DU PAGE COUNTY

Home Advisory Group

Final Regular Meeting Agenda

421 N. COUNTY FARM ROAD
WHEATON, IL 60187
www.dupagecounty.gov

Tuesday, December 3, 2024 | **11:30 AM** | **Room 3500B**

1. CALL TO ORDER

2. ROLL CALL

3. PUBLIC COMMENT

4. APPROVAL OF MINUTES

4.A. **24-3214**
Minutes - Home Advisory Group - Regular Meeting - Tuesday, May 7, 2024

5. COMMITTEE VOTE REQUIRED

5.A. **24-3215**
Recommendation for approval of updates to the HOME Risk Assessment & Monitoring/Financial Viability of HOME Funded Projects Policy, to be known as the HOME Applications, Risk Analysis, and Monitoring/Financial Viability of HOME Funded Projects Policy.

5.B. **24-3216**
Recommendation for approval of updates to the Resale Recapture Guidelines for HOME Investment Partnerships Program – Homeownership Activities for DuPage County Policy.

6. OTHER BUSINESS

7. ADJOURNMENT

8. NEXT MEETING DATE - January 7, 2025

Minutes

421 N. COUNTY FARM ROAD
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File #: 24-3214 **Agenda Date:** 12/3/2024 **Agenda #:** 4.A.

421 N. COUNTY FARM ROAD
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DU PAGE COUNTY

Home Advisory Group

Final Summary

Tuesday, May 7, 2024	11:30 AM	Room 3500B

1. CALL TO ORDER

Chair Chassee called the meeting to order at 11:34am.

PRESENT	Bastian, Barfuss, Bricks, Cage, Chassee, Childress, Crandall, Gustin, Krajewski, LaPlante, Schwarze, Yoo, and Todorovic

2. ROLL CALL

Staff Present: Mary Keating, Community Services Director (Remote); Julie Hamlin, Community Development Administrator; Ashley Miller, Community Development Manager; Jena Hencin, Senior Housing and Community Development Planner (Remote); Momina Baig, Housing and Community Development Planner (Remote); Chloe Harrington, Housing and Community Development Planner (Remote); Amish Kadakia, Senior Accountant (Remote), and Thomas Schwertman, Housing and Community Development Planner (Remote).

Assistant State's Attorney - Katherine Fahy.

Others Present: Erin Vickrey, Project Manager - Alden Foundation.

PRESENT	Bastian, Barfuss, Bricks, Chassee, Crandall, Gustin, LaPlante, and Yoo
ABSENT	Cage, Childress, Krajewski, Schwarze, and Todorovic

3. PUBLIC COMMENT

There was no public comment.

4. APPROVAL OF MINUTES

4.A. **24-1394**

HOME Advisory Group Minutes - Regular Meeting - Tuesday, January 2, 2024

There were no additions, corrections or discussion.

On a Voice Vote, the January 2, 2024 Minutes were approved.

RESULT:	APPROVED
MOVER:	Patty Gustin
SECONDER:	Yeena Yoo

5. COMMITTEE VOTE REQUIRED

5.A. 24-1367

Recommendation for Approval of a Conditional Commitment of HOME Investment Partnerships Act (HOME) funds with Alden Foundation, Project Numbers HM22-01 & HM23-01 – Addison Horizon Senior Living Community – in the Amount of $5,250,000 – for Construction of a 62-unit affordable rental housing development for seniors (62+), with 30 units funded by County HOME Funds.

Hamlin introduced Erin Vickrey, Project Manager, with Alden Foundation representing the Developer. She was available to answer any questions the Committee would have.

Staff has been working on approval of the project for quite a while. Staff recommended approval of a conditional commitment of $5,250,000 in HOME Investment Partnerships Program funding for the Addison Horizon Senior Living Community project.

This project was first brought to the HOME Advisory Committee in October of 2021 with a HOME preliminary set-aside recommendation of $3,570,000. The Developer applied to Illinois Housing Development Authority (IHDA) for 2022 Low-Income Housing Tax Credits (LIHTCs) but the project was not selected. The Developer chose to reapply for 2023 LIHTCs and the project was brought back to this committee in October of 2022 with an additional HOME preliminary set-aside request of $1,680,000 for a total HOME request of $5,250,000. The request was due in part to increased construction costs resulting in additional financing gaps. The project was selected for 2023 LIHTCs. Staff continued to work with the Alden Foundation to underwrite the project since their original application to the County in July of 2021.

The development will include a total of 62 units, with four market rate units and one unit for the on-site maintenance manager. The project will create 57-units of affordable rental housing for independent seniors aged 62 years and over, targeting those at or below 60%, 50%, and 30% of the Area Median Income (AMI) for the Chicago-Joliet-Naperville Department of Housing and Urban Development (HUD) Metropolitan Area.

The proposed location is on 2.48 acres of vacant land, over two lots, located at the northwest corner of Green Meadow Drive and North Denise Court in Addison, Illinois. The development will include a mix of one and two-bedroom apartments, with common area amenities and surface parking for each unit. The Village of Addison is in support of the project.

The Developer has extensive experience in affordable housing, including LIHTC projects similar to this one. The Developer's most recently completed DuPage County project, which included County HOME funds layered with LIHTCs, is located in Warrenville, known as Warrenville Horizon Senior Living Community. Construction of Warrenville Horizon was completed in early 2022.

For Addison Horizon, the County's HOME investment will require 30 units to be rent restricted and align with high-HOME or low-HOME rents as outlined in the underwriting memo. Six County low-HOME units occupied by very low-income households (those at or below 50% AMI) will be layered with Project Based Vouchers (PBVs) awarded by the DuPage Housing Authority (DHA). Units receiving federal project-based subsidy occupied by very low-income households paying no more than 30% of their adjusted income towards rent may be charged the maximum rent allowed under the federal project-based subsidy program, which may exceed low-HOME rent limits.

