



## Agenda Item Summary

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### **Submitted By**

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### **Agenda Item Title**

**Presentation and Discussion Regarding Affordable Housing Proposals and Motion to Direct Staff to Proceed with Selected Applicants and Prepare the Necessary Documents for Board Approval**

### **Overview**

At the September 25, 2017 Special Meeting the Village Board directed staff to initiate a process to determine the appropriate disposition of the monies held in the affordable housing fund. Staff issued an RFP and received six responses. Staff and the Housing Program Advisory Committee (HPAC) reviewed the proposals and together with staff have made recommendations. Staff is seeking Board direction on which projects to select.

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

Depending on the options selected by the Village Board, staff would return with ordinances specifying the funding allocations with the various agencies for final adoption.

### **Report**

Oak Park has a various adopted goals that include affordable housing. These are:

Village Board Goal: The Village will work to maintain its current affordable housing stock and explore new ways to advance additional affordable housing units adopted February 5, 2018.

Comprehensive Plan Goal: Provide mixed-income housing that is accessible, integrated and responsive to the needs of Oak Park's diverse population adopted on September 14, 2014.

Homes for a Changing Region Goal: This report prepared by the Chicago Metropolitan Agency for Planning, adopted by the Village Board in 2012, states that the Village should increase housing options for workforce and seniors through transit-oriented development that leverages the Village's Metra and CTA stations, reducing the need for residents to drive. The Village needs to continue to promote alternatives to car ownership such as mass transit, bicycling, and car-sharing services. The report also states the following regarding future rental needs: Much like the ownership market in Oak Park, we estimate that about 45% of households making less than \$15,000 find themselves in housing they cannot afford. Oak Park will have an opportunity, therefore, to create housing to meet the needs of these lower income households. Additional senior rental housing is a definite possibility. We also expect that some rental housing, currently affordable to renters with incomes in the \$15,000-\$30,000 range may eventually become affordable to lower income families. Transit oriented rental housing may represent the real opportunity. The report further references Housing Demand by Type of Unit: When we combine our projections for new owner-occupied and rental

housing in the future, we get a clearer picture of Oak Park's demand for additional housing units by type in 2030. What emerges is a "balanced housing" profile with demand for about 250 additional single family, 72 townhome and 847 multifamily homes between now and 2030. This demand can be accommodated by filling existing vacancies, redevelopment or new construction.

The Village of Oak Park holds approximately \$1.2MM (with an additional \$210,000 to be deposited upon closing of a Village owned parcel) in an affordable housing fund awaiting approval for distribution to appropriate affordable housing projects/programs. These monies were received as compensating benefits from residential and mixed-use land developers through a negotiated process associated with either a redevelopment agreement or planned development application, or both, in an effort to support affordable housing projects or programs.

At their September 25, 2017 Village Board meeting, staff sought the Village Board's direction on the distribution of the affordable housing fund. Several options for the fund were discussed. A down payment assistance plan and rental housing subsidy program were mentioned. Also several approaches to help replenish the fund were provided and discussed. At the conclusion, the Village Board directed staff to issue a Request for Proposal (RFP) for both \$500,000 and \$1MM options. These options could include the creation of new affordable housing units, improvement of existing affordable housing stock, prevention of affordable housing unit loss, and/or strategies to increase housing affordability. (see attached RFP and Board Minutes)

Staff received six (6) responses for consideration on February 9, 2018. Staff interviewed each organization. Recommendations for funding from staff and Housing Programs Advisory Committee (HPAC) are detailed below.

#### APPLICATION ANALYSIS

The Community Builders (TCB) - Fund Request: \$500,000 grant

**Proposal:** The proposal is to develop a \$14.6MM, 37 unit transit-oriented mixed-use development with varied resident income levels (30% - 60% AMI) located at 801 South Oak Park Avenue (southwest corner of Oak Park Avenue and Van Buren Avenue). Total project cost will also include the use of HOME funds from Cook County and Low-income Housing Tax Credit allocation from the Illinois Housing Development Agency (IHDA).

