

## **HIGHLAND PARK AFFORDABLE HOUSING TRUST FUND POLICIES REGARDING USE OF FUNDS FOR DEVELOPMENT ACTIVITIES**

It is the intent of the City of Highland Park that a significant portion of the funds available in its Affordable Housing Trust Fund (HTF) be used to facilitate the development of affordable housing in Highland Park for low- and moderate-income households who live or work in the community.

The HTF was established by City ordinance in May 2002 and is administered by the Housing Commission of Highland Park. A Housing Trust Fund Advisory Committee (HTFAC) serves in an advisory capacity to the Housing Commission in the management and administration of the HTF program. Decisions to approve or deny funding are made by the Housing Commission.

Affordable housing is decent, safe, sanitary and appropriate housing that low- and moderate-income households can own or rent without having to devote more than approximately 30 percent of their gross income for monthly housing expenses.

Affordable housing development activities include new construction of sale or rental housing, rehabilitation of existing housing for sale or rent, new construction or rehabilitation of mixed-use buildings, acquisition of property, and adaptive reuse. Housing may be either single-family or multi-family. Eligible applicants are developers (for-profit and not-for-profit), owners or operators of housing developments, and units of government.

Funds awarded to eligible applicants will be in the form of grants. The City expects its grants to be leveraged with other resources that may include county, state, and federal programs, and loans from commercial lending institutions.

### THRESHOLD ELIGIBILITY CRITERIA

Proposed developments must meet the minimum criteria as set forth below to be considered for funding. Developments that provide affordable units pursuant to the City's inclusionary zoning ordinance are not eligible for funding from the HTF except to the extent that the affordable housing component of such developments exceeds the minimum requirements of said ordinance – for example, by providing more than the required number of affordable units or by making a greater number of units than required affordable to households with incomes that do not exceed 80% of the Chicago Area Median Income (AMI).

***Affordability.*** To be considered affordable and eligible for assistance from the HTF, at least 20% of the proposed units must be affordable to households whose incomes do not exceed 100% of the Chicago AMI, adjusted for household size. For purposes of calculating affordability requirements, a fraction of .5 or more shall be rounded up, and a fraction of less than .5 shall be rounded down.

- ***In a rental development***, at least 80% of the minimum affordable units required must be affordable to households whose incomes do not exceed 80% of the Chicago AMI. Of the total required affordable units, at least 10% (but in no event less than 1 unit) must be affordable to households whose incomes do not exceed 50% of the Chicago AMI.
  - *For example, in a proposed 30-unit development, at least 6 units must be affordable. At least 5 must be affordable to households whose income does not exceed 80% AMI. At least 1 must be affordable to a household whose income does not exceed 50% of the Chicago AMI; it may be counted as 1 of the 5 units affordable to households whose income does not exceed 80% AMI.*
- ***In a for-sale development***, at least 75% of the minimum affordable units required must be affordable to households whose incomes do not exceed 80% of the Chicago AMI.
  - *For example, in a proposed 20-unit development, at least 4 units must be affordable. At least 3 must be affordable to households whose income does not exceed 80% AMI.*

The following table below shows Chicago AMI levels by household size, effective as of March 8, 2006:

<b>Household Size</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>50% AMI</b>	\$ 26,400	\$ 30,150	\$ 33,950	\$ 37,700	\$ 40,700	\$ 43,750	\$ 46,750	\$ 49,750
<b>80% AMI</b>	\$ 41,700	\$ 47,700	\$ 53,650	\$ 59,600	\$ 64,350	\$ 69,150	\$ 73,900	\$ 78,650
<b>100% AMI</b>	\$ 52,800	\$ 60,300	\$ 67,900	\$ 75,400	\$ 81,400	\$ 87,500	\$ 93,500	\$ 99,500

***Period of Affordability.*** As a condition of any funding award, the HTF will impose restrictions on the use, rental and/or resale of units assisted by the HTF to ensure the required period of affordability. Units assisted by the HTF must be maintained as affordable units as follows:

- ***In a rental development***, affordable units must be kept affordable for 25 years.
- ***In a for-sale development***, affordable units must be kept affordable in perpetuity or as long as is legally permissible.

***Resident Selection.*** There must be a priority in resident selection for low- and moderate-income individuals and families who live in Highland Park or in which the head of household or spouse/domestic partner is currently employed, or has a *bona fide* offer to work, in Highland Park.