Total development costs are estimated as $25,816,115 with total construction costs estimated as $17,977,000. County HOME funds will help finance construction costs. A Note, Mortgage, and Regulatory Land Use Restrictions Agreement (RLURA) will be recorded against the property at closing. The Note and Mortgage will include a 40-year term at 0% interest with annual payments of $36,000 through year 39 and a balloon payment of the balance due year 40.

New construction of rental housing requires a 20-year affordability period under HOME regulations. Should any portion of the property be sold, transferred, or no longer used as affordable senior housing during the regulatory affordability period, the Developer must repay the full HOME investment to the County. The County's HOME Agreement with the Developer will also include a 20-year extended use period beginning in year 21 requiring at least 30 units be occupied by households at, or below 80% of the area median income and pay no more than 30% of the household's income toward rent and utilities. The County imposed extended use period is separate and distinct from the regulatory affordability period.

Gustin questioned why IHDA denied Alden. Hamlin explained they originally applied for 2022 tax credits and it is an extremely competitive process. They were going up against other projects throughout the whole State of Illinois. The application did not score well enough to recieve an award then. Alden went back, reevaluated the application, made adjustments to the financing, and were able to layer their financing with project-based vouchers. The changes increased their score and recieved the 2023 LIHTC award.

Gustin then requested how much funding was left in the County HOME funds. Hamlin said that this particular project was receiving HOME funds from 2021 and 2022 as laid out in the Action Plan. Hamlin would get back with Gustin with the actual amount of funds still available, noting that there were other HOME project applications undergoing review. This project has already undergone the Preliminary Set-Aside of HOME funds and is now undergoing the Conditional Commitment process of receiving the HOME funds. The approval of this Conditional Commitment request will allow the project to move forward to the written Agreement between the County and the Alden Foundation.

Yoo asked for Hamlin to repeat how many project-based vouchers the project would receive and Hamlin responded with 16.

Yoo then questioned how long the units would be affordable, and when that affordability period ends, will they be kept affordable or how likely would it be to make all the units market rate rent. Hamlin explained that the LIHTC, HOME, and project-based voucher components all have different affordability periods. The original contract for the project-based voucher (for 16 units) is 15 years, usually with an option to renew that for another 15 years. This would be up to the DuPage Housing Authority to decide. All the units will be LIHTC-funded which also have a 15-year requirement, and in Illinois, there is a requirement of an additional 15 years. Between those two programs there is 30 years of affordability. With the County HOME funds, there is 20 years of affordability, per HOME regulations, for the 30 units. The County itself has imposed another 20 years of affordability, so the 30 units will have a 40-year requirement of affordability.

There were no other questions.

On a Voice Vote, all Ayes, the Motion passed.

RESULT:	APPROVED
MOVER:	Patty Gustin
SECONDER:	Yeena Yoo

6. OTHER BUSINESS

There was no other business.

7. ADJOURNMENT

LaPlante made the motion, seconded by Crandall to adjourn.

On a Voice Vote, all Ayes, the meeting adjourned at 11:43am.

8. NEXT MEETING DATE - June 4, 2024

Action Item

421 N. COUNTY FARM ROAD
WHEATON, IL 60187
www.dupagecounty.gov

File #: 24-3215 **Agenda Date:** 12/3/2024 **Agenda #:** 5.A.

THE COUNTY OF DUPAGE WHEATON, ILLINOIS
DUPAGE COUNTY

COMMUNITY SERVICES

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csprograms@dupagecounty.gov

www.dupagecounty.gov/community

Community Development
630-407-6600
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Family Center
422 N. County Farm Rd.
Wheaton, IL 60187
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Housing Supports and Self-Sufficiency
630-407-6500
Fax: 630-407-6501

Intake and Referral
630-407-6500
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Senior Services
630-407-6500
Fax: 630-407-6501

TO: Home Advisory Group

FROM: Mary A. Keating, Director,
Department of Community Services

DATE: November 18, 2024

SUBJECT: HOME Risk Assessment & Monitoring/Financial Viability of HOME Funded Projects – Policy Update

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Action Requested: Approval of the updated HOME Risk Assessment & Monitoring/Financial Viability of HOME Funded Projects Policy, now known as the HOME Applications, Risk Analysis, and Monitoring/Financial Viability of HOME Funded Projects Policy.

Details: Community Development Commission staff review policies from time to time to ensure departmental policies align with regulatory requirements and continue to address the needs of the community and department. The following overview of policy changes are proposed to clarify the County's HOME application process and timeline as well as the risk analysis process for long term rental project compliance.

1. Clarify the County will seek Letter of Intent (LOI) when HOME funding levels permit and may place a deadline or accept on a rolling basis.
2. Establish evaluation of LOIs by CDC staff which may result in an invitation to submit a full application.
3. Clarify preliminary set-aside and conditional commitment recommendations.
4. Detail Environmental Review Record timing.
5. Incorporate the risk analysis process completed as part on ongoing rental development monitoring.

FUNDING – HOME APPLICATIONS, RISK ANALYSIS~~ASSESSMENT~~ AND MONITORING/FINANCIAL VIABILITY OF HOME FUNDED PROJECTS (Approved by HOME Advisory Committee on 07/01/2014; Updated April 24, 2017, Approved by the HOME Advisory Group on May 2, 2017; Updated 11/xx/2024, Approved by HOME Advisory Group on 12/xx/2024)

1. **Background and Applicability.** DuPage County has specific processes for accepting applications for HOME funded projects and underwriting those projects (risk assessment). The HOME Investment Partnerships Program regulations, as revised by final rule published on July 24, 2013, require that DuPage County have and follow written policies, procedures, and systems (including a system for assessing risk of activities and projects and a system for monitoring entities) and that ongoing viability of projects be determined through financial oversight of HOME projects. The purpose of this policy is to formalize those policies, procedures, and systems currently in use and to update them to meet new requirements. This policy shall apply to rental and homeownership projects funded under the HOME program.

