



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 1110 S. Austin Boulevard (SRP-039)

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 four unit multi-use property is requesting a forgivable rehabilitation loan of \$20,000 from the Village.

Recommendation

Approve the resolution.

Fiscal Impact

This rehab loan of \$20,000 was allocated under the 2018 program year Community Development Block Grant (CDBG) budget. \$90,946.00 in funds were allocated to Small Rental Rehabilitation loans in the FY2018 budget. As of now, \$90,946.00 of these funds remains available. Once these funds are expended, \$70,946.00 will remain available (Account 2083-46201-101-585617).

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 lease at least 51% of their units at rents affordable to households earning at or below 80% of the Area Median Income (AMI).

SRP-039 is a four unit multi-use, multi-family building located at 1110 S. Austin Blvd. As required by CDBG regulations, three 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 \$20,000.00 Village loan amount. Including a 11.4% contingency and the total project cost, the owner's contribution will be no less than \$6,666.00. The estimated total project cost is estimated to be \$26,666.00.

The rehabilitation loan will be used to install 34 white vinyl windows on the 1st, 2nd, and 3rd floors. They will also repair any damaged caused by the removal of the old windows or by installing the new windows. The exterior will be tuckpointed on the facade as well as resealing loose vinyl siding at the back of the building. In the basement, a leaking wash basin and drain pipe will be repaired.

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 August 28, 2018 and recommended for approval.

Anticipated Future Actions/Commitments

None

Intergovernmental Cooperation Opportunities

None