



CITY OF CHICAGO • OFFICE OF THE MAYOR



**FOR IMMEDIATE RELEASE**

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**500 AFFORDABLE SENIOR UNITS TO BE REHABBED IN LITTLE VILLAGE AND EAST GARFIELD PARK**

Mayor Lori E. Lightfoot introduced an ordinance to City Council today that would cede up to \$90 million of unused City of Chicago tax-exempt bond volume cap to the Chicago Housing Authority (CHA) for the rehabilitation of Albany Terrace Apartments and Irene McCoy Gaines Apartments (Albany Gaines). On the southwest side in Little Village, Albany Terrace was constructed in 1974 and includes 350 affordable senior units. Irene McCoy Gaines in East Garfield Park was built in 1964 and has 150 residential units, including 30 studios and 120 one-bedroom units. Together, the two buildings provide 500 units of affordable housing to low-income senior citizens in these communities.

Both buildings need critical system upgrades and extensive renovation to continue to provide housing for the next generation of seniors. The development costs will total roughly \$168 million. In addition to the use of tax-exempt bonds and an anticipated \$67.5 million in 4% tax credit equity generated from the bonds, other funding will consist of a \$41 million mortgage, a \$56.5 million loan from the CHA; \$2.3 million in accrued interest and \$410,000 returned from the rate lock deposit. No City funds will be used in the redevelopment of the two buildings.

CHA is asking the City to cede a \$90 million volume cap for bonds that they will issue to a newly formed entity, Albany Gaines LLC. This entity will borrow the funds from CHA with the proceeds used to reimburse CHA for capital costs spent on this project. This funding structure will provide CHA with money to spend on the future rehabilitation of other buildings in their portfolio.

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**GREATER GRAND CROSSING AND ENGLEWOOD SCATTERED-SITE AFFORDABLE RENTAL COMMUNITY TO RECEIVE FINANCIAL RESTRUCTURING**



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Mayor Lori E. Lightfoot today introduced to City Council a restructuring proposal for Englewood Garden Apartments in the Greater Grand Crossing and Englewood communities. The revised proposal would allow the transfer of physical assets of Englewood Garden Apartments, a 167-unit affordable, scattered-site rental community, and the transfer of the debt and security instruments related to previous City-sourced financial assistance from the current City borrower/obligor to a prospective City borrower/obligor.

Through this measure, Community Housing Partners III L.P., and RAHF V/5T Englewood, LLC request the City's authorization for restructuring of the existing agreements related to an existing City loan and a historical allocation of tax credits in a manner that:

- Will not alter the unpaid principal balance of the City loan of Community Development Block Grant ("CDBG") funds from circa 1996 (\$2.62 million)
- May alter the interest rate on the principal balance of the City loan of CDBG funds from circa 1996, the interest rate of said loan being zero (0) percent per annum, to an interest rate that is not to exceed the applicable federal rate published by the United States Internal Revenue Service
- Will not extend the maturity date of the existing City loan from its currently scheduled July 1, 2029 maturity date
- Will consent to the transfer of the Property to Replacement Borrower.

There are 12 buildings and related surface parking lots in Englewood and Greater Grand Crossing impacted by this measure:

- 6545 South Normal Avenue
- 6547-49 South Normal Avenue
- 6553-59 South Normal Avenue/434-42 West 66th Street
- 6642-56 South Stewart Avenue/408-10 West 67th Street
- 6757-59 South Parnell Avenue
- 6850 South Normal Avenue
- 7001-03 South Normal Avenue/451-53 West 70th Street
- 7000-04 South Eggleston Avenue/443-45 West 70th Street
- 7056-58 South Eggleston Avenue/440-42 West 71st Street
- 6816-18 South Perry Avenue
- 7011-13 South Perry Avenue
- 7150 South Eggleston Avenue/436-44 West 72nd Street
- Parking Lots
  - 7008 South Eggleston Avenue
  - 6632 South Stewart Avenue
  - 7049-53 South Eggleston Avenue



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- 7149 South Eggleston Avenue
- 7151 South Eggleston Avenue
- 6535 South Normal Avenue
- 6858 South Normal Avenue.

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### **NEW MEASURE TO EXTEND ERAP SOFTWARE CONTRACT TO ACCOMMODATE ADDITIONAL FEDERAL FUNDS**

Mayor Lori E. Lightfoot introduced to City Council today an ordinance to raise the contract spending cap for the City’s Emergency Rental Assistance Program (ERAP) software contract by \$600,000. ERAP is a federally funded initiative designed to respond to housing instability caused by the COVID-19 pandemic and administered by the Department of Housing. In a 925 amendment passed in March 2021 (SO2021-747), the City Council authorized the Commissioner of Housing “to execute the ERAP Software Contract with Unqork Inc,” “for an amount not to exceed \$600,000 for a one-year term, renewable for an optional, maximum additional one-year term if ERAP is extended.” Council justified this direct contract authority “given the deadline for the expenditure of ERAP funds,” “which grant funds may be subject to recapture by the Treasury if 65% is not used by September 30, 2021.”

DOH is requesting an additional \$600,000 to cover the cost of software for the first round of ERAP or ERAP1. At the time the SO2021-747 was passed, the second round of funding, ERAP2 had been approved by Congress just days before, and its implications, such as the amount of funding Chicago would receive, were not yet clear.

DOH launched ERAP applications on May 24, 2021. DOH received nearly 27,000 applications during the three-week application window. To date, DOH has funded over 12,000 households with more than \$82 million in rental and utility assistance through ERAP. As of the end of November, 100% of Chicago ERAP1 funds were obligated, and DOH began to use ERAP2 funds to cover remaining eligible applications. Due to the City of Chicago obligated 66% of its ERAP1 funds by September 30, 2021, it qualified to request additional ERAP1 funds being reallocated by the Treasury from underperforming jurisdictions. DOH has requested an additional \$27 million in the first round of reallocation.

In December 2021, DOH opened another application round and received over 12,000 from Chicago tenants and landlords. In addition, beginning in October 2021, DOH began administering a court-based ERAP, with case managers embedded in eviction court zoom



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rooms to perform intake of tenants and landlords with active eviction filings. More than 250 evictions have been avoided with court-based ERAP grants.

While Council justified the emergency procurement authorization via SO2021-747 due to the looming ERAP1 deadline of 65% spend by September 30, 2021—which, if the City had failed to meet, could have meant federal sweeping of funds—the City finds itself in a similar position concerning ERAP2. The City must obligate 50% of ERAP2 funds—or \$50 million—by March 31, 2022, or risk fund sweeping. Moreover, even after March 31, 2022, the ability to quickly process funds will be crucial to the City’s ability to claim funds swept by Treasury from other, underperforming jurisdictions. Given the demonstrated level of need, the City cannot leave these funds on the table.

With Council approval of this vendor cap increase, the “ERAP Software Contract” with Unqork will cover the funding needs for the rest of the one-year term, and a one-year extension authorized by SO2021-747 will prevent any sweeping of unallocated funds and allow DOH to continue to assist renters in need.

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