2. **Application for Funding.** From time to time as funding levels permit, and at the ~~discretion~~ direction of the HOME Advisory Group (HAG), DuPage County Community Development Commission (CDC) will issue a Notice of Funding Availability (NOFA) and call for ~~application for~~ housing project~~s~~ Letters of Intent (LOI). Dependent upon the priorities of the HAG, the NOFA may restrict types of projects for which funding is being made available. CDC staff will review the LOI and determine whether a full application should be submitted. The LOI information, application process, ~~information~~ and forms will be available on the CDC website. ~~and p~~Parties that have previously expressed an interest in CDC programs will be notified of the opportunity to ~~apply for funding~~submit an LOI. The application process will require submittal of sufficient information regarding the developer/~~subrecipient~~ owner/sponsor of the project and the proposed project to enable CDC staff to underwrite the project as to eligibility, feasibility, financial viability, and sustainability and to perform a subsidy layering review. The CDC may~~can~~ place an LOI and application deadline on the ~~Notice of Funding Announcement~~NOFA, ~~but also~~or may accept LOIs and applications on a rolling basis throughout the year.

3. **Evaluation of Letters of Intent**. When LOIs have been received in accordance with an issued NOFA, CDC staff will review the LOI and required attachments. Staff will consider factors including, but not limited to, meeting ConPlan priority needs, project readiness and ability to proceed in a timely manner to meet federal timeliness and deadlines, organizational capacity, cost per unit, past successful projects utilizing federal funds, and compliance with any previous federal or local funded contracts and/or agreements.

4. **Evaluation of Applications.** Upon review of submitted LOIs, CDC staff may invite applicants to submit a full application. When applications have been received ~~in accordance with an issued NOFA~~, CDC staff will review the applications and documentation provided. Staff may contact applicants for further information as questions arise during the review process. Each application will not receive a

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5. **Staff Recommendation.** Staff will recommend a Preliminary Set-Aside or Conditional Commitment of HOME funds for each application to HAG.

Preliminary Set-Aside. A recommendation for a preliminary set-aside indicates the project meets established criteria, however, there are contingencies which must be met prior to committing HOME funds under a HOME Agreement. Contingencies may include, but are not limited to, firm funding commitments from other financing sources, zoning approval, environmental clearance, etc. Preliminary set-aside status does not represent a commitment, financial or otherwise, from the County.

~~3.~~ **Conditional Commitment.** A recommendation for a conditional commitment indicates there are no outstanding contingencies and the project may proceed to a HOME Agreement and placement on the Human Services Committee agenda, and County Board approval. If a project originally received a preliminary set-aside, staff would update project underwriting accordingly and present the project again to HAG, recommending approval of a conditional commitment.

6. **Approval of Projects.** HAG will vote whether to accept staff recommendations, reject staff recommendations, or table an application pending resolution of HAG questions. ~~Accepted projects may be granted a "preliminary set-aside" or "conditional commitment" of HOME funds status. A granting of "preliminary set-aside" indicates that the project meets all funding criteria, but is not ready to go to agreement because of contingent conditions (examples: finalization of zoning or firm funding commitments from other funders). When contingencies have been met, the underwriting for the project will be updated and the project presented again to HAG for "conditional commitment" status. "Conditional commitment" status indicates the project may proceed to environmental review, environmental clearance, agreement, placement on the Health and Human Services Committee agenda, and County Board approval.~~

~~4.~~7. **Environmental Review Records.** Projects assisted in part with HOME funding must have an Environmental Review Record (ERR) completed in accordance with 24 CFR Part 58. Staff may begin the ERR process once a preliminary set-aside has been approved by HAG. However, if the project requires LIHTC to move forward, or if all financing has not been secured, staff may elect to await LIHTC award announcements or confirmation of secured funding prior to beginning the ERR process.

~~5.~~8. **Project Development Period.** Each approved HOME project will be assigned to a CDC staff member as the lead person on the project. Such staff member will oversee the project until completion and will be responsible to call to the attention of CDC

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management (the Manager of CDC, Administrator of Community Development, or Director of Community Services) any issue that arises during the development period that could impact the eligibility, feasibility, financial viability and/or sustainability of the project. Management and staff will consult HAG, State's Attorney's Office, County internal and/or external auditors, and/or the U.S. Department of Housing and Urban Development (HUD) as necessary during the project development period to resolve any such issues in a manner compliant with HOME regulations.

~~6.~~9. **Post Development Affordability Period – Risk Analysis and Monitoring.**

Homebuyer projects – CDC staff will monitor for occupancy compliance through receipt of appropriate insurance documents and tax roll records. CDC has policies in place to address non-compliance.

Rental projects - During the period of affordability, DuPage County will:

- Examine at least annually the financial condition of HOME-assisted rental projects with 10 or more units to determine the continued financial viability of the housing and will take appropriate actions to correct problems, to the extent feasible. The CDC will rely on the DuPage County HOME Inspection and Monitoring Procedures approved in February 2016 to determine the required inspections to conduct.

- Perform on-site inspections of rental projects in a manner and with the frequency required by the HOME regulations.

- Monitor the project compliance as to the financial viability of the project, correct number of HOME units, proper rent levels, eligible tenants, and adequate tenant documentation in a manner and with the frequency required by the HOME regulations and as outlined within the *HOME & NSP Rental Project Monitoring Procedures*, which may be updated as needed. Staff will complete the *HOME Risk Analysis* for each project upon receipt of all required information and documentation, which will determine projects that will receive on-site file reviews as part of monitoring. Projects not identified for on-site file reviews will have a desktop monitoring review completed.~~Projects with an acceptable on-site monitoring visit in any given year will be considered low-risk and may be monitored through a desk monitoring the following year provided there has been no change in management.~~

FUNDING – HOME APPLICATIONS, RISK ANALYSIS AND MONITORING/FINANCIAL VIABILITY OF HOME FUNDED PROJECTS (Approved by HOME Advisory Committee on 07/01/2014; Updated April 24, 2017, Approved by the HOME Advisory Group on May 2, 2017; Updated 11/xx/ 2024, Approved by HOME Advisory Group on 12/xx/2024)

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2. **Application for Funding.** From time to time as funding levels permit, and at the direction of the HOME Advisory Group (HAG), DuPage County Community Development Commission (CDC) will issue a Notice of Funding Availability (NOFA) and call for housing project Letters of Intent (LOI). Dependent upon the priorities of the HAG, the NOFA may restrict types of projects for which funding is being made available. CDC staff will review the LOI and determine whether a full application should be submitted. The LOI information, application process, and forms will be available on the CDC website. Parties that have previously expressed an interest in CDC programs will be notified of the opportunity to submit an LOI. The application process will require submittal of sufficient information regarding the developer/owner/sponsor of the project and the proposed project to enable CDC staff to underwrite the project as to eligibility, feasibility, financial viability, and sustainability and to perform a subsidy layering review. The CDC may place an LOI and application deadline on the NOFA, or may accept LOIs and applications on a rolling basis throughout the year.