**PRIORITIES**

Priority will be given to proposals as follows:

- Proposals to develop rental housing
- Proposals to develop housing (rental or ownership) that benefits families with children
- Proposals that exceed the minimum affordability requirements by targeting more households at lower income levels

## CRITERIA

The following criteria will be used to evaluate proposed housing developments submitted to the HTF:

1. The number of affordable units to be provided
2. Proposal provides a range of affordability within the permissible income ceilings
3. Proposal provides justification for requested financial assistance
4. Total project cost; cash flow statements document the economic feasibility of the project
5. The relative amount of HTF dollars per affordable unit
6. The proposal leverages funding from other funding sources
7. The applicant and/or applicant team has the experience and administrative capacity to successfully implement the proposal
8. The applicant and/or applicant team has experience in providing affordable housing
9. The applicant demonstrates the ability to fiscally manage and monitor the requested funds
10. In the case of homeownership proposals, the proposal provides support services such as pre-purchase counseling for applicants for affordable units
11. The proposal does not result in permanent displacement of low- or moderate-income residents from the community
12. The proposal provides affordable housing opportunities for persons with physical, mental, or emotional disabilities
13. The timeframe for development, construction, and completion clearly identifies milestones and is realistic
14. Project will be completed within 18 months of the execution of a grant agreement
15. Project is designed and constructed to be energy efficient

## REQUIREMENTS FOR SUBMITTAL

To be considered for funding, applicants must submit a completed Application. The Application requires the following information and supporting documentation:

1. Not-for-profit owners must provide
  - a. Internal Revenue Service documentation of tax-exempt status
  - b. Articles of Incorporation certified by the Illinois Secretary of State indicating that one of the purposes of the organization is fostering low-income or low- and moderate-income housing and by-laws
2. Private for-profit applicants must provide
  - a. Nature of ownership entity: partnership, with evidence of current ownership percentages of partners; sole proprietorship; corporation
  - b. If a corporation, Articles of Incorporation and by-laws
  - c. If a partnership, Partnership Agreement and, if applicable, Certificate of Limited Partnership
3. Not-for-profit and private for-profit owners must also provide:

- a. A copy of the latest audit/ financial statements, or, if there is no audited financial statement, a signed and certified copy of an accountant's compilation reports. If no entity has been created, owner must provide a personal financial statement (one copy for confidential internal review).
  - b. At least two bank references and two trade references from contractors or other housing-related businesses or entities that applicant has done business with.
  - c. A certificate of good standing from the Illinois Secretary of State.
4. Detailed information about the proposed project, site and building information, project financing, the applicant and development team, and a project timetable, as requested in the Application, attached hereto.

#### REQUIREMENTS FOR FUNDING

Successful applicants will be required to enter into a regulatory agreement with the Housing Commission, requiring among other things, the recording of appropriate covenants or deed restrictions that run with the property to ensure compliance with HTF program requirements. Conditions on funding awards will require, among other things, that

- The affordable units must be provided in the number, bedroom size, square footage, and distribution approved, pursuant to approved plans and specifications
- The affordable units must be provided to income-qualified buyers as approved, in accordance with approved marketing and resident selection plans
- The affordable units must be maintained as affordable for the approved period of affordability, in accordance with an approved mechanism for maintaining such affordability
- The HTF funds must be used for the approved purpose
- If the proposed project will result in displacement, applicants must provide an approved relocation plan and, if applicable, notify tenants of their rights to relocation assistance in accordance with the federal Uniform Relocation Act, 42 U.S.C. 61, *et seq.*
- The applicant must provide evidence of ownership or site control
- The applicant must provide a copy of an audited financial statement current within the last 12 months or other acceptable evidence of financial position
- The applicant must comply with applicable laws and regulations, including restrictions and contract requirements imposed by other funding sources; all applicable local, state, and federal housing and building codes, as well as any more restrictive standards identified in the application; and fair housing and equal opportunity laws
- The applicant must report on a quarterly basis on a form to be provided to ensure compliance with the conditions relating to affordability, including reporting on pricing of affordable units and income-qualifications of renters and initial buyers
- The applicant must comply with any other conditions the Housing Commission may require

Payment requests must be submitted within 18 months of execution of a grant agreement. Any funds not requested by that date may be unavailable for that specific project, and may be made available for other affordable housing activities.

Any request for an extension is subject to review by the HTFAC and approval by the Housing Commission in its sole discretion.

#### FUNDING CONDITIONS

The Housing Commission and Housing Trust Fund Advisory Committee reserve the right to request additional information from applicants, reject any and all submittals, or waive any irregularities in the submittal requirements. The Housing Commission contemplates that the review process will take approximately 90 days from the receipt of a complete application. The Housing Commission reserves the right to deny any and all requests for funding submitted to the Housing Trust Fund. By submitting a proposal, applicants acknowledge and agree to the terms and conditions of Housing Trust Fund and the accuracy of the information they submit in response.

Questions on the preparation of materials, or any aspect of these HTF funding policies, should be directed to Lee Smith, Senior Planner, at 847.926.1612.