**Analysis:** The proposed development will replace a long-time vacant corner within the SouthTown Business District enhancing the commercial neighborhood with a corner retail space, live/work spaces and additional residential units above. The residents within the proposed development will not only increase foot traffic throughout the business district, but they will be able to patronize nearby existing businesses and take advantage of the transit-rich infrastructure. The proposed commercial spaces will add to the vibrancy of the business district.

The Envision Oak Park Comprehensive Plan identifies the proposed development site as a "Transit Area Housing Development Opportunity" located near the CTA Blue Line and developed with a mixed-use development consisting of ground floor retail and upper floor residential. The Comprehensive Plan states that HUD, who funded the Plan, encourages the development of accessible and affordable housing with safe and easy access to transit.

**Recommendation:** Staff and HPAC recommend that the Village Board support this application at their requested amount based on their conformity with the above referenced planning documents. The developer has site control and was recently awarded Low-Income Housing Tax Credits from the IHDA for the majority of the project. The Village funds will be used for site acquisition so that the developer does not lose the land during the affordable housing financing project. We believe the income levels targeted by the project represent the working poor. Given the project's proximity to the Blue Line, renters will not necessarily need cars reducing their housing costs further. The project consists mainly of studio and one bedroom apartments. Additionally, the live work units will allow artists to rent those units and sell their products creating activity at the street level.

#### **Mercy Housing- Fund Request: \$1,000,000 Loan**

**Proposal:** Rental housing development project at Madison Street and Highland Avenue (southeast corner). The development will consist of a 69 unit apartment building with 16-3BR units (6 affordable); 13-2BR units (5 affordable); 20-1BR units (12 affordable); and 16 Studio units (12 affordable). The Village's money would be positioned as an equity investment and will be repaid in year five.

**History:** In 2016 Mercy Housing received Village Board approval for a mixed-use multiple-story planned development with residential and commercial uses to be located at 231-307 Madison Street. The development consisted of 55 work-force housing rental units, 11,500 square feet of commercial with 75 private parking spaces. This planned development expired in 2017 as necessary funding was not available at that time to being the development process.

**Analysis:** While it does not appear that Mercy Housing will be able to obtain site control of the property initially proposed, the proposed development could take place in other areas in the Village. This type of project would meet the community's goals and objectives for affordable housing and would enable the funds to be used for additional projects when re-paid. The residents within the proposed development will not only increase foot traffic throughout the business district, but they will be able to patronize nearby existing businesses and take advantage of the transit-rich infrastructure. The proposed commercial spaces will also add to the vibrancy of the business district.

Chapter 7 of the Envision Oak Park Comprehensive Plan supports the need for an increase in affordable housing options with mixed-incomes integrated into the community either through rehabilitation efforts or new housing development in close proximity to transit. Madison Street is uniquely positioned as the CTA Green Line and CTA Blue Line are about equal distance from the corridor. Bus transit is also available along this corridor.

**Recommendation:** Staff and HPAC recommend that the Village Board support this application based on their conformity with the above referenced planning documents. Depending on timing, the Village may need to consider a reduced amount. The final loan amount would be negotiated at time of sale. The Village may be able to work with the applicant to leverage additional funds from Cook County.

Housing Forward / Oak Park Homelessness Coalition - Fund Request: \$500,000

Proposal: Create a Flexible Rental Assistance Fund to serve 60 households over a three year period with rental assistance up to 24 months. It can be ready by fall of 2018. Housing Forward has an annual budget of \$7.3MM with \$3.3MM dedicated to permanent housing activities using federal monies. UPDATE: Housing Forward has entered into a partnership with the Oak Park Housing Authority to provide rental assistance for households that are homeless or about to experience homelessness where the traditional homeless shelters do not accommodate the special needs of those households. For example, families with small children or individuals with medical needs. The Oak Park Housing Authority will be entering into an agreement with Housing Forward to rent the units currently located at the Raymond Showalter Residence at 324 N. Austin. The OP Housing Authority is seeking Community Development Block Grant (CDBG) assistance to renovate the units to meet Housing Forward's participants' needs. Village Staff will be presenting this CDBG project to the Village Board this fall for review. CDBG regulations require that the project has to be in existence for five (5) years. Housing Forward is requesting to amend its request for the Affordable Housing Funds to seek authorization to move forward on a five year lease with the Raymond Showalter Residence on Austin Boulevard which would allow them, along with the Oak Park Housing Authority renovation help, to move forward with their Flexible Rental Assistance program, pending Village Board authorization of an affordable housing allocation and CDBG funding. They are requesting \$268,108 for this program.