3. **Evaluation of Letters of Intent**. When LOIs have been received in accordance with an issued NOFA, CDC staff will review the LOI and required attachments. Staff will consider factors including, but not limited to, meeting ConPlan priority needs, project readiness and ability to proceed in a timely manner to meet federal timeliness and deadlines, organizational capacity, cost per unit, past successful projects utilizing federal funds, and compliance with any previous federal or local funded contracts and/or agreements.

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which contains project recommendations and information about the applications, as well as a full underwriting memorandum for each recommended project. Full copies of the applications will also be available at the HAG meeting for review.

5. **Staff Recommendation.** Staff will recommend a Preliminary Set-Aside or Conditional Commitment of HOME funds for each application to HAG.

   Preliminary Set-Aside. A recommendation for a preliminary set-aside indicates the project meets established criteria, however, there are contingencies which must be met prior to committing HOME funds under a HOME Agreement. Contingencies may include, but are not limited to, firm funding commitments from other financing sources, zoning approval, environmental clearance, etc. Preliminary set-aside status does not represent a commitment, financial or otherwise, from the County.

   Conditional Commitment. A recommendation for a conditional commitment indicates there are no outstanding contingencies and the project may proceed to a HOME Agreement and placement on the Human Services Committee agenda, and County Board approval. If a project originally received a preliminary set-aside, staff would update project underwriting accordingly and present the project again to HAG, recommending approval of a conditional commitment.

6. **Approval of Projects.** HAG will vote whether to accept staff recommendations, reject staff recommendations, or table an application pending resolution of HAG questions.

7. **Environmental Review Records.** Projects assisted in part with HOME funding must have an Environmental Review Record (ERR) completed in accordance with 24 CFR Part 58. Staff may begin the ERR process once a preliminary set-aside has been approved by HAG. However, if the project requires LIHTCs to move forward, or if all financing has not been secured, staff may elect to await LIHTC award announcements or confirmation of secured funding prior to beginning the ERR process.

8. **Project Development Period.** Each approved HOME project will be assigned to a CDC staff member as the lead person on the project. Such staff member will oversee the project until completion and will be responsible to call to the attention of CDC management (the Manager of CDC, Administrator of Community Development, or Director of Community Services) any issue that arises during the development period that could impact the eligibility, feasibility, financial viability and/or sustainability of the project. Management and staff will consult HAG, State's Attorney's Office, County internal and/or external auditors, and/or the U.S. Department of Housing and Urban Development (HUD) as necessary during the project development period to resolve any such issues in a manner compliant with HOME regulations.

9. **Post Development Affordability Period – Risk Analysis and Monitoring.**

Homebuyer projects – CDC staff will monitor for occupancy compliance through receipt of appropriate insurance documents and tax roll records. CDC has policies in place to address non-compliance.

Rental projects - During the period of affordability, DuPage County will:

- Examine at least annually the financial condition of HOME-assisted rental projects with 10 or more units to determine the continued financial viability of the housing and will take appropriate actions to correct problems, to the extent feasible. The CDC will rely on the DuPage County HOME Inspection and Monitoring Procedures approved in February 2016 to determine the required inspections to conduct.

- Perform on-site inspections of rental projects in a manner and with the frequency required by the HOME regulations.

- Monitor the project compliance as to the financial viability of the project, correct number of HOME units, proper rent levels, eligible tenants, and adequate tenant documentation in a manner and with the frequency required by the HOME regulations and as outlined within the *HOME & NSP Rental Project Monitoring Procedures*, which may be updated as needed. Staff will complete the *HOME Risk Analysis* for each project upon receipt of all required information and documentation, which will determine projects that will receive on-site file reviews as part of monitoring. Projects not identified for on-site file reviews will have a desktop monitoring review completed.

Action Item

421 N. COUNTY FARM ROAD
WHEATON, IL 60187
www.dupagecounty.gov

File #: 24-3216 **Agenda Date:** 12/3/2024 **Agenda #:** 5.B.

DUPAGE COUNTY

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COMMUNITY SERVICES

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csprograms@dupagecounty.gov
www.dupagecounty.gov/community

Community Development
630-407-6600
Fax: 630-407-6601

Family Center
422 N. County Farm Rd.
Wheaton, IL 60187
630-407-2450
Fax: 630-407-2451

Housing Supports and Self-Sufficiency
630-407-6500
Fax: 630-407-6501

Intake and Referral
630-407-6500
Fax: 630-407-6501

Senior Services
630-407-6500
Fax: 630-407-6501

TO: Home Advisory Group

FROM: Mary A. Keating, Director,
Department of Community Services

DATE: November 18, 2024

SUBJECT: Resale Recapture Guidelines for HOME Investment Partnerships Program – Homeownership Activities for DuPage County – Policy Update

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Action Requested: Approval of the updated Resale Recapture Guidelines for HOME Investment Partnerships Program – Homeownership Activities for DuPage County – Policy.

Details: Community Development Commission (CDC) staff review policies from time to time to ensure departmental policies align with regulatory requirements and continue to address the needs of the community and department. The County, as a participating jurisdiction under the HOME Investment Partnerships Program (HOME), must establish resale and recapture requirements that comply with HOME regulations found at 24 CFR 92.254(a)(5) and as set forth in its Consolidated Plan (ConPlan). HUD must determine the requirements are appropriate and approve them in writing. Resale and recapture guidelines are submitted to HUD as part of the ConPlan. As CDC staff work to complete the 2025-2029 ConPlan, minor updates are proposed to the existing resale and recapture requirements.

