

MEMORANDUM

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

TO: Thomas Thomas, City Manager

SUBJECT: Small Rental Properties Program Application

DATE: January 31, 2012

Staff has learned of a grant opportunity from the Illinois Housing Development Authority (IHDA) for funding from its Small Rental Properties Program (SRPP); this was also known as the Rental Rehabilitation Program. Staff has reviewed the application materials and has identified that Friendship Manor owns six rental properties that would qualify for assistance through the SRPP Program. In addition, staff believes two more units could be assisted through the program, for a total of eight units.

The application will request \$148,687 in funding from IHDA, with not less than \$44,000 in matching funds from Friendship Manor as required by program guidelines that specify not more than \$14,999 in IHDA funds per unit for rehabilitation and a 25% private match. The total application package reflects a total of \$192,687. This includes property renovation, relocation as required, project delivery costs for staff and administration. The IHDA funds are a five-year 0% forgivable loan to the property owners, secured by a mortgage and land use and regulatory agreement.

The City has received SRPP funding in the past, but there were challenges finding property owners who were interested. In this case, Friendship Manor has committed to participate and renovate homes they own, located near Friendship Manor, that are rented to income qualified tenants they employ.

Since the program is funded through the Federal HOME budget, units must be occupied by residents earning 60% or below the area median income. For a family of four this equals \$38,500 or less. There is also a five year affordability period that will require Friendship Manor and the City to monitor and confirm that lower income residents benefit from the program.

This application will support neighborhood revitalization efforts and Friendship Manor's interest in improving its rental properties and provide a similar opportunity for two additional units.

Recommendation:

That City Council authorize the City Manager to submit a Small Rental Properties Program application to the Illinois Housing Development Authority.

Submitted by: Alan M. Carmen, Planning and Redevelopment Administrator
Gregory S. Champagne, Community and Economic Development Director

Approved: Thomas Thomas, City Manager