



# Board of Commissioners of Cook County

118 North Clark Street  
Chicago, IL

## Legislation Text

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**File #:** 16-2483, **Version:** 1

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### **PROPOSED PROPOSED COMMUNITY DEVELOPMENT BLOCK GRANT - DISASTER RECOVERY (CDBG-DR)**

**Department:** Planning and Development

**Other Part(ies):** Presidio Capital, LLC, Hinsdale, Illinois

**Request:** Approval of a CDBG - DR Loan with Developer and Homebuyer Subsidies

**Total Development Cost:** \$7,000,000.00

**Project Loan Amount:** \$7,000,000.00

**Fiscal Impact:** None

**Account(s):** N/A

**Summary:** The Department of Planning and Development within the Bureau of Economic Development respectfully submits the attached Community Development Block Grant - Disaster Recovery project loan recommendation in the amount of \$7,000,000.00 to Presidio Capital, LLC. This project loan will be utilized to support CDBG -DR-eligible project costs incurred during the new construction of 29 new townhomes and single family homes in Cicero, Illinois as replacement housing for households displaced by the 2013 Flood. The area of Cicero where these homes will be built (northeast corner) is **not** in a 100 year flood plain, but is near transit and meets the new energy star ratings for new construction. The construction of these units is in keeping with Planning for Progress and the CDBG -Disaster Recovery Action Plan.

The requested CDBG -DR funds would subsidize the project via a permanent loan based upon the following terms:

**Loan Type:** Construction Loan will be provided to the Developer, and then the down payment assistance will be recorded as Second Mortgage by Cook County and remain subordinate to the permanent first mortgage to the homebuyer

**Interest Rate:** The loan will be a zero percent (0%) interest repayable of the sale of each home to a qualified homebuyer

**Loan Term:** The Project is estimated to have a “construction” phase of (12) months to complete with a detailed schedule to be set forth in final loan documents subject to the guidance and final approval of HUD.

**Lien Position:** County is the sole lender and recorded in first position during construction and then Cook County will award on a case by case needs basis a second mortgage for each homebuyer to ensure compliance with the abovementioned Affordability Period.

**Buyer Down Payment Assistance:** Qualified Buyers will receive down payment assistance based upon individual needs. Fifteen properties will be sold to Buyers with less than 80 percent of AMI and fourteen properties will be sold to Buyers with less than 120 percent of AMI.

**Affordability Period for Home Buyer:** The homebuyer will be awarded a second mortgage on the property based upon the needs of each qualified homebuyer. The second mortgage will come with an affordability period of 15 years if the subsidy is \$20,000 or less and 20 years if the subsidy is \$20,001 or more.

**Guarantee:** Presidio Capital, LLC guarantees that any home not sold by 12/31/2017 will be repaid in “balance” (outstanding balance minus any projected developer subsidy) to the County, after the complete exhaustion of the “sales plan” initiative. On 10/1/2017 any unsold units will be evaluated and determine the units prices need to be decreased or if an extension beyond 12/31/2017 is necessary to sell all units. If on 12/31/2017 units still remain unsold the County and Developer have the option to convert the units to supportive services rental housing units in conjunction with an approved non-profit agency. Finally, any reprogrammed funds will be utilized at the sole discretion of the County for projects that are eligible under the CDBG-DR regulations.

The Bureau would like to request approval for the attached recommended CDBG -DR project loan and authorization to proceed to execute on behalf of the County of Cook, any and all documents necessary to further the aforementioned project.

The U.S. Department of Housing and Urban Development (HUD) provided the County with the CDBG -DR funds due to the flooding that occurred in April of 2013. The Cook County Board has approved The Action Plan for the CDBG - DR funds on 3/12/2014 with two Substantial Amendments on 9/10/2014 and 4/1/2015.

This project is being submitted for review by the Housing and Community Development Committee and then for Board Approval on 5/11/2016. As such, this item will require Board review and approval in the same meeting on 5/11/2016.