1. Clean up language under recapture. No significant changes.
2. Clarify criteria of affordability under resale.
3. Clarify useful life of capital improvements made by a homeowner will be taken into consideration when calculating the "fair return" on investment under resale.
4. Provide additional details within the example of calculating the increase in value of owner equity and investment under resale.
5. Incorporate when affordability restrictions may terminate under resale.

DuPage County HOME Advisory Group

Resale Recapture Guidelines for HOME Investment Partnerships Program – Homeownership Activities for DuPage County

Adopted: April 4, 2017; Updated: 12/xx/2024

DuPage County will use HOME Investment Partnerships Program funds to provide housing for low income persons. The forms of funding used to assist homebuyers and/or developers may include: down payment assistance, development subsidies, direct loans as second mortgages, or some combination of these methods. DuPage County will use the recapture method of insuring affordability for all homebuyers receiving direct assistance. DuPage County will use the resale provision of insuring affordability for for-sale housing where the homebuyer does not receive direct assistance. Only one method shall be utilized for each project, the recapture method is only allowed when there is direct HOME assistance to the homebuyer; resale provisions must be used when there is only a development subsidy provided to the project. Development subsidy is defined as the difference between the total development cost of producing the unit and the fair market value of the property.

Recapture Provisions

Subject to recapture are the HOME funds that are invested in a HOME assisted unit as a direct subsidy to the homebuyer. This includes down payment assistance and second mortgages that finance the difference between fair market value based on fair market value and the homebuyer's first mortgage. The minimum length of affordability is as follows based on the total direct HOME assistance to the homebuyer:

Affordability Requirements for the HOME Program

Direct Homeownership Assistance HOME Amount Per Unit	Minimum Period of Affordability
Less Than $15,000	5 Years
$15,000 - $40,000	10 Years
More than $40,000	15 Years

The recapture provisions are as follows:

- The Affordability Period shall be based on the total direct HOME subsidy to the homebuyer and does not take into account a development subsidy provided on the unit.
- Activity Types - HOME funds as direct buyer assistance may be provided as:
  1. First Time Homebuyer Program -
     a. direct subsidy to the homebuyer as downpayment assistance;
  2. Production of homeowner units through new construction or acquisition/rehab/resale -
     a. direct subsidy as a second mortgage that reduces the need for buyer equity or senior debt financing;
     b. direct subsidy as the difference between fair market value at the time of sale and the sales price if HOME funds were used to develop the property and the property is being sold below market value;
     c. direct subsidy to the homebuyer as downpayment assistance.
- The buyer must be purchasing the home to use as a principal residence. ~~In other words, t~~The buyer must intend to live in the home for the entire affordability period and not be buying the home for any other purpose, such as investment or rental property.
- Enforcement Mechanisms - Recapture provisions shall be detailed within each written Home Investment Partnerships Agreement between DuPage County and the Subrecipient or

Developer/Owner/Sponsor as well as within each written Homebuyer Agreement between the homebuyer and DuPage County.~~ and~~ Recapture will be enforced through a zero-interest, deferred or forgivable payment mortgage on the property, filed with the DuPage County Recorder's Office and also enforced through a Homebuyer Agreement that runs for the entire term of the affordability period. The requirements within shall be triggered when the property is sold or the title transfers. For projects including downpayment assistance, for sale new construction and for sale acquisition rehabilitation programs, the HOME assisted property owners will be required to maintain property insurance coverage in an amount sufficient to cover the amount of HOME assistance and list DuPage County as an additional insured during the period of affordability. Monitoring of insurance policies will assist in identifying properties that are no longer occupied by the assisted buyer.

- Methods - The recapture option allows DuPage County to recapture all or a portion of the HOME subsidy if the property is sold or transferred during the affordability period. All HOME assisted property sales under the recapture option shall meet the following criteria:
  1. The homebuyer may sell the property to any willing buyer.
  2. The transfer of the property during the period of affordability triggers repayment of the direct HOME subsidy to DuPage County in accordance with the promissory note the buyer entered into with DuPage County when he/she originally purchased the home.

In the event of recapture, the amount subject to recapture is as follows and will be further detailed within a promissory note signed by the buyer and ~~by an~~within the Homebuyer A~~a~~greement ~~with the homebuyer~~ that runs for the entire affordability period:

1. Down payment assistance loans ~~of up to $14,999 are~~ forgiven on a pro-rata basis ~~at 20% yearly~~annually over the affordability period.
2. Direct loans as second mortgages ~~are~~ deferred until the property is sold, title is transferred or the buyer ceases to occupy the property as their principal residence, then the loan is due in full.

The amount of recapture is subject to the availability of net proceeds available from the sale of the property. Net proceeds is defined as the sales price minus superior loan repayment (other than HOME funds) and any other closing costs. In the event that the owner sells or title transfers on the premises within the affordability period, he/she/they will be obligated to repay DuPage County per the terms of the promissory note.~~based on a pro-rata reduction for the time the homebuyer has owned and occupied the housing, measured against the required affordability period.~~ This recapture is subject to the limitation that when the recapture requirement is triggered by a sale (voluntary or involuntary, and also including foreclosure or deed in lieu of foreclosure) of the housing unit, and there are no net proceeds or the net proceeds are insufficient to repay the HOME investment due, DuPage County can only recapture the net proceeds, if any.

If the property is no longer occupied during the affordability period by the HOME-eligible household that originally purchased the property, the entire amount of the HOME investment becomes due. The buyer, so long as any sums remain unpaid to DuPage County and/or the period of affordability is still in effect, whichever is longer, must personally occupy the premises as his/her sole principal residence. Any lease or rental of subject premises during the period of affordability shall constitute an event of non-compliance and the full loan amount shall become due and payable immediately.

- Mortgage Release – Upon receipt of recaptured funds, or at the completion of the affordability period, DuPage County will record a Release Deed with the DuPage County Recorder’s Office to release to original HOME assisted property from the obligations of the affordability period.
- Repayments – Repayment of recaptured funds will be deposited in the HOME account and used for other HOME-eligible activities.

