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TO: Lake County Board

FROM: Jodi Gingiss, Community Development
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RE: Repurposing Plan – U.S. Department of Housing & Urban Development Grants

In 2014, HUD authorized Lake County, going forward, to encumber previously approved Lake County Affordable Housing Program (AHP) projects with CDBG and/or HOME restrictions as a “credit” in lieu of repayment to HUD for past ineligible projects under HUD rules. Lake County utilized this repurposing arrangement in 2014 and anticipated utilizing it in future program years upon identification of any additional ineligible HUD-funded projects.

Several ineligible HUD-funded projects have now been identified through a HUD audit and staff self-monitoring: (1) a 2011 CDBG Public Infrastructure project (Mundelein road improvements) totaling \$78,234; (2) a 1994 HOME project from 1994 (Mary’s Mission) totaling which \$65,000; and (3) a number of additional projects whose potential total liability has not yet been finalized.

Previously approved Lake County Affordable Housing-funded projects available for repurposing of these ineligible projects total \$260,200 (detailed in the following table). Due to the imminent award of these AHP-funded projects, their encumbrance will be necessary prior to HUD’s final determination of total liability for the past ineligible projects in order to offset any liability in excess of \$260,200. The selected AHP project grant agreements will consequently contain release clauses for CDBG/HOME restrictions to the extent that repurposing is unnecessary for a portion thereof.

Staff continues to partner with HUD in identifying and correcting past ineligible projects and, as appropriate, will bring similar repurposing plans to the Board in the future for action.

Table 1. Proposal to Add CDBG and/or HOME Requirements to Four 2013/2015 Affordable Housing Program Grant Agreements

Lake County Affordable Housing Program (AHP) Grant	Lake County Board Approved AHP Project	Approved AHP Amount	Federal Requirements Proposed to be Added to Approved AHP Amount	Existing CDBG/HOME Grant in Project
2013 Community Partners for Affordable Housing (CPAH)	Affordable Rental Highland Park	\$25,200	HOME	HOME 2013/14 \$272,800
2015 Lake County Residential Development Corporation (LCRDC)	Affordable Rental Fairhaven Crossing Mundelein	\$7,500	CDBG	CDBG 2015 \$242,500
2015 Catholic Charities	Tenant-Based Rental Assistance	\$32,500	HOME	N/A
2015 Community Partners for Affordable Housing (CPAH)	Affordable Homeownership Highland Park, Highwood, Lake Forest	\$195,000	CDBG HOME	HOME 2015 \$142,500
TOTAL		\$260,200		