



August 12, 2015

Item No. 15

AUTHORIZATION TO EXECUTE A HOUSING ASSISTANCE PAYMENTS CONTRACT UNDER THE SECOND COMPONENT OF THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT’S RENTAL ASSISTANCE DEMONSTRATION PROGRAM FOR MIRIAM APARTMENTS

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners (Board) approve the attached Resolution authorizing the Acting Chief Executive Officer (CEO) or his designee to 1.) execute a Housing Assistance Payments Contract (HAP) under the second component of the United States Department of Housing and Urban Development (HUD) Rental Assistance Demonstration Program (RAD) for Miriam Apartments; and 2.) execute all other documents as may be necessary or appropriate to implement the foregoing.

CORPORATE GOAL

The proposed contract supports Plan Forward Goal #1: coordinating public and private investment to develop healthy, vibrant communities.

This contract will result in more affordable housing opportunities for families by providing Property Rental Assistance (PRA) under the second component of RAD for up to sixty-two (62) apartments as detailed below.

FUNDING: HUD Rental Assistance Demonstration Program (RAD – Second Component)

PROPERTY SUMMARY

Development Name	Community / Ward / Alderman	Developer / Owner	Target Population	PRA Units	Total Units
Miriam Apartments	Uptown/46 th Ward/James Capleman	Mercy Housing Lakefront	Homeless Individuals	Up to 62	62

CONTRACT SUMMARY

Development Name	Funding	Contract Term	Contract Type	Initial Estimated Contract	Total Estimated Contract	Application Received
Miriam Apartments	RAD Program (Second Component)	15 Years	AHAP/HAP Contract	\$529,728/year	\$9,160,807 (15 years)	May 2015

Initial contract rents will be determined by market comparables and fair market rents applicable at the time the HAP contract is executed. All rent determinations will comply with federal regulations and Chicago Housing Authority (CHA) policy.

Proposed Development: Miriam Apartments

- Miriam Apartments has been in CHA's Mod Rehab portfolio since 1991. This is the Substantial Rehabilitation of a 4-story elevator building containing 66 SRO units to be converted to 62 units.
- Mercy Housing Lakefront (MHL) will be submitting an application to HUD to convert the Mod Rehab contract to RAD under the program's second component and, if approved, is requesting that all of the units remain CHA-assisted under RAD.
- The property has been consistently in good & stable condition throughout CHA's Asset Management Department reviews.
- Currently all units share bathrooms – 1 for every 2 units, and none of the units have kitchens, instead each floor has a community kitchen.
- The substantial rehabilitation will reduce the 66 units to 62 and will include adding individual kitchens and bathrooms for each unit and replacement of all major systems, including heating, plumbing, electrical, and air conditioning, drywall and hardwood flooring.
- Building amenities include a community room, laundry facilities and on-site management and supportive services.

Developer Background: Miriam Apartments

- Mercy Housing, Inc. (MHI), which was established in 1981, has over 34 years of experience in developing and managing affordable housing across the country. MHI's national portfolio consists of over 14,000 units within 230 communities.
- MHL, a wholly owned subsidiary of MHI, was established in 2006 to carry out MHI's mission in Chicago and the Great Lakes region. MHL has developed and currently manages 24 affordable housing developments in Chicago totaling 2,203 units.
- Mercy Housing Management Group will continue to serve as the property manager.

Development Financing

- IHDA LIHTC Equity: \$10 M
- Seller's Note: \$2M
- FHLB – AHP: \$850K
- DPD (refinancing existing HOME loan): \$307K

Waiting List / Occupancy Process

The RAD program requires that all SRO conversions retain and preserve the original purpose of the Mod Rehab SRO properties, which is to serve the homeless population that meets the HEARTH definition of homeless. As such, the owner will continue to use the Central Referral System for tenant referrals.

Conclusion

The Board action recommended in this item complies in all material respects with all applicable CHA board policies and all applicable federal laws.

The Chief Property Officer concurs with the recommendation to execute a HAP contract for Miriam Apartments.

The Acting CEO/President recommends the approval to execute a HAP contract for Miriam Apartments.

RESOLUTION 2015-CHA-

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board letter dated August 12, 2015 requesting authorization to execute a Housing Assistance Payments Contract for Miriam Apartments;

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY:

THAT, the Board of Commissioners authorizes the Acting Chief Executive Officer or his designee to 1.) execute a Housing Assistance Payments Contract (HAP) for Miriam Apartments; and 2.) execute all other documents as may be necessary or appropriate to implement the foregoing.

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