

**COOK COUNTY CONSORTIUM
HOME INVESTMENT PARTNERSHIPS
PROGRAM**



**PROGRAM DESCRIPTION and
APPLICATION CHECKLISTS**

Program Year 2009

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I. HOME INVESTMENTS PARTNERSHIP PROGRAM INTRODUCTION

A. Home Investment Partnerships Program

The Home Investment Partnerships Program was created by the United States Congress under Title II (the Home Investment Partnerships Act) of the Cranston-Gonzalez National Affordable Housing Act of 1990. The general purposes of the HOME Program are:

1. To expand the supply of decent and affordable housing, particularly rental housing, for low and very-low income persons;
2. To provide both financial and technical assistance to participating jurisdictions, including the development of model programs for affordable low-income housing;
3. To extend and strengthen partnerships among all levels of government and the private sector, including for-profit and not-for-profit organizations, in the production and operation of affordable housing.

The HOME Program provides states and local governments the flexibility to decide what kind of housing assistance, or mix of housing assistance, is most appropriate to meet their affordable housing needs. HOME Participating Jurisdictions ("PJ") are required to match federal funds expenditures with 25% of local funds for all eligible activities from eligible sources

B. Cook County Consolidated Community Development Plan and HOME

The Cook County Consolidated Community Development Plan (Consolidated Plan) for Program Years 2005 through 2009 was approved by the United States Department of Housing and Urban Development (HUD). The scope of the Consolidated Plan includes affordable housing, special and supportive housing, homeless prevention, economic development, infrastructure improvements and public service in suburban Cook County. Each year, an Annual Action Plan is developed to address that particular year's activities, programs and resources as they relate to the needs and objectives identified in the Consolidated Plan. Any activities undertaken by Cook County through the resources of the HOME Program must be consistent with the Consolidated Plan.

C. HOME Program Consortium's Jurisdiction

The HOME Program for Program Year 2009 anticipates receiving an allocation of approximately \$5,000,000. The program's jurisdiction includes the following:

1. The Cook County Urban County, which contains all of the unincorporated areas of the county and all suburban municipalities with populations under 50,000, except the Village of Roselle.
2. One Cook County Community Development Block Grant (CDBG) joint participant within the Urban County's geographic boundary, specifically the City of Chicago Heights;
3. Two CDBG entitlement communities located within the geographic boundaries of suburban Cook County. These entitlement communities are the Town of Cicero and the City of Berwyn.

The following Cook County entitlement communities are not participating in the Cook County Consortium and therefore are not participating in the HOME Program for Program Year 2009: Arlington Heights, Chicago, Des Plaines, Elgin, Evanston, Hoffman Estates, Oak Lawn, Oak Park, Orland Park, Mt. Prospect, Palatine, Schaumburg, and Skokie.

II. HOME PROGRAM SUMMARY AND PROPOSED USE OF FUNDS

The investment of HOME funds in any project must be in accord with one or more of the Consolidated Plan priorities. The following sets forth eligible uses to attain those priorities. These include single- and multi-family new construction or rehabilitation and homebuyers' assistance. Each of these activities encompasses special needs housing.

A. Funding Available

Cook County Home Investment Partnerships Program (HOME) anticipates receiving an allocation of approximately \$5,000,000⁽¹⁾ for Program Year 2009 for use in eligible activities. Cook County HOME anticipates receiving an allocation of approximately \$45,000⁽¹⁾ for the American Dream Down Payment Initiative (ADDI).

The Cook County Department of Planning and Development has been designated by the Cook County Board of Commissioners as the lead agency and administrator of the Cook County HOME Program. It is anticipated that the Cook County Board of Commissioners will make available \$1,000,000 in corporate funds for eligible activities pursuant to the federal regulations governing local matching funds requirements. Additionally, the HOME Program generates approximately \$1,700,000 in program income from loan repayments and payoff, which is available for distribution among eligible activities.

