March 14, 2012

ITEM NO. 6

AUTHORIZATION TO EXECUTE A HOUSING ASSISTANCE PAYMENT CONTRACT FOR 1531-1539 W. 90TH STREET

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the CHA enter a 5-year Housing Assistance Payment contract with TreMarq Partners for 4 of 10 units at 1531-39 W. 90th St. in the Washington Heights community.

• The purpose of this contract is to increase the supply of long-term, quality affordable housing opportunities in healthy neighborhoods for households on CHA waiting lists.

Background on Property Rental Assistance (PRA) Program

The 4 units in the proposed contact will be administered as part of the CHA’s Property Rental Assistance (PRA) Program. CHA launched PRA in June 2010 in order to add 500-650 new CHA units per year through an open web-based application process. PRA program goals are to:

1. Increase the number of affordable housing opportunities in healthy neighborhoods.
2. Ensure long-term affordability in opportunity areas.
3. Provide affordable housing options for working families, seniors and special needs populations.
4. Provide owners with reliable and straightforward rental income for their properties.

All CHA-assisted PRA units count towards the overall 25,000 unit goal in the Plan for Transformation. HUD and the CHA Board of Commissioners approved this designation as part of Amendment 3 to the Amended and Restated MTW Agreement in March 2010.

PRA Evaluation Process

Complete applications for PRA assistance are evaluated in the order received as part of a twice-monthly evaluation committee process. The PRA evaluation committee is comprised of:

• 4 CHA staff in Asset Management, Development Management, Finance and Resident Services
• 1 staff from the Chicago Department of Housing and Economic Development (DHED)
• 1 staff from the Chicago Department of Families and Supportive Services (DFSS).
• Business and Professional People for the Public Interest (BPI) also provide non-voting participation.

All applications are evaluated on 5 criteria: Property Characteristics, Neighborhood, Owner Experience, Manager Experience, and Rent Structure. Applications for new construction or supportive housing must submit additional information that is subject to additional scoring.

PRA Program Status

The PRA portfolio currently includes 1,636 units in 74 developments. The program provides $15.7 Million in annual HAP payments and currently has a 97% occupancy rate.
In 2010, PRA added 234 units in 9 developments;
In 2011, PRA added 569 units in 36 developments;
In 2012, PRA plans to add 650 units to achieve unit count goals in the 2012 Annual Plan.

Development Information
The proposed property is a 2-story white brick garden walk-up building with two entrances. Located in the Washington Heights community area, the building serves working individuals/couples with ten 1-bedroom apartments. Each apartment has been renovated and averages 550 square feet.
- **Address:** 1531-1539 W 90th Street
- **PRA Units:** 4 vacant 1-bedroom apartments
- **Total Units:** 10 total units in building
- **Subsidy Ratio:** 40% of units in building.
- **Unit Size:** Approximately 550 s.f.
- **Condition:** Recently renovated, (refinished floors, new appliances)
- **Amenities:** On-site laundry facilities, individual secured storage area in the basement
- **Contract Rent:** $775/month includes heat (comparable with other units in building / neighborhood.)
- **Inspection Results:** All of the proposed units substantially comply with Housing Quality Standards.
- **Overall:** Stable building with working families in all other 6 units; average tenancy 8+ years

Neighborhood Information
The Washington Heights Community Area is quiet, stable community just north of Beverly.
Neighborhood Information (Continued)
- 2 blocks from Brainerd Metra station
- 4 blocks from Jewel Grocery Store
- Near Dan Ryan Woods Forest Preserve
- Low rate of subsidized housing in area
- Minimal crime activity
- 21st Aldermanic Ward (Brookings)

Owner / Manager Information
The development has been owned and managed by TreMarq Partners for 13 years. TreMarq Partners was founded by Robert Johnson in 1996. During the past 16 years, TreMarq Partners has purchased, rehabsed and managed 19 units of affordable housing in five buildings.
- TreMarq Partners is a new participant in the PRA Program.
- All owners in the PRA program are reviewed as part of a thorough due diligence process.
- This review includes checks for building code violations, HUD debarred list, City of Chicago scofflaw, criminal background, and other program participation.
- No issues were identified during the review of TreMarq Partners.

Contract Information
- Funding Source: Housing Choice Voucher Program (Property Rental Assistance)
- Term: 5 Years (requested by owner)
- Annual Contract Maximum: $37,200
- Total 5-Year Contract Maximum: $186,000

Waiting List / Occupancy Process
After contract execution, CHA will refer applicants from its waiting lists for these vacant units. The waiting lists include families whose right to return under the Relocation Rights Contract has not been satisfied.
- 40% of the applicants on CHA waiting lists would be eligible for 1 bedroom units.
- CHA tenants living at the property will pay 30% of household income, similar to other public housing or HCV tenants.

Conclusion
Based on the foregoing, it is recommended that the CHA enter a 5-year Housing Assistance Payment contract with TreMarq Partners for 4 units at 1531-39 W. 90th Street.
RESOLUTION NO. 2012-CHA-22

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board letter dated March 14, 2012 requesting authorization to 1) execute a Housing Assistance Payment (HAP) Contract for 1531-1539 W. 90th Street and 2) execute all other documents as may be necessary or appropriate to implement the foregoing.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY:

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to 1) execute a Housing Assistance Payment (HAP) Contract for 1531-1539 W. 90th Street and 2) execute all other documents as may be necessary or appropriate to implement the foregoing.