Grantee: State of Illinois
Grant: B-11-DN-17-0001
April 1, 2011 thru June 30, 2011 Performance Report
Narratives

Summary of Distribution and Uses of NSP Funds:

Kane County - Total Award: $1,400,000
  - Acquisition/Rehabilitation for sale - $855,158
  - Acquisition/Rehabilitation for rent - $544,842

Village of Park Forest/Village of Richton Park - Total Award $1,300,000
  - Acquisition/Rehabilitation for sale - $1,300,000

City of Joliet - Total Award $1,800,000
  - Acquisition/Rehabilitation for sale - $1,384,000
  - Acquisition/Rehabilitation for rent - $416,000

How Fund Use Addresses Market Conditions:

The State will review multiple data sources and project proposals from community and representatives to gain a comprehensive understanding of the targeted neighborhoods. The market areas analysis may include:

- Evaluation of the characteristics and the positive and negative attributes of the city or neighborhood including, transportation, amenities (retail, institutions, etc.), commercial and industrial base, unemployment, and planned capital investments.
- Analysis of real estate data including, sales volume, market rents, sales price, days on market, type of unit, ask vs. sales price and other market trends.
- Review of other housing characteristics of the target areas such as type and age of the housing stock, and the percentage of homeownership.
- Interviews with community leaders, real estate brokers, lenders, and other staff who regularly visit the area to get firsthand knowledge of the overall health and condition of the general neighborhood, qualified buyers on waiting lists, obstacles to homeownership and any other important information useful in evaluating the area.
- Conduct site visits of target areas and project locations to verify market data and conditions and identify pockets of foreclosed or vacant homes in the communities.

The State has given much consideration to removing obstacles to homeownership brought on by the current lending environment or other market forces. One initiative is making NSP subgrantees and developers aware of the mortgage products offered by local lenders and the State.

Ensuring Continued Affordability:

To ensure that NSP funding yields affordable housing over the long-term, rent and occupancy requirements will be imposed over the length of an affordability period. IHDA will follow the HOME regulations on periods of affordability as described in 24 CFR Part 92.252(e) and 24 CFR Part 92.254 (a)(4). The length of the affordability period depends on the amount of the NSP investment in the property and the method by which the affordability restrictions are enforced.

For the eligible activities involving homeownership, an income-eligible household must purchase the foreclosed home. The home may be subject to Resale or Recapture provisions as described in the HOME regulations. The home must continue to be owned by this household and occupied as their primary residence for the affordability period described below. If the home assisted with NSP funds is sold during the affordability period, recapture provisions will apply under the Recapture Method or repayment of the NSP subsidy under the Resale Method. See below for a table of the affordability periods required under both the Resale and Recapture Methods, and the respective subsidy recapture provisions applicable only under the Recapture Method.
Length of the Affordability Period  
Recapture Provisions (applicable only under Recapture Method) &ndash Forgiven Monthly Rate  
Less than $14,999  
5 years  
1/60th  
$15,000 - $40,000  
10 years  
1/120th  
More than $40,000  
15 years  
1/180th  
New construction or acquisition of newly constructed housing  
20 years  
1/240th  

Under the Recapture method, a recapture agreement and mortgage will be recorded to secure the affordability period and applicable amount will be recaptured in accordance with the above recapture provisions upon transfer or sale of property. Under the Resale method, a land use restriction agreement will be recorded to secure the affordability period and applicable amount will be repaid upon transfer or sale of property. For rental housing projects, when units become vacant during the affordability period, subsequent tenants must be income-eligible and must be charged no more than the applicable NSP affordable rents. A land use restriction agreement will be recorded against the land upon which the improvements are situated to ensure that the income restrictions apply to subsequent renters and funds are recovered if any sale should occur.

Definition of Blighted Structure:  
The State of Illinois will allow "blighted structure" to be defined by the local laws governing the specific project address. If no local law exists to offer a definition of "blighted structure" then the definition will be provided by the Illinois Municipal Code, specifically Public Acts 95-876 and 95-977. While the Illinois Municipal Code does not provide a definition of "blighted structure" specifically, it does provide characteristics of structures that must be seen in order for an area to be considered "blighted". The presence of at least five of these will define a "blighted structure" for the purposes of the NSP program.