Funding Sources	Estimated Amount
HOME Entitlement Grant	\$5,000,000
Corporate	1,000,000
Program Income	1,700,000
ADDI	45,000
Total Funding	\$7,745,000 ¹

B. Proposed Allocation Use

Cook County intends to utilize all applicable forms of financing as described in 24 CFR 92.205(b) of the HOME regulations for specific HOME funded activities. Cook County may use several financing mechanisms ranging from forgivable, deferred payment loans to interest-bearing repayable loans to maintain and expand the supply of affordable housing. Activities include single-family and multi-family rehabilitation, construction of new affordable rental units, single-family homes and home ownership assistance. Requests for HOME funds are reviewed in the order that they are received, and recommendations are based upon the following criteria which include, but are not limited to: annual HOME allocation; thoroughness of documentation; consistency with the Consolidated Plan and Annual Action Plan; economic feasibility; readiness to proceed; and sponsor's capacity and past performance (if applicable). The following eligible activities are proposed for Cook County's use of Program Year 2009 HOME funds:

¹ The actual HOME allocation will be based upon final fiscal year 2009 congressional appropriation which was not finalized at the time this document was printed.

Acquisition

Cook County proposes to utilize interest-bearing and non-interest bearing repayable loans and/or forgivable, deferred payment loans as financing mechanisms for use by developers. These loans can be used for the acquisition of vacant land for new affordable homeownership housing and for acquisition of existing standard structures for occupancy by eligible households. If this activity is associated with multi-family housing see *"Multi-family or Senior Housing – New Construction or Rehabilitation (five or more units)" (below)*

New Construction

Cook County proposes to utilize interest-bearing and non-interest bearing repayable loans and/or forgivable, deferred payment loans as financing mechanisms for use with non-profit and for-profit developers when constructing new housing eligible under the HOME program.

If this activity is associated with multi-family housing see *"Multi-family or Senior Housing – New Construction or Rehabilitation (five or more units)" (below)*

Multi-family or Senior Housing – New Construction or Rehabilitation (5 or more units)

Cook County will make available to qualifying for-profit and non-profit developers low interest rate loans for the purpose of maintaining and creating housing units. Generally the term of the loan is for a maximum of 40 years at a minimum interest rate of 1%, with principal and interest payable monthly. The loan will be secured by a mortgage. Applicants should pay particular attention to the HOME Program regulations and Cook County's Consolidated Plan to assure compliance with federal regulations and the priorities established in this plan. Call the Housing Division at 312-603-1000 with questions regarding multi-family or senior housing, new construction or rehabilitation.

Multi-family or Senior Housing – Applicant Eligibility

Cook County will use the following criteria in determining the merits of an applicant's request for HOME funding for acquisition, new construction or rehabilitation for multi-family or senior housing:

- Consistency with the Consolidated Plan and Annual Action Plan
- The sponsor must demonstrate the capacity to develop and implement the proposed project
- The sponsor cannot be delinquent on any loan repayment to the County
- The proposed project must be economically feasible
- The sponsor must demonstrate a need for the proposed project and document the demand in the community for this form of housing through a market study or local data
- The proposed project must benefit low- to moderate-income households as identified in the Consolidated Plan
- To the extent possible, the County strongly encourages leverage of other sources of funds in addition to the requested HOME dollars
- The County encourages eligible match sources in all development projects
- See **attachment #1** for a checklist of requested documents to be submitted with a HOME loan request

Single-family – New Construction

Cook County proposes to utilize deferred payment loans and forgivable development subsidies for the use of HOME funds for single-family infill housing activities. This program is open to all eligible development entity pursuant to policies established by the Planning and Development HOME Program administration. At the discretion of the HOME Program, down payment assistance may be available to help underwrite the cost of the home's purchase price for the low-income families the program is designed to serve. See **attachment #2** for a checklist of requested documents to be submitted with a HOME loan request. Call the Housing Division at 312-603-1000 with questions regarding multi-family or senior housing, new construction or rehabilitation.