Resale Provisions

Subject to resale provisions are the total HOME funds that are invested in a HOME-assisted unit, development subsidies and direct assistance. The minimum length of affordability is as follows based on the total HOME subsidy to the property:

Affordability Requirements for the HOME Program

Direct Homeownership Assistance HOME Amount Per Unit	Minimum Period of Affordability
Less Than $15,000	5 Years
$15,000 - $40,000	10 Years
More than $40,000	15 Years

The resale provisions are as follows:

- The affordability period is based on the total amount of HOME funds invested in the housing including down payment assistance, direct loans as second mortgages, the difference between fair market value at the time of sale and sales price and development subsidies.
- Activity Types – Resale provisions for Homeownership shall be used when there is no direct assistance provided to the homebuyer or in a market where it is questionable that the unit will maintain affordability on its own. DuPage County HOME assisted activities which may use Resale provisions include Single Family New Construction or Acquisition/Rehabilitation/Resale.
- Principal Residency – The buyer must be purchasing the home to use as their sole principal residence. In other words, the buyer must intend to live in the home for the entire affordability period and not be buying the home for any other purpose, such as investment or rental property.
- Enforcement Mechanisms – Resale requirements shall be detailed within each program written Homebuyer Agreement between the homebuyer and DuPage County and enforced through a Regulatory and Land Use Restriction Agreement filed with the DuPage County Recorder's Office and the requirements within shall be triggered upon sale or transfer of the HOME assisted property. For homebuyer projects including ~~the~~ new construction and acquisition/rehabilitation/resale programs, the HOME assisted property owners will be required to maintain property insurance coverage in an amount sufficient to cover the amount of HOME assistance and list DuPage County as an additional insured during the Period of Affordability. Monitoring of insurance policies will assist in identifying properties that are no longer occupied by the assisted buyer. In the event of non-compliance the full loan amount shall become due and payable immediately.
- Methods – The resale option ensures that the HOME assisted unit remains affordable over the entire period of affordability. Resale provisions must be used where there is no direct assistance to the homebuyer which may include down payment assistance, direct loans as second mortgages, the difference between fair market value at the time of sale and sales price. All designated HOME-assisted property sales or transfers under the resale provision during the period of affordability shall meet the following criteria:
    1. The new purchaser must meet the criteria of low~~-~~income, defined as having annual household income at or below 80% of the area median income (as defined by HUD) for the Chicago-Joliet-Naperville, IL HUD Metro FMR Area, and occupy the property as the family's principal residence.
    2. The sales price must be "affordable" to a reasonable range of low~~-~~income buyers. Affordability is further defined within the below table:

Criteria	Resale Programs

Housing Debt and Overall Debt	Will be based on ratios currently in effect under FHA and the secondary mortgage market
Appropriateness of Amount of Assistance	If direct assistance to a new household is necessary to ensure affordability for the new household, ~~In accordance with above stated ratio guidance,~~ subsidy from the County will not be given that allows a homebuyer to have a total housing expenses to income ratio less than 28%.
Monthly Expenses of Family	Cannot exceed ~~41% of income. Housing ratio cannot exceed 35% (or go lower than 28% per above policy).~~housing debt and overall debt noted above. Homebuyers must participate in a HUD certified housing counseling course prior to acquiring the property. Budgeting is part of the homeownership counseling process.
Assets Available for the Acquisition	Homebuyer's liquid assets after closing may not exceed $25,000. Homebuyer may use any combination of primary mortgage financing, personal funds, and/or gift funds to acquire the housing.
Financial Resources to Sustain Homeownership	Homebuyer must document income sufficient to meet the ~~35/41 ratio requirements.~~housing debt and overall debt noted above.
Responsible Lending	~~If utilizing other mortgage financing,~~Homebuyer must choose a fixed rate FHA or conventional mortgage. ~~If the lender is not on the list of lenders for the First Time Homebuyer Program, DuPage County staff~~Staff will review the terms of the proposed loan to ensure the loan is fixed rate, at an interest rate ~~comparable to interest rates being offered by Homestead program lenders~~at or below market rate, is not charging points, and is not charging fees that are not usual or customary. Staff may ask homebuyer counseling agency to assist with this review, if necessary.

To ensure affordability in the event that the sales price required to provide a fair return to the original owner exceeds what is affordable to its target population of homebuyers DuPage County may~~can~~ provide direct assistance to the subsequent income-eligible buyer.

3. The housing purchase price may not exceed 95 percent of the median purchase price for the type of housing for the area as determined and published by the U.S. Department of Housing and Urban Development (HUD) from time to time. DuPage County also reserves the right to determine the 95 percent limit following HUD approved methodology, with such newly determined limit to be approved by HUD.
4. Net proceeds from the sale must provide the original homebuyer, now the home seller, a "fair return" on his/her investment (including any down payment and capital

improvement investment made by the seller since purchase). The sales price may encompass the following in its formula:

a. The cost of any capital improvements, documented with receipts including but not limited to the following:
    i. Any additions to the home such as a bedroom, bathroom, or garage;
    ii. Replacement of heating, ventilation, and air conditioning systems, taking into consideration replacement dates and estimated useful life of the equipment;
    iii. Accessibility improvements such as bathroom modifications for disabled or elderly which were not installed through a federal, state, or locally-funded grant program; and
    iv. Outdoor improvements such as a new driveway, walkway, retaining wall, or fence.

5. The increase in the value of owner equity and investment as calculated by the cumulative percentage of change as calculated by the Housing Price Index (HPI) calculator of the Federal Housing Finance Agency plus 1.00 times the total owner investment at time of purchase plus the documented improvements as described above.

