



a catalyst for community revitalization

August 18, 2021

Kathryn Murphy, Grants Manager
Community Development Department
City of Peoria
419 Fulton
Peoria, IL 61602

Dear Ms. Murphy:

Peoria Opportunities Foundation (POF) respectfully requests \$100,000 in HOME funds from the City of Peoria to be used in the East Bluff Homes development project.

East Bluff Homes is a scattered site project within the East Bluff neighborhood in the City of Peoria. The development will create 30 homes on 25 vacant lots, consisting of a mix of 2 and 3-bedroom single-family and duplex units. All units are being built on infill sites throughout the East Bluff neighborhood.

Thirteen units are completed and occupied as of August 31st. We expect construction to be completed by the end of October.

The City of Peoria has already provided substantial funding for this project. Due to unforeseen conditions and COVID-related cost increase, the project has a cost overrun of approximately \$690,000. Additional funding is needed to complete the project.

In addition to the \$100,000 request to the City, POF also requested and received preliminary approval for \$345,000 from the Illinois Housing Development Authority.

Below is an explanation of the cost increase.

Sewer Connections account for a cost overrun of \$344,900. The East Bluff is an old neighborhood with aging infrastructure. Based on previous work done in the East Bluff, the general contractor estimated that sewer connections at 8 sites would be approved as is, 9 would require lining and 8 would need to be replaced. (About one-third in each category.) There were NO sites that Greater Peoria Sanitary District (GPSD) approved for use as is. The project is replacing sewer connections at 15 of the 25 sites and lining the remaining 10

At the time the budget was finalized, the cost estimate was \$6,000 for lining and \$25,000 for replacement. Actual costs have come in at \$8,900 for lining and averaged \$28,500 for replacement. Additional cost was incurred due to GPSD requiring several sewer lines to be televised multiple times before making a decision.

Materials Cost Increase. The budgeted materials cost estimate was \$271,700. The project's actual materials cost was \$515,500, a cost overrun of \$243,800 or almost doubling the cost. During the COVID pandemic, the cost of building materials has increased by 4- and 5-times and there has been significant delay in the delivery of materials.

In addition to the cost overruns, the project will also be subject to reduced equity due to late delivery of units, which has been largely due to COVID-related supply delays. Below is a list of COVID-related delays the project has experienced:

- Windows – delayed 2-3 weeks
- Siding material – delayed 6 weeks
- Cabinets – delayed 4 weeks
- Door locks – delayed 4 weeks and then delayed another 2 weeks in shipping
- Bathroom ceiling exhaust fans are backordered
- Storage sheds are back ordered
- Materials needed to establish the water lines – delayed at least 6 weeks
- Shipping has been extended on many items due to the lack of drivers

Our investor has estimated that the loss of equity will be approximately \$80,000. We will not know a final amount until the project is complete and leased up.

Finally, because of these cost overruns and delays and the need to increase the budget, the project is also incurring legal and financing costs in the approximate amount of \$20,000.

Summary of project cost overruns:

	Budgeted Cost	Actual Cost	Cost Overrun	Additional Funds
Sewer Connections	\$250,000	\$594,900	\$344,900	
Over Excavation – Required due to unforeseen soil conditions			\$92,500	
Materials Cost Increase	\$271,700	\$515,500	\$243,800	
Electrical Improvement			\$10,900	
Total Cost Overrun			\$692,100	
Contingency			\$348,500	
Legal/financing costs			\$20,000	
Loss of equity			(\$80,000)	
GAP			\$443,600	
City of Peoria (requested)				\$100,000
IHDA (approved 8/20)				\$345,000

We are so grateful for the continued support of the City of Peoria. We believe East Bluff Homes will be a transformational project for the East Bluff neighborhood and we could not do it without the City’s support. Thank you in advance for your consideration.

Sincerely,



Jane Genzel
Peoria Opportunities Foundation