

**Memorandum
Community Economic Development Department**



To: Thomas Thomas, City Manager
Subject: IHDA Blight Reduction Program
Date: November 24, 2014

CED staff is requesting Council approval to submit an application for funding through the Blight Reduction Program (BRP) administered by the Illinois Housing Development Authority (IHDA). IHDA requires the lead applicant to be a local unit of government. The applicant must apply in partnership with a not-for-profit developer or agency with demonstrated experience in demolition, greening, and revitalization. After careful review of the program requirements, the City determined that collaboration with the Rock Island Economic Growth Corporation (GROWTH) would be an effective partnership to remediate blight through strategic demolitions in the community.

The BRP program was created in 2014 by IHDA under the Hardest Hit Fund Program to prevent foreclosures and stabilize neighborhoods. Specifically, BRP funding will be targeted to demolish blighted/vacant residential units for the eventual reuse and redevelopment of those properties.

The applicant and not-for-profit must enter into an agreement acceptable to both parties outlining their roles during the BRP process. The program requires the City to perform the following actions: identify a BRP Target Area (boundary within which demolitions are proposed) and control the permitting, inspection, and lien extinguishment process for all properties proposed. The City is also responsible for the acquisition and clearance of titles of all properties proposed for demolition. The not-for-profit partner must take ownership of the properties prior to any demolition work, execute loan documents, and be the receiver of the BRP funds. The not-for-profit must also provide compliance reports to IHDA on each property during the three year compliance-recapture period.

The proposed BRP Target Area was strategically selected by the City to capture the most points in the BRP program application. Points are awarded for properties that can be purchased within 6 months and demolished within 12 months of the application deadline. In addition, points are awarded to applicants demonstrating a redevelopment plan and active revitalization already in progress. Our proposed boundary meets these and other scoring requirements.

Through this application, the City is requesting \$1,365,000 to demolish 39 residential units (36 single family homes and 3 duplexes) within the BRP Target Area. Applicants must request no less than \$250,000 and identify no less than 10 proposed properties for demolition. There is no maximum amount for which an applicant can apply. The deadline for applications is December 8, 2014.

RECOMMENDATION:

CED staff recommends adoption of the enclosed Resolution identifying a partnership with GROWTH to submit an application to IHDA for funding through the BRP program.

CED staff further recommends approval of the enclosed Blight Reduction Program Services Agreement between the City and GROWTH. Such approval authorizes the City Manager to execute said agreement subject to minor attorney modifications.

Submitted by: Jeff Eder, CED Director / Assistant City Manager
Dena Grunewald, Budget and Grants Manager
Brandy Howe, Urban Planner

Approved by: Thomas Thomas, City Manager

RESOLUTION ___-2014

WHEREAS, in the spring of 2014, Illinois Housing Development Authority (IHDA) created the Blight Reduction Program (BRP) to decrease preventable foreclosure and stabilize neighborhoods by supporting Illinois units of government and their Not-For-Profit Partners as they target blighted, vacant residential properties for demolition, greening and eventual reuse or redevelopment; and

WHEREAS, BRP requires applicants be an Illinois local unit of government and that the applicant partner with a local not-for-profit agency in the application and implementation of program activities; and

WHEREAS, after careful review of the program requirements, the City determined that a collaborative partnership with the Rock Island Economic Growth Corporation (GROWTH) would be an effective partnership to a remediate blight through strategic demolitions in the community; and

WHEREAS, after careful review of the program application requirements, the City and GROWTH determined that the West End Neighborhood consisting of Douglas Park, Longview, and Old Town Chicago meet the eligibility criteria for a successful application; and

WHEREAS, the City is requesting \$1,365,000 to demolish 39 residential units in the West End Neighborhood which will contribute toward blight remediation and the continued revitalization of this area of the community.

NOW, THEREFORE BE IT RESOLVED, that the City of Rock Island and Rock Island Economic Growth Corporation shall partner in the Blight Reduction Program to apply for funding and, if awarded, undertake eligible program activities as funded.

