



August 12, 2015

Item No. 16

AUTHORIZATION TO EXECUTE A HOUSING ASSISTANCE PAYMENTS CONTRACT FOR LEIGH JOHNSON 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) for Leigh Johnson 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) for up to forty-six (46) apartments as detailed below.

FUNDING: Housing Choice Voucher Program (HCV) through U.S. Department of Housing and Urban Development's (HUD) Enhanced Voucher Funding

PROPERTY SUMMARY

Development Name	Community / Ward / Alderman	Developer / Owner	Target Population	PRA Units	Total Units
Leigh Johnson Apartments	Grand Crossing/ 5 th Ward/Leslie Hairston	73 rd & Dobson Housing Corporation	Families	Up to 46	77

CONTRACT SUMMARY

Development Name	Funding	Contract Term	Contract Type	Initial Estimated Contract	Total Estimated Contract	Application Received
Leigh Johnson Apartments	HCV – HUD Enhanced Voucher Funding	30 Years	HAP Contract	\$456,744/ year	\$18,529,227 (30 years)	June 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: Leigh Johnson Apartments

- Leigh Johnson Apartments is an existing development located in the Grand Crossing community area. The development consists of seven two-story buildings totaling 77 residential units plus a property management office and a daycare space on the ground level. The project contains 38 two-bedroom units and 39 three-bedroom units. The PRA unit mix will be up to 25 two-bedroom and 21 three-bedroom units.
- The buildings were built in 1973 with HUD Section 236 financing, including a HAP contract for 31 units. The other 46 were rent restricted under the Section 236 affordability requirements.
- Due to the pre-payment of the HUD loan, HUD has issued up to 46 eligible residents enhanced vouchers that can be project based through the PRA program, with CHA Board approval. Residents must choose PRA for their unit to be part of the program. The PRA contract will be funded by new HUD funds, not from CHA's existing HCV allocation.
- The owner has also been approved for an FHA loan to take out the balance of the existing first mortgage, replenish the project's replacement reserve and provide approximately \$26,000 for minor building repairs.
- According to the Project Capital Needs Assessment, the development is in good physical condition because the ownership and management agent have taken consistent measurable effort and provided capital improvements over the years to maintain the function and appearance of the buildings.

Developer Background: 73rd & Dobson Housing Corporation

- The 73rd & Dobson Housing Corporation (DHC), a not-for-profit corporation, is the original owner of the project. DHC is governed by a board of volunteers. For the last 20 years, Doris Leach has been the president. This is the only property that the DHC owns.
- The project is managed by East Lake Management (ELM), which has a long history of participation in HUD projects throughout the Chicago metropolitan area as well as in Indiana and Ohio. ELM began managing HUD-projects in 1974, and since then its portfolio has grown to over 13,000 units, most of which are in HUD-related or affordable projects including CHA.

Development Financing

Not applicable.

Waiting List / Occupancy Process

The building is currently fully occupied. Current residents who elect to convert their enhanced voucher to PRA will remain in their units. At turnover, it is the intent of the owner/manager of Leigh Johnson Apartments to lease all of the PRA-assisted units to eligible families from CHA's waiting lists. CHA will make these referrals from the Public Housing and PRA waiting lists as well as to families whose right of return under the Relocation Rights Contract has not been satisfied. CHA's waiting lists will be exhausted prior to utilization of a site-based waiting list.

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 Leigh Johnson Apartments.

The Acting CEO/President recommends the approval to execute a HAP contract for Leigh Johnson 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 Leigh Johnson 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 Leigh Johnson Apartments; and 2.) execute all other documents as may be necessary or appropriate to implement the foregoing.

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