying all costs beyond the \$15,000 Village loan amount. Including a 5% contingency and the total project cost, the owner's contribution will be no less than \$4,825. The estimated total project cost is estimated to be \$19,825 including a 5% contingency.

The rehabilitation loan will be used to install a SPF (Sprayed Polyurethane Foam) roof system over the existing roof. The entire roof will have a 20MIL coating of white silicone applied to protect the foam and create a monolithic waterproof barrier over the whole roof. Another smaller area of roofing adjacent to the back porch will have an elastomeric coating applied with a colored aggregate to further the lifespan of the existing roofing in that area. All repairs will take place on the exterior roof of the property, should not require admittance into the apartments or businesses, and will not alter the appearance of the building.

### **Alternatives**

This program utilizes federal funds. The only expense to the Village is staff time for project administration. The program provides benefits to the Village in maintaining and improving our housing stock, promoting diversity, and providing affordable rental units. If the funds are not awarded to individual recipients the Village will not meet its goals under these programs.

### **Previous Board Action**

The program guidelines were adopted by the Village of Oak Park Board of Trustees on November 1, 2010 and amended on July 2, 2012 to further define the provisions of the Small Rental Properties Rehabilitation Program and to provide guidance to staff in administering the program.

### **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 March 21, 2018 and recommended for approval.

### **Anticipated Future Actions/Commitments**

N/A

### **Intergovernmental Cooperation Opportunities**

N/A

### **Performance Management (MAP) Alignment**

A Governance Priority established for the Development Customer Services Department is Multi-family and Single Family Grant and Loan Programs.