The remainder of the funds, approximately \$230,000, would be used for the initial project requested by Housing Forward.

Analysis: Housing Forward has been supporting families and individuals for many years with great success. The Village of Oak Park has played a supporting role in this program with funding from the Village's CDBG and Emergency Solutions Grant (ESG) program. Funding from the Village's Affordable Housing Fund will provide a more flexible source of funds that will directly support households the ability to sustain or obtain stable housing. The Flexible Rental Assistance Fund is part of a larger whole in the effort to prevent homelessness. Staff believes this program is essential in the Village's goal by supporting affordable housing opportunities that will keep families in their current home.

Recommendation: Staff initially recommended that the HPAC support this application for a two year commitment with the opportunity to renew the program for an additional two years should be funds be available. However, staff supports funding the Showalter project for the full five years in the amount of \$268,108. Staff supports a second contract for \$230,000 for a project for rental assistance outside of the Showalter project which would cover approximately two years of support. At this time, staff recommends entering into a grant agreement for the Showalter project for a five year period and that a separate grant agreement be awarded for a two (2) year project for the broader program. Staff reviewed this recommendation with HPAC at its July meeting.

Oak Park Residence Corporation - Affordable Housing Generation Fund Request: \$500,000

Proposal: Development of an Affordable Housing Generation Fund -- a designated fund to be used exclusively for the creation of newly affordable housing units through multi-family apartment acquisitions, troubled

condominium association de-conversions, and/or targeted construction. This fund would be solely controlled by the Oak Park Residence Corporation. The Oak Park Residence Corporation submitted a second proposal for a new development that would include affordable units. Following discussions with staff, the Residence Corporation withdrew that proposal in order to work with the Oak Park Economic Development Corporation to further explore opportunities.

**Analysis:** The proposed fund would have no Village control. However, it is anticipated the Village would collaborate in some manner regarding the use of the funds. Chapter 7 of the Envision Oak Park Comprehensive Plan supports the need for an increase in affordable housing options with mixed-incomes integrated into the community either through rehabilitation efforts or new housing development; the preference being in close proximity to transit. At this time there are no specific targeted properties. The approach is to seek out vintage buildings for purchase and rehabilitation and creating an 80% market rate / 20% affordable housing building. The OPRC would provide additional financial support for acquisitions. The idea is that the Village monies would help to spur other funding opportunities to a point where this fund is positioned to move ahead.

**Recommendation:** The applicant has indicated that they will be able to fund the program at \$2MM using their own funds. Since no sites were identified and staff and HPAC believe that the project could happen without Village support, we recommend that the Village not support this application at this time.

**West Cook YMCA Fund Request:** \$750,000

**Proposal:** The initial application involved a partnership with the Interfaith Housing Development Corporation; the proposal is to convert part of the existing 128-unit residence for men into 23 efficiency apartments for single adults. However, the applicant withdrew their initial proposal during the staff presentations. The new proposal is for a one floor conversion of 40 Single Room Occupancy units to 23 studio apartments.

**Analysis:** The residence for men is an effort to help those displaced men live affordably until such time they are able to integrate back into the larger community. By renovating some of the units it will allow for a broader user group beyond men-only. It could potential allow seniors and women as the 10x10 units will be developed as studio apartments with kitchen and bathroom facilities verse the current composition as an SRO with shared bathroom facilities. The current program is supporting the homeless by providing homeless prevention opportunities for displaced men. The renovations are a worthy effort to upgrade and expand their offerings, but do not rise to the same level for immediate need as mentioned in previous applications.

**Recommendation:** Staff and HPAC recommend that the Village not support this application. This project requires that the YMCA fundraise the additional funds and staff feels while this is a worthwhile project it is a project that the YMCA could fundraise for independently.

At their April 25, 2018 meeting, the Housing Programs Advisory Committee supported staff's recommendations as stated above. (see attached minutes)

## **Alternatives**

Accept the recommended allocations  
Modify the recommended allocations  
Do not accept the recommendations  
Seek additional information prior to a final decision