PASSED: _____

APPROVED: _____

ATTEST: _____

Aleisha Patchin, City Clerk
City of Rock Island, Illinois

Dennis E. Pauley, Mayor
City of Rock Island, Illinois

SERVICES AGREEMENT

Blight Reduction Program

This Blight Reduction Program Services Agreement (“Agreement”) is entered into on this _____ day of _____, 2014 between the City of Rock Island (the “City”), a municipality, and Rock Island Economic Growth Corporation (“GROWTH”), an Illinois not-for-profit corporation.

RECITALS

WHEREAS, under the Blight Reduction Program (“BRP”), the City needs an experienced not-for-profit partner to advance community development objectives related to the elimination and redevelopment of blighted areas.

WHEREAS, such activities will further the City’s existing neighborhood plans and overall approach to eliminate blight and reduce the number of vacant, uninhabitable properties in low income areas and redevelop such areas into green space, community gardens, affordable housing, or commercial uses for its residents.

WHEREAS, GROWTH is a nationally-recognized, not-for-profit corporation specializing in housing and community development efforts.

WHEREAS, GROWTH has been successful in attracting and leveraging public and private dollars each year in order to advance housing goals and promote long-term economic growth, including, but not limited to, housing and community development efforts in northwestern Illinois, with a special emphasis in the City of Rock Island.

WHEREAS, the City and GROWTH desire to collaborate in the Illinois Housing Development Authority’s BRP, with the City entering into a contractual agreement with GROWTH pursuant to which GROWTH would provide Blight Reduction Program services to the City of Rock Island as detail herein.

NOW THEREFORE, in consideration of the mutual promises, covenants, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

1. Incorporation of Recitals. The foregoing recitals are hereby incorporated by reference and made a part of this Agreement.
2. Agreement. The City and GROWTH hereby agree that GROWTH will provide certain Blight Reduction Program services on behalf of the City and the City will agree to adhere to additional Blight Reduction Program requirements as outlined by the Illinois Housing Development Authority and detailed herein.
3. City Services. The City of Rock Island will provide the following services as the “Lead Applicant” of the Blight Reduction Program:

- a. **Acquisition and title clearance of all BRP targeted properties.** The City is responsible for acquisition of the properties proposed for demolition and the title clearance process for blighted properties.
 - i. The City will work to acquire all properties listed in the top ten (10) units in the BRP Target Area within six (6) months from the application deadline.
 - ii. The City will be responsible for acquiring all additional properties proposed for BRP as funding availability permits.
 - iii. The City will control all permitting, inspection and lien extinguishment of each property in order to transfer to GROWTH without liens.
 - b. **Transfer title of all BRP targeted properties owned by the City to GROWTH.** The City has identified a preliminary total of thirty-nine (39) units that meet BRP criteria in the west end of Rock Island with a high concentration located in the West End Neighborhood.
 - i. The City will transfer BRP funded properties and work collaboratively with GROWTH to establish an end use for each property that will most benefit the residents of the neighborhood and the broader community.
4. Not-for-Profit Services. GROWTH will provide the following services (“Blight Reduction Program Services”) to the City of Rock Island:
- a. **Take and maintain ownership (title) of the properties identified for BRP assistance.** GROWTH will, with the City’s assistance, take title of the BRP identified properties and hold the title until the end of the three (3) year compliance period and provide all required compliance reports to IHDA during this recapture period.
 - i. GROWTH will administer BRP funding by coordinating project (unit) budgets with the Illinois Housing Development Authority, engaging and soliciting demolition bids from contractors, overseeing the lot treatment / greening process, providing ongoing maintenance, and ensuring the payment of property taxes and insurance during the three (3) year compliance period.
 - ii. At the conclusion of the three (3) year compliance period, GROWTH will transfer ownership (title) of the property to the City for continued redevelopment efforts.

**[Signature Page for Blight Reduction Program Services Agreement Between City of
Rock Island and GROWTH]**

Rock Island Economic Growth Corporation,
an Illinois not-for-profit corporation

By: _____

Name: _____

Its: _____

City of Rock Island

By: _____

Name: _____

Its: _____