Single-family – Residential Rehabilitation (4 units or less)

Cook County proposes to utilize deferred payment loans and non-interest-bearing loans for the use of HOME funds for income eligible single-family owner-occupied residential rehabilitation activities. These activities would be administered through local municipalities and not-for-profit agencies pursuant to the policies established by the Cook County Department of Planning and Development. This program is designed to bring homes into a code compliant condition. Call the Housing Division at 312-603-1000 with questions regarding single-family residential rehabilitation.

Tenant Based Rental Assistance

Pursuant to 92.209 of the HOME Program final rule, tenant-based rental assistance costs are eligible project activities. Beginning with the 2009 program year, the HOME Program may issue a Request for Proposal(RFP)/Qualification for a new Rental Assistance Program. The program, if offered, will be open to eligible non-profits and certain governmental agencies. Funding for the program will come from either HOME Program or County local funds, depending on the funding availability at issuance of the (RFP). For questions or interest regarding this potential program, please contact Cook County's Housing Division.

American Dream Downpayment Initiative/ Homebuyer Program

The Homebuyer Assistance Programs are designed to assist low-income families in becoming homeowners. The programs provide financial assistance to low-income families who are first-time homebuyers and who are purchasing a single-family home to serve as the family's principle residence. The qualified home buyer may receive assistance of \$10,000 or 6% of the purchase price of the home, whichever is greater, in any event, no more than \$14,999, will be loaned. The funds can be used for down payment and closing costs associated with the home financing. The funding is structured as a five-year forgivable second mortgage loan. Call the Housing Division at 312-603-1000 with questions regarding homebuyer assistance.

Cook County reserves the right to explore and, if appropriate, institute variations to these programs and forms of assistance in order to benefit low- and moderate-income residents of Cook County.

C. Match Requirement

In Program Year 2009, Cook County will be required to match 25% of HOME expenditures with permanent, non-federal sources of funds such as non-refundable grant contributions from state or local government, or private sources (*see attachment #3*). It is anticipated that the County will make available \$1,000,000 in local funds for use as match for the HOME Program in Program Year 2009. While applications are not required to include a source of match, the County strongly encourages proposals to include financial sources that are match-eligible. Expenditure of match funds will be utilized in the most effective manner possible to ensure compliance with the HUD regulations concerning matching requirements.

D. HOME Resale and Recapture Guidelines

In order to enforce the required affordability period which accompanies investment of HOME Program dollars the County will institute the following guidelines:

Homeownership Assistance Programs

When County HOME dollars are used to fund various homebuyer programs, the unit purchased with HOME funds must meet the applicable HOME affordability period. The affordability period will commence on the date of the loan closing, and last until the required affordability time frame has been met. The County will utilize a lien to enforce the recapture of the HOME investment in the event of non-compliance with the HOME affordability requirements.

The County will use the recapture provisions to recoup the entire amount of the HOME homebuyer assistance if during the applicable HOME affordability period; the purchaser ceases to use the property as a principal residence by way of abandonment or a change in use (renting out the property).

In the case of ownership transfer, by reason of death of the primary home purchaser, HOME affordability requirements will be satisfied so long as the occupant heirs are low income and use the property as their primary residence for the remainder of the requisite affordability period. Otherwise, the amount subject to recapture will be the pro-rated share outstanding at the primary home purchaser death, subject to the availability of net proceeds.

In the case of a sale, either voluntary or involuntary, the County will exercise its rights under the recapture provisions to share equally in the net proceeds (if any) generated from the sale. If a portion of the investment given to the home purchasers is to be forgiven over the period of affordability, then the amount that is subject to recapture is the pro-rated share determined by the period of forgiveness, subject to the amount generated from the net proceeds of the sale.

The amount subject to recapture is the amount that enabled the homebuyer to buy the dwelling unit. This includes the downpayment and closing cost assistance and any HOME assistance that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e., the development cost).