

**Report of the Housing Commission
CDBG-Funded Group Home/Transitional Housing Rehabilitation Program
Recommendation for Loan Terms
Submitted to the Village Board – May 5, 2014**

BACKGROUND

At the January 6, 2014 public hearing concerning the Village's proposed Community Development Block Grant (CDBG) budget for FY 2014-2015, staff was directed to discuss with the Housing Commission whether there should be a repayment requirement to the Group Home/Transitional Housing Rehab Program. Three agencies, Little City Foundation, CEDA Northwest, and Glenkirk, have applied for CDBG funds for the rehabilitation group homes and transitional housing units. These funding requests are to be considered for funding under the umbrella Group Home/Transitional Housing Rehabilitation Loan Program.

At its March 12, 2014 meeting, the Housing Commission discussed the possibility of recommending a repayment requirement for financial assistance provided to agencies through the Group Home/Transitional Housing Rehabilitation Program. This program has a budget of \$63,500 for FY 2014/2015.

The members of the Housing Commission discussed the staff recommendations outlined in the attached memorandum. Representatives from Little City Foundation, CEDA Northwest, and Glenkirk attended the Housing Commission meeting on March 12, 2014. The representatives of both Little City Foundation and CEDA Northwest indicated that a repayment element upon sale of the property would be acceptable, and that they would still be interested in receiving the funding with that type of condition. The representative from Glenkirk said that she would need to go back to the agency to discuss whether a repayment provision would affect whether they would continue to request the funds.

RECOMMENDATION

A motion was made by Commissioner Jordan, and seconded by Commissioner Hellner, to recommend to the Village Board that funding under the Group Home/Transitional Housing Program be provided as follows:

The following terms shall apply to all assistance provided under the Group

Home/Transitional Housing Program. For assistance in the amount of \$25,000 or more, the HUD reversion of assets regulation shall apply for the required 5 year period after which the following terms shall apply:

1. One-third of the funded amount for each project would be provided as a grant.
2. Two-thirds of the funded amount for each project would be provided as a 0% interest loan, with repayment deferred and due in full when the improved property is sold or ceases to be used primarily for a CDBG-eligible purpose.
3. Upon the occurrence of a condition that makes the loan due, the agency would have the option to request that the lien be transferred to another property in Arlington Heights that is being used for a CDBG-eligible purpose.

Motion approved with a vote of 4 in favor and 1 opposed.

Voting in favor: Commissioner Jordan, Commissioner Hellner, Commissioner White, and Commission Zyck.

Dissenting: Commissioner Nelson whose opinion was that 100% of the funds for the projects should be provided as a 0% interest, deferred loan rather than two thirds of the funded amounts.