

September 15, 2014

# Memorandum

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To: Community Development Commission  
From: Jodi Gingiss, Community Development Administrator  
Re: 2013 Annual Action Plan Fifth Amendment

## Introduction:

The 2013 Annual Action Plan governs the use of federal Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds for eligible housing projects and activities. The Lake County Consortium is proposing this Fifth Amendment to its 2013 Annual Action Plan ("Action Plan").

## Discussion:

Changes to the HOME Rule and implementation guidance since the initial approval of PY2013 projects have prompted amendments to previously-approved activities governed under the PY2013 Annual Action Plan in order to meet the 50% commitment deadline in June, 2015. All projects to receive funding had been previously evaluated by staff during PY2013 and PY2014 application rounds and will be updated at the time of contracting accordingly. Also, a September 9, 2014 County Board Resolution caused a change in the 2013 Action Plan.

The following list summarizes the changes contained in the Fifth Amendment to the 2013 Action Plan:

- Shift HOME funds from Cities of North Chicago and Waukegan to third party-managed affordable housing projects; and
- Exchange Glenkirk group home rehabilitation projects between HOME and the Lake County Affordable Housing Program (AHP) to enhance the eligibility of the project undertaken with HOME funds; and
- Reflect a change in a rental project from new construction to rehabilitation; and
- Reflect a small technical change in CDBG.

Activity Cancellation and Reallocation: The County is required to recognize the Consortium allocations towards eligible HOME activities and subsequent re-allocations as determined by each member under the PY2013 Annual Action Plan and Lake County HOME Consortium agreement. Both the Cities of North Chicago and Waukegan had previously decided to utilize HOME funds for local owner-occupied rehabilitation programs. However, given changes per the new HOME Rule as related to commitment deadline requirements for the Consortium partners as subrecipients, both members have opted to reallocate their set-aside funds to projects in their jurisdictions.

The City of North Chicago had previously allocated a portion of funds to the North Chicago Strategic Revitalization Plan HOME project activity, a project to be completed by Lake County Residential Development Corporation (LCRDC) in partnership with the City. With this amendment, the City has elected to allocate its remaining \$55,048 of PY2013 HOME funds also to the North Chicago Strategic Revitalization project.

The City of Waukegan has elected to reallocate its PY2013 HOME funds totaling \$175,080 to Habitat for Humanity – Lake County ("Habitat") in order to execute a homebuyer acquisition, new construction and rehabilitation project in the City of Waukegan. Habitat had previously applied for funding under the PY2014

\*Commensurate increase in CPAH's allocation from the Lake County Affordable Housing Program (AHP) and commensurate decrease in Glenkirk's AHP allocation.

HOME application round to complete a similar project, however was only funded enough to complete one-third to half of the proposed scope of work. Staff worked with Waukegan and Habitat to evaluate the balance of the proposal not funded to serve as the project basis for the Waukegan PY2013 project reallocation of funds. The Habitat project was also a first contingency project from the PY2014 Round.

Two technical changes were made in the CDBG 3C tables to bring the Action Plan in line with best practice.

Activity Scope/Budget Change: The County previously approved an allocation to Glenkirk of HOME funds totaling \$66,800 to complete the rehabilitation of five apartment units functioning as group homes at the Moraine Aggregated Living facility location. This project has been subsequently identified by staff as potentially problematic for HOME investment<sup>1</sup>, so this amendment proposes to exchange Moraine with West Trail, another Glenkirk property that was approved for 2014 Affordable Housing Program (AHP) Funds. As West Trail costs \$92,000 of County grant funds, this amendment proposes a budget increase from \$66,800 to \$92,000 which will be offset by a commensurate decrease in Glenkirk's 2014 Affordable Housing Program allocation.

Also, a new construction rental project of Community Partners for Affordable Housing (CPAH) was approved in the County's 2014 housing application round with a budget of \$65,000 of HOME 2013 funds, \$233,000 HOME 2014 funds and \$2,000 2014 AHP funds – \$300,000 in total. The address intended for the four rental units is not feasible until 2017.<sup>2</sup> As a result of both this discovery and the Glenkirk-related change above, CPAH's rental project is amended from "Walker Ave" to "Scattered Site Rental" and its budget for County grant funds is amended to \$39,300 of HOME 2013 funds, \$233,000 HOME 2014 funds and \$27,700 2014 AHP funds. The total does not change.

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<sup>1</sup> Although the Glenkirk Moraine facility is zoned residential and does not function as a facility ineligible under HOME such as nursing homes and rehabilitation centers, it is licensed by the State of Illinois as a "facility" (typically ineligible for HUD funds) so is causing definitional problems with HUD.

<sup>2</sup> The City of Highland Park plans in 2017 to make water main improvements to accommodate the proposed project.