



Agenda Item Summary

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Submitted By

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Reviewed By

LKS

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 615 South Maple Avenue (SRP-034)

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 \$24,999 from the Village.

Staff Recommendation

Staff agrees with the Housing Programs Advisory Committee recommendation to approve this \$24,999 forgivable loan.

Fiscal Impact

This rehab loan of \$24,999 was allocated under the 2017 program year Community Development Block Grant (CDBG) budget. \$90,000 in funds has been allocated to Small Rental Rehabilitation loans in the FY2018 budget (GL account 2083-46201-101-585617). As of now, \$75,000 of these funds remains available. Once these funds are expended, \$50,000 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-034 is a three unit multi-use, multifamily building located at 615 South Maple Avenue. 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 \$24,999 Village loan amount. Including a 5% contingency and the total project cost, the owner's contribution will be no less than \$8,056. The estimated total project cost is estimated to be \$33,055.

The rehabilitation loan will be used to install a new roof, replace a parking lot, and tuck pointing.

The gabled roof shingles are curled and broken indicating that they have exceeded their service life and need replacement. The roof needs to be torn off and replaced with similar asphalt shingles. Power roof vents will be added to assist with air circulation to prolong the life of the roof.

The building has two small additions (one to the north and one in the SW corner of the property). These two areas have flat roofs that also need replacement. These roofs will be torn off and replaced with a torch down rolled type roof.

The parking lot at the rear (West end) of the building is badly deteriorated. The lot has several failing layers of asphalt overlays as well as a damaged concrete base. The lot needs to be removed and replaced as it will not be able to accept another asphalt overlay or repairs.

Tuck pointing and masonry repairs on the East and West ends of the small brick addition on the North side of the building.

As always, the contractor will also remove all construction debris to the code legal site.

All repairs will take place on the exterior lot of the property, and should not require admittance into the apartments.

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 April 25, 2018 and recommended for approval.

Anticipated Future Actions/Commitments

NA.

Intergovernmental Cooperation Opportunities

NA.

Performance Management (MAP) Alignment

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