~~(~~ex. Example: A h~~H~~ome was purchased in 2000 for $50,000. The homeowner made documented improvements to the property totaling $4,000. The homeowner wishes to sell the property in 2004. The HPI from~~or~~ 2000-2004 stayed the same at +0.03 for each year, which calculates to a cumulative percentage of 0.12. To calculate "fair return" ~~one must~~ multiply $50,000 (original purchase price) x 1.12 (0.12 cumulative HPI plus 1.00) = $56,000, plus the documented improvements of $4,000, which ~~would~~ totals $60,000. The "fair return" to the original homeowner, now the seller, would be the increased property ~~in~~ value of $60,000, minus the original investment of $50,000 ~~to equal a~~which equals a $10,000 fair return.~~)~~

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- Resale Provision Release – Upon completion of the affordability period, DuPage County will file a release of the Regulatory and Land Use Restrictions Agreement document with the DuPage County Recorder's Office to release the original HOME assisted property from the obligations of the affordability period.
- The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the housing.

DuPage County HOME Advisory Group

Resale Recapture Guidelines for HOME Investment Partnerships Program – Homeownership Activities for DuPage County

Adopted: April 4, 2017; Updated: 12/xx/2024

DuPage County will use HOME Investment Partnerships Program funds to provide housing for low income persons. The forms of funding used to assist homebuyers and/or developers may include: down payment assistance, development subsidies, direct loans as second mortgages, or some combination of these methods. DuPage County will use the recapture method of insuring affordability for all homebuyers receiving direct assistance. DuPage County will use the resale provision of insuring affordability for for-sale housing where the homebuyer does not receive direct assistance. Only one method shall be utilized for each project, the recapture method is only allowed when there is direct HOME assistance to the homebuyer; resale provisions must be used when there is only a development subsidy provided to the project. Development subsidy is defined as the difference between the total development cost of producing the unit and the fair market value of the property.

Recapture Provisions

Subject to recapture are the HOME funds that are invested in a HOME assisted unit as a direct subsidy to the homebuyer. This includes down payment assistance and second mortgages that finance the difference between fair market value based on fair market value and the homebuyer's first mortgage. The minimum length of affordability is as follows based on the total direct HOME assistance to the homebuyer:

Affordability Requirements for the HOME Program

Direct Homeownership Assistance HOME Amount Per Unit	Minimum Period of Affordability
Less Than $15,000	5 Years
$15,000 - $40,000	10 Years
More than $40,000	15 Years

The recapture provisions are as follows:

- The Affordability Period shall be based on the total direct HOME subsidy to the homebuyer and does not take into account a development subsidy provided on the unit.
- Activity Types - HOME funds as direct buyer assistance may be provided as:
  1. First Time Homebuyer Program -
     a. direct subsidy to the homebuyer as downpayment assistance;
  2. Production of homeowner units through new construction or acquisition/rehab/resale -
     a. direct subsidy as a second mortgage that reduces the need for buyer equity or senior debt financing;
     b. direct subsidy as the difference between fair market value at the time of sale and the sales price if HOME funds were used to develop the property and the property is being sold below market value;
     c. direct subsidy to the homebuyer as downpayment assistance.
- The buyer must be purchasing the home to use as a principal residence. The buyer must intend to live in the home for the entire affordability period and not be buying the home for any other purpose, such as investment or rental property.
- Enforcement Mechanisms - Recapture provisions shall be detailed within each written Home Investment Partnerships Agreement between DuPage County and the Subrecipient or

Developer/Owner/Sponsor as well as within each written Homebuyer Agreement between the homebuyer and DuPage County.Recapture will be enforced through a zero-interest, deferred or forgivable payment mortgage on the property, filed with the DuPage County Recorder's Office and also enforced through a Homebuyer Agreement that runs for the entire term of the affordability period. The requirements within shall be triggered when the property is sold or the title transfers. For projects including downpayment assistance, for sale new construction and for sale acquisition rehabilitation programs, the HOME assisted property owners will be required to maintain property insurance coverage in an amount sufficient to cover the amount of HOME assistance and list DuPage County as an additional insured during the period of affordability. Monitoring of insurance policies will assist in identifying properties that are no longer occupied by the assisted buyer.

- Methods - The recapture option allows DuPage County to recapture all or a portion of the HOME subsidy if the property is sold or transferred during the affordability period. All HOME assisted property sales under the recapture option shall meet the following criteria:
  1. The homebuyer may sell the property to any willing buyer.
  2. The transfer of the property during the period of affordability triggers repayment of the direct HOME subsidy to DuPage County in accordance with the promissory note the buyer entered into with DuPage County when he/she originally purchased the home.

In the event of recapture, the amount subject to recapture is as follows and will be further detailed within a promissory note signed by the buyer and within the Homebuyer Agreement that runs for the entire affordability period:

1. Down payment assistance loans forgiven on a pro-rata basis annually over the affordability period.
2. Direct loans as second mortgages deferred until the property is sold, title is transferred or the buyer ceases to occupy the property as their principal residence, then the loan is due in full.

The amount of recapture is subject to the availability of net proceeds available from the sale of the property. Net proceeds is defined as the sales price minus superior loan repayment (other than HOME funds) and any other closing costs. In the event that the owner sells or title transfers on the premises within the affordability period, he/she/they will be obligated to repay DuPage County per the terms of the promissory note. This recapture is subject to the limitation that when the recapture requirement is triggered by a sale (voluntary or involuntary, and also including foreclosure or deed in lieu of foreclosure) of the housing unit, and there are no net proceeds or the net proceeds are insufficient to repay the HOME investment due, DuPage County can only recapture the net proceeds, if any.

If the property is no longer occupied during the affordability period by the HOME-eligible household that originally purchased the property, the entire amount of the HOME investment becomes due. The buyer, so long as any sums remain unpaid to DuPage County and/or the period of affordability is still in effect, whichever is longer, must personally occupy the premises as his/her sole principal residence. Any lease or rental of subject premises during the period of affordability shall constitute an event of non-compliance and the full loan amount shall become due and payable immediately.

- Mortgage Release – Upon receipt of recaptured funds, or at the completion of the affordability period, DuPage County will record a Release Deed with the DuPage County Recorder’s Office to release to original HOME assisted property from the obligations of the affordability period.
- Repayments – Repayment of recaptured funds will be deposited in the HOME account and used for other HOME-eligible activities.

