

September 12, 2012

ITEM NO. C8

**AUTHORIZATION TO EXECUTE HOUSING ASSISTANCE PAYMENTS CONTRACTS FOR
3208 N. SHEFFIELD APARTMENTS, MT. GREENWOOD ESTATES AND CASA DE TROY**

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners approve the attached Resolution authorizing the Chief Executive Officer or his designee to 1) execute an Agreement to enter into a Housing Assistance Payments Contract for 3208 N. Sheffield Apts.; 2) execute a Housing Assistance Payment Contract for Mt. Greenwood Estates; 3) execute a Housing Assistance Payments Contract for Casa de Troy; and 4) execute all other documents as may be necessary or appropriate to implement the foregoing.

CORPORATE GOAL

The purpose of these contracts is to create more affordable housing opportunities in healthy and revitalizing neighborhoods by providing Property Rental Assistance (PRA) for eighty-three (83) supportive housing apartments detailed below.

PROPERTY SUMMARY

Development Name	Community / Ward / Alderman	Developer / Owner	Target Population	Supportive Housing Provider	PRA Units	Total Units
3208 N. Sheffield Apartments	Lakeview; 44 th Ward; Tom Tunney	Brinshore Development 74% Thresholds 26%	Individuals needing mental health services	Thresholds	51	51
Mt. Greenwood Estates	Mt. Greenwood; 19 th Ward; Matthew O'Shea	Chestnut Investments, LLC	Individuals needing mental health services	Thresholds	16	16
Casa de Troy	Chicago Lawn; 15 th Ward; Toni Foulkes	Thresholds	Individuals needing mental health services	Thresholds	16	16

CONTRACT SUMMARY

Development Name	Funding	Contract Term	Contract Type	Initial Max Contract	Total Max Contract	Application Received
3208 N. Sheffield Apartments	HCV Program	30 Years	AHAP Contract	\$483,480 / year	\$14,504,400 (30 years)	May 5, 2012
Mt. Greenwood Estates	HCV Program	30 years	HAP Contract	\$231,552 / year	\$6,946,560 (30 years)	June 6, 2012
Casa de Troy	HCV Program	30 years	HAP Contract	\$175,140 / year	\$5,254,200 (30 years)	June 6, 2012

GENERAL BACKGROUND

Waiting List / Occupancy Process for All Three Developments

It is the intent of each owner/manager at these properties to lease all of their units to eligible persons from CHA's waiting lists. Eligibility for each property includes being below 50% of AMI and having a diagnosed mental illness. To accomplish this, we will utilize a cross-referenced list of Thresholds applicants and CHA applicants as well as a cross referenced list of *Williams* consent decree class members and CHA applicants. In addition, CHA will be updating all of its waiting lists to ensure that people interested in housing with these services are also referred to the property for eligibility. In the event that an insufficient number of applicants are identified through the cross-referencing process after 90 days of referrals to a vacant unit, Thresholds may qualify applicants from its site-based waiting list. The CHA waiting list of applicants or current participants that are also interested in housing that provides mental health services will be exhausted prior to utilization of a site based waiting list.

3208 N. Sheffield Apts.

3208 N. Sheffield is the total renovation of a vacant 4-story hotel formerly known as The Diplomat Hotel containing 51 studio apartments located in Lakeview with ground floor retail to be occupied by a flower shop run by Thresholds and a rooftop garden to be operated by the Chicago Botanic Gardens. Supportive Services will be provided by Thresholds.

The owner/developer of the property is Brinshore Development, LLC a private firm specializing in the development of mixed-income housing founded in 1993. Thresholds was founded in 1959 for the purpose of delivering recovery services to people with persistent mental illness.

Brinshore and Thresholds were selected as the developer of the property by the City of Chicago in 2011. Development financing will be provided by City of Chicago allocation of Low Income Housing Tax Credits, Investor Equity, Illinois Housing Development Authority, State Donation Tax Credits and an Affordable Housing Program Grant. Construction of the property is expected to begin in November, 2012 and be ready for occupancy in May, 2014.

Mt. Greenwood Estates

The property is a 3-story California style walkup located in Mt. Greenwood with 16 spacious one-bedroom apartments with ground floor retail occupied by a Doctor's office. Thresholds will provide supportive services for all 16 PRA units.

Currently, 2 of the 16 units are vacant for immediate occupancy. Up to 14 additional units will be added to the HAP Contract for PRA assistance as units become vacant, with most units expecting to be available for PRA occupancy by early 2013.

The owner/developer of the property is Chestnut Investments, LLC, an entity formed for the project, and is a wholly owned subsidiary of Property Markets Group. PMG is a real estate private equity firm established in 1991 headquartered in New York and is headed by Kevin Maloney. PMG owns over \$3 million in real estate assets in New York, Illinois, Florida, South Carolina and the Caribbean. Development financing will be provided solely from PMG.

Casa de Troy

Casa de Troy is a 3-story walkup located in Chicago Lawn with of 16 one-bedroom units (10 units also include dens). An additional unit will be occupied by a maintenance employee not receiving PRA assistance. The property was recently substantially renovated. Thresholds will provide supportive services for all 16 PRA units.

Currently 12 of the 16 units are vacant and ready for immediate occupancy. Up to 4 additional units will be added to the HAP Contract for PRA assistance as they become vacant.

The property is owned by LB Real Estate, whose sole member is Bart Lazarczyk. LB purchased and substantially rehabbed the building in 2011 with financing from the Community Investment Corporation. Thresholds will enter into a Master Lease with LB Real Estate for all 16 units in the building. LB and its property manager, Winchester Properties, will be responsible for all utilities, maintenance, and HQS requirements. Winchester Properties was established in 1990 and manages over 400 units.

Conclusion

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The Acting Chief Housing Officer concurs with the recommendation to execute Housing Assistance Payments contracts for 3208 N. Sheffield Apartments, Mt. Greenwood Estates and Casa de Troy.

The CEO/President recommends the approval to execute Housing Assistance Payments contracts for 3208 N. Sheffield Apartments, Mt. Greenwood Estates and Casa de Troy.

RESOLUTION NO. 2012-CHA-74

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board letter dated September 12, 2012 requesting authorization to execute Housing Assistance Payments contracts for 3208 N. Sheffield apartments, Mt. Greenwood Estates and Casa de Troy;

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 an Agreement to enter into a Housing Assistance Payments Contract for 3208 N. Sheffield Apts.; 2) execute a Housing Assistance Payment Contract for Mt. Greenwood Estates; 3) execute a Housing Assistance Payments Contract for Casa de Troy; and 4) execute all other documents as may be necessary or appropriate to implement the foregoing.