Definition of Affordable Rents:  
Affordable rents are identified as the amount that a family of a HUD-adjusted area median income could afford without spending more than 30% of their income on rent. For the purpose of this program these affordable rents shall be defined as "Gross Rents" and shall be the maximum rents, including utilities, that can be charged to eligible tenants, according to the income target of that unit. The owner of the building can select the Gross Rents which are based on the corresponding income levels up to 120% of median income in determining the appropriate rents. The rent charged for a particular unit will always be the lesser of the established rent limit or fair market rent for the area. The rent levels for NSP assisted properties shall follow the maximum "HIGH" and "LOW" HOME rents established by HUD for the HOME Investment Partnership Program for households at very-low and low income levels. Other rent levels under NSP are calculated based on extrapolation from the LOW HOME rents (50% area median income.) The State&rsquos current Schedule of Maximum Monthly Gross Rents for the Neighborhood Stabilization Program is posted on the IHDA website at www.ihda.org. Changes in the NSP rent schedule may occur based on changes in the annual HUD published HOME rent schedule; and will be updated on the IHDA website.

Housing Rehabilitation/New Construction Standards:  
Properties being rehabilitated with NSP funds must comply with all local building and rehabilitation codes and IHDA&amp;rsquo HOME Rehabilitation Standards for Rehabilitated Housing Units dated January 10, 2007. Upon completion of the rehabilitation, all units must meet HUD&amp;rsquo habitatibility standard, Section 8 Housing Quality Standards. Any rehabilitation or construction work funded with NSP dollars will be required to meet all local permitting, occupancy requirements, and other standards as described in 24 CFR Part 92.251. Additional requirements will apply to redevelopment and new construction projects. See the IHDA HOME rehabilitation standards posted on our website at www.ihda.org.

In addition, HUD specifically requires that:
  o All gut rehabilitation or new construction (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.
  o All gut rehabilitation or new construction of mid- or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy).
  o Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star 46 labeled products.
  o Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.
  o Where relevant, the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, fires).

HUG also encourages the adoption of energy efficient and environmentally-friendly green elements as part of NSP3 program design. Attachment C to the NSP3 Notice describes in more detail how energy efficient and environmentally-friendly green elements can be incorporated and additional tools on incorporating green rehabilitation standards can be found on the NSP Resource Exchange at www.hud.gov/nspta. Where feasible, IHDA will encourage Subgrantees to incorporate energy efficient and environmentally friendly elements in the NSP3 activity.

Vicinity Hiring:  
HUG requires that Grantees to the maximum extent feasible, provide for the hiring of employees who reside in the vicinity as such term is defined by the Secretary, of projects funded under this section or contract with small businesses that are owned and operated by person residing in the vicinity of such projects. HUD defines "vicinity" as each neighborhood identified by the NSP3 grantee as being the areas of
The State will give preference to projects that provide a plan for local hiring including compliance with Section 3 requirements.

**Procedures for Preferences for Affordable Rental Dev.:**

Throughout the NSP3 Program, the State will give preference to projects providing for the development of rental housing. The State will strongly encourage respondents to include affordable rental housing as part of their project scope. Respondents will be required to provide market information to support the demand for this housing stock. For this NSP homeownership activity the preference for affordable rental is less applicable.

**Grantee Contact Information:**

Jurisdiction: State of Illinois  
Lead Entity: Illinois Housing Development Authority  
Web Address: http://www.ihda.org  
Contact Person: Mary R. Kenney, Executive Director  
Address: 401 N. Michigan Avenue, Suite 700, Chicago, IL 60611  
Telephone: 312-836-5314  
Fax: 312-832-2170  
Email: nsp@ihda.org

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**Progress Toward Required Numeric Targets**

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**Progress Toward Activity Type Targets**

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**Progress Toward National Objective Targets**

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The State of Illinois was awarded $5,000,000 in NSP3 funds. The Illinois Housing Development Authority’s (IHDA) loan committee has made the following funding recommendations which are subject to IHDA Board approval:
>County of Kane $1,400,000
>City of Joliet $1,800,000
>Village of Richton Park / Village of Park Forest $1,300,000
>The DRGR Action Plan will be updated accordingly, once official board approval has been received.

### Overall Progress Narrative:

#### Project Summary

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