

June 7, 2021

Brenda O'Connell, Community Development Administrator  
Lake County Community Development  
500 W Winchester Road, Unit 101  
Libertyville, IL 60048

Re: Chapel Gardens Senior Apartments

Dear Brenda,

As you are aware, Chapel Gardens Senior Apartments located at 1603 N McAree Road, Waukegan is a 22-unit affordable senior cottage development that was built in 1997 using HOME funds and the Low Income Housing Tax Credit program. The current owner has invested very little into updates and improvements over the years and has essentially no funds in reserves. The owner now listed the development for sale.

CPAH would like to acquire the property in order to (i) preserve these units as affordable housing for low-income seniors, (ii) make necessary improvements and repairs, and (iii) ensure that existing tenants are not displaced. Existing tenants are very concerned about a potential sale to a for-profit developer that would eventually improve the units and dramatically increase the rents. St. John's United Church, located across the street from Chapel Gardens, provides various supports to the tenants and is also very concerned about displacement of residents.

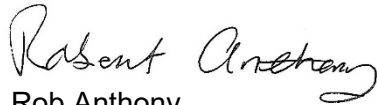
We have negotiated an agreement with the current owner to sell the property. However, the purchase would require an action plan amendment to swap certain existing grant funding. CPAH currently has excess owner-occupied rehabilitation (OOR) program funding because OOR activity was restricted during the COVID-19 pandemic in order to keep residents, CPAH staff, and contractors safe and reduce the spread of the virus. In addition, we've been able to leverage additional OOR funding through the State of Illinois. Therefore, we propose shifting some of our excess OOR grant funds to instead purchase and rehabilitate Chapel Gardens Senior Apartments. This change would not negatively impact the OOR program; we would have sufficient funding remaining due to the COVID-19 backlog and additional funds that were made available from the Illinois Housing Development Authority.

Unfortunately, a portion of the excess OOR funds are CDBG funds, which cannot be used in Waukegan. We therefore request that those excess CDBG funds be swapped for HOME funds, which can be accomplished through swapping funding source with our existing scattered-site Community Land Trust (CLT) grant. In addition, a sale by the current owner of Chapel Gardens will trigger a repayment of approximately \$63,636 in HOME funds to Lake County. We would ask that those funds also remain in the development or be re-used in the acquisition. A more detailed listing of these proposed changes follows, along with a financial summary of the proposed Chapel Gardens development.

In summary, this action plan amendment would shift excess OOR funds to instead acquire and rehabilitate a 22-unit senior development that is at risk of being lost as affordable housing, while having no negative impact on the OOR program. It would also benefit Lake County by quickly expending a backlog of OOR funds and help meet spending deadlines. Aside from the hassle of an action plan amendment, we believe this is a win-win and truly the most strategic use of available resources to provide the most public benefit. The City of Waukegan supports this action plan amendment and reallocating their portion of excess OOR funds.

I sincerely appreciate all that you've done to help figure out a solution that could work. Please don't hesitate to contact me with any questions or if you need further information.

Sincerely,

A handwritten signature in cursive script that reads "Rob Anthony". The signature is written in black ink and is positioned to the left of the typed name.

Rob Anthony  
President

Proposed Grant Changes

<b>Excess OOR HOME Funds</b>	<b>Existing Balance</b>	<b>Amount to Directly Move to Chapel Gardens Project</b>
H1652 Waukegan OOR	\$60,194	\$60,194

<b>Payoff</b>	<b>Payoff Amount</b>	<b>Amount to Directly Move to Chapel Gardens Project</b>
Estimated Payoff from Chapel Gardens	\$63,636	\$63,636

<b>Excess CDBG Funds</b>	<b>Existing Balance</b>	<b>CDBG Amount to Move to Existing CLT Grant; and then move same amount of HOME funds from the CLT Grant to Chapel Gardens Project</b>
C1702 Lake County OOR	\$23,385	\$23,385
C1802 Lake County OOR	\$220,185	\$180,184
C1902 Lake County OOR	\$199,762	\$199,762

**Acquisition - Closing Budget  
Units 22**

**Project Name: Garden Chapel**

	<b>DEVELOPMENT</b>	<b>Per Unit Costs</b>	<b>CPAH Pre-Closing Costs</b>
	<b>BUDGET</b>		
<b>Acquisition Costs</b>			
Property Purchase Price	\$1,065,000	\$48,409	\$40,000
<b>Proposed Capital Improvements</b>			
Unit Turnover/Decorating Cost	\$30,023	\$1,365 \$	-
HVAC Repair or Replacement	\$30,023	\$1,365 \$	-
Roof repairs	\$30,023	\$1,365 \$	-
Misc Unit/Bldg Repairs	\$30,023	\$1,365 \$	-
<b>Subtotal Acquisition Price &amp; Capital Improvements</b>	<b>\$1,185,092</b>	<b>\$53,868 \$</b>	<b>-</b>
<b>Due Diligence</b>			
Title and Recording	\$7,596	\$345 \$	-
Legal Fees	\$25,000	\$1,136 \$	-
Phase 1 ESA	\$1,300	\$59	-
Physical Needs Assessment	\$2,700	\$123	\$2,700
Mold Inspection	\$1,200	\$55	\$1,200
<b>Escrows and Reserves</b>			
Real Estate Tax Escrow	\$20,000	\$909 \$	-
Insurance Escrow	\$7,000	\$318 \$	-
Replacement Reserve	\$10,000	\$455 \$	-
<b>Financing Costs</b>			
Loan App Fees - Lender Due Diligence (appraisal)	\$3,000	\$136	\$3,000
Developer's Fee 4.99%	\$63,023	\$2,865 \$	-
<b>Subtotal Professional &amp; Financing Costs</b>	<b>\$140,819</b>	<b>\$6,401</b>	<b>-</b>
<b>TOTAL COSTS:</b>	<b>\$1,325,911</b>	<b>\$60,269</b>	<b>\$46,900</b>

**PROJECT FINANCING:**

Financing/Equity Sources	Amount	Amort. period	Interest Rate
Lake County HOME	\$403,331		
Waukegan HOME	\$60,194		
Current Owner Pay-off funds to Lake County	\$63,636	\$527,161	
Bank Loan	\$798,750.00		
<b>TOTAL FINANCING:</b>	<b>\$1,325,911</b>		
funding surplus/(shortage):	<b>(\$0)</b>		