



Legislation Text

File #: 21-089, **Version:** 1

ACTION REQUESTED:

Communication from the City Manager and the Community Development Director with a Request to APPROVE the Grant Award, in the Amount of \$150,000 from the City's HUD HOME FUNDS to WALLICK-HENDY DEVELOPMENT COMPANY, LLC for the Rehabilitation of PARKWOOD COMMONS located at 1720 NORTH GREAT OAK ROAD. (Parcel ID # 1806101004) (Council District 2)

BACKGROUND:

The City of Peoria is considered an entitlement jurisdiction by the US Department of Housing and Urban Development (HUD) and receives an annual allocation of funding through the HOME Investment Partnership Program.

HOME funding must be used for the preservation or creation of affordable housing in Peoria.

The program often functions as a gap financing tool for developments leveraging private or other public resources.

On April 25, 2017, the City council approved funding for the renovation of the apartment complex Parkwood Commons (formerly Pierson Hills) to Wallick-Hendy Development Company, LLC (Wallick). The \$16 million project leverages substantial resources from the Illinois Housing Development Authority (IHDA) and the federal Department of Housing and Urban Development (HUD) to preserve 100 units of affordable housing.

The project closed in December 2019 and began construction shortly thereafter. Once the project commenced, significant cost overruns occurred due to additional environmental remediation and sewer and sanitary repairs needed to ensure the quality of housing for residents. The COVID-19 pandemic has also caused demand impacts on the construction market. Prior to coming to the City for additional funding, Wallick deferred additional developer fees, reduced other expenses where possible, utilized all the contingency available in the project, and sought additional resources from other funders.

The attachments include a detailed explanation of the cost overruns with pictures of the unexpected conditions.

Wallick has a proven track record of success with HOME-funded projects. The additional \$150,000 in HOME funds will help to alleviate these cost overruns and be leveraged by the other nearly \$16 million invested in the project for the preservation of quality, affordable housing in Peoria.

FINANCIAL IMPACT: \$150,000 in 2021 HOME funds will be awarded to the project.

NEIGHBORHOOD CONCERNS: This project was included in the 2021 Annual Action Plan that included a 30-day comment period.

IMPACT IF APPROVED: An additional \$150,000 in HOME funds will be provided for the project.

IMPACT IF DENIED: The additional funding will not be provided for the project.

ALTERNATIVES: None at this time.

EEO CERTIFICATION NUMBER: 03443-211231

WHICH OF THE GOALS IDENTIFIED IN THE COUNCIL'S 2017 - 2032 STRATEGIC PLAN DOES THIS RECOMMENDATION ADVANCE?

1. Financially Sound City
2. Grow Peoria
3. Choose an item.

WHICH CRITICAL SUCCESS FACTOR(S) FROM THE COMPREHENSIVE PLAN DOES THIS RECOMMENDATION IMPLEMENT?

1. Reinvest in neighborhoods.
2. Have an efficient government.
3. Choose an item.

DEPARTMENT: Community Development