Resale Provisions

Subject to resale provisions are the total HOME funds that are invested in a HOME-assisted unit, development subsidies and direct assistance. The minimum length of affordability is as follows based on the total HOME subsidy to the property:

Affordability Requirements for the HOME Program

Direct Homeownership Assistance HOME Amount Per Unit	Minimum Period of Affordability
Less Than $15,000	5 Years
$15,000 - $40,000	10 Years
More than $40,000	15 Years

The resale provisions are as follows:

- The affordability period is based on the total amount of HOME funds invested in the housing including down payment assistance, direct loans as second mortgages, the difference between fair market value at the time of sale and sales price and development subsidies.
- Activity Types – Resale provisions for Homeownership shall be used when there is no direct assistance provided to the homebuyer or in a market where it is questionable that the unit will maintain affordability on its own. DuPage County HOME assisted activities which may use Resale provisions include Single Family New Construction or Acquisition/Rehabilitation/Resale.
- Principal Residency – The buyer must be purchasing the home to use as their sole principal residence. In other words, the buyer must intend to live in the home for the entire affordability period and not be buying the home for any other purpose, such as investment or rental property.
- Enforcement Mechanisms – Resale requirements shall be detailed within each program written Homebuyer Agreement between the homebuyer and DuPage County and enforced through a Regulatory and Land Use Restriction Agreement filed with the DuPage County Recorder's Office and the requirements within shall be triggered upon sale or transfer of the HOME assisted property. For homebuyer projects including new construction and acquisition/rehabilitation/resale programs, the HOME assisted property owners will be required to maintain property insurance coverage in an amount sufficient to cover the amount of HOME assistance and list DuPage County as an additional insured during the Period of Affordability. Monitoring of insurance policies will assist in identifying properties that are no longer occupied by the assisted buyer. In the event of non-compliance the full loan amount shall become due and payable immediately.
- Methods – The resale option ensures that the HOME assisted unit remains affordable over the entire period of affordability. Resale provisions must be used where there is no direct assistance to the homebuyer which may include down payment assistance, direct loans as second mortgages, the difference between fair market value at the time of sale and sales price. All designated HOME-assisted property sales or transfers under the resale provision during the period of affordability shall meet the following criteria:
    1. The new purchaser must meet the criteria of low-income, defined as having annual household income at or below 80% of the area median income (as defined by HUD) for the Chicago-Joliet-Naperville, IL HUD Metro FMR Area, and occupy the property as the family's principal residence.
    2. The sales price must be "affordable" to a reasonable range of low-income buyers. Affordability is further defined within the below table:

Criteria	Resale Programs
Housing Debt and Overall Debt	Will be based on ratios currently in effect under FHA and the secondary mortgage market

Appropriateness of Amount of Assistance	If direct assistance to a new household is necessary to ensure affordability for the new household, subsidy from the County will not be given that allows a homebuyer to have a total housing expenses to income ratio less than 28%.
Monthly Expenses of Family	Cannot exceed housing debt and overall debt noted above. Homebuyers must participate in a HUD certified housing counseling course prior to acquiring the property. Budgeting is part of the homeownership counseling process.
Assets Available for the Acquisition	Homebuyer's liquid assets after closing may not exceed $25,000. Homebuyer may use any combination of primary mortgage financing, personal funds, and/or gift funds to acquire the housing.
Financial Resources to Sustain Homeownership	Homebuyer must document income sufficient to meet the housing debt and overall debt noted above.
Responsible Lending	Homebuyer must choose a fixed rate FHA or conventional mortgage. Staff will review the terms of the proposed loan to ensure the loan is fixed rate, at an interest rate at or below market rate, is not charging points, and is not charging fees that are not usual or customary. Staff may ask homebuyer counseling agency to assist with this review, if necessary.

To ensure affordability in the event that the sales price required to provide a fair return to the original owner exceeds what is affordable to its target population of homebuyers DuPage County may provide direct assistance to the subsequent income-eligible buyer.

3. The housing purchase price may not exceed 95 percent of the median purchase price for the type of housing for the area as determined and published by the U.S. Department of Housing and Urban Development (HUD) from time to time. DuPage County also reserves the right to determine the 95 percent limit following HUD approved methodology, with such newly determined limit to be approved by HUD.
4. Net proceeds from the sale must provide the original homebuyer, now the home seller, a "fair return" on his/her investment (including any down payment and capital improvement investment made by the seller since purchase). The sales price may encompass the following in its formula:
   a. The cost of any capital improvements, documented with receipts including but not limited to the following:
      i. Any additions to the home such as a bedroom, bathroom, or garage;
      ii. Replacement of heating, ventilation, and air conditioning systems, taking into consideration replacement dates and estimated useful life of the equipment;
      iii. Accessibility improvements such as bathroom modifications for disabled or elderly which were not installed through a federal, state, or locally-funded grant program; and
      iv. Outdoor improvements such as a new driveway, walkway, retaining wall, or fence.
5. The increase in the value of owner equity and investment as calculated by the cumulative percentage of change as calculated by the Housing Price Index (HPI) calculator of the Federal Housing Finance Agency plus 1.00 times the total owner investment at time of purchase plus the documented improvements as described above.

ex. Example: A home was purchased in 2000 for $50,000. The homeowner made documented improvements to the property totaling $4,000. The homeowner wishes to sell the property in 2004. The HPI from 2000-2004 stayed the same at +0.03 for each year, which calculates to a cumulative percentage of 0.12. To calculate "fair return" multiply $50,000 (original purchase price) x 1.12 (0.12 cumulative HPI plus 1.00) = $56,000, plus the documented improvements of $4,000, which totals $60,000. The "fair return" to the original homeowner, now the seller, would be the increased property value of $60,000, minus the original investment of $50,000 which equals a $10,000 fair return.

- Resale Provision Release – Upon completion of the affordability period, DuPage County will file a release of the Regulatory and Land Use Restrictions Agreement document with the DuPage County Recorder's Office to release the original HOME assisted property from the obligations of the affordability period.
- The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the housing.