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Memorandum

To: CDC Housing Application Review Committee (ARC)
From: Community Development Division
Re: PY2013 HOME/LCAHP Application Review – Review Notes

Master Summary Review of Application Round

Introduction:

Staff is providing the Housing ARC members with a master summary related to the following key application round topics:

- HOME Investment Partnerships Program (HOME) and Lake County Affordable Housing Program (LCAHP) application round highlights
- Allocation of Consortium partner funds
- Community Housing Development Organization (CHDO) certification, set-aside requirements and operating applications
- Program and Project Funding Feasibility Analysis/Recommendations

These details are provided to supplement the program and project specific review notes provided for your consideration as part of the application evaluation process.

HOME and LCAHP Application

Highlights:

The PY2013 HOME and LCAHP application round net 12 total applications inclusive of five proposed programs, five proposed projects, and two CHDO operating requests. The total amount of funds requested was \$1,198,340 in HOME funds and \$372,500 in LCAHP funds. The new HOME Program rule (referenced throughout application reviews) was issued on July 23, 2013, and effective August 23, 2013. A majority of the rule is to be implemented immediately, while other portions of the rule are phased through 2015; PY2013 projects are still bound by previous 2012 Appropriations Act requirements, the new Rule, and portions of the rule scheduled for implementation in early January 2014. Staff noted the impact of the rule as applicable in individual application reviews.

The following funding is available for consideration:

HOME Investment Partnerships Program (HOME)
\$620,280.00 – Inclusive of all Program and Project Funding, CHDO Reservation and CHDO Operating

A minimum of \$150,068.00 for CHDO Reservations
 A maximum of \$50,022.00 for CHDO Operating

Lake County Affordable Housing Program (LCAHP)
 \$250,000.00 – Inclusive of all Program and Project Funding

Additionally, ARC members may designate certain programs or projects, or portions thereof as contingency allocations, meaning that should funds become available from expiring, cancelled, or otherwise ineligible projects prior to the next HOME round, such projects could be funded with the available funding. Staff will assist in contingency designations during the ARC review meeting.

Consortium Funds:

The Consortium partners include the Cities of North Chicago and Waukegan. Per the Lake County Consortium Agreement, each receives an allocation of funding for HOME-eligible activities as follows:

PY2013 HOME Funds based on agreement formula:

North Chicago	\$105,047.55 (rounded \$105,048.00)
Waukegan	\$175,079.28 (rounded \$175,080.00)

The County is required to recognize the Consortium allocation and eligible HOME activities and subsequent allocations as determined by each member under the PY2013 Annual Action Plan. Both Waukegan and North Chicago have applied to utilize funds for owner-occupied rehabilitation programs. Staff has vetted the member proposals and will work with Consortium members to identify any program deficiencies as a result of the new HOME rule prior to contracting. Additionally, both members have authorized the allocation of funds to HOME-eligible projects that have made application under the current round :

Applicant/Program or Project	Funding amount to be allocated:
Affordable Housing Corporation of Lake County -DPA for Waukegan homebuyers	\$75,000
Lake County Residential Development Corporation -Construction Financing for the N.C. Strategic Revitalization Project	\$50,000

Staff has vetted the program type and specific project referenced above as part of the application round.

CHDO Certification, Set-aside and Operating applications:

Certification:

Two nonprofit organizations eligible for CHDO designation applied for PY2013 certification in conjunction with the application round:

- Community Partners for Affordable Housing (CPAH)
- Lake County Residential Development Corporation (LCRDC)

Both organizations have been previously certified as CHDO entities under Lake County, including meeting last year’s application threshold that was based upon the 2012 Congressional Appropriations Act that required additional certification analysis and requirements for CHDO-designation eligibility. Under PY 2013, both organizations have been preliminary certified using the 2012 model, however, the release of the new HOME rule effective August 23, 2013 and subsequent guidance provided by HUD directly related to certification requirements has forced staff to currently rescind the CHDO designation and thus deem each organization as status-pending. Staff does not anticipate that either CHDO will not meet the certification requirements; the enhanced regulations are more related to documentation of capacity specific to the re-defined eligible CHDO roles and both organizations have capacity in the developer-owner roles and proposed in their projects. Staff anticipates completing verification of the CHDO certification prior to the allocation meeting on September 9, 2013, and has already begun confirming information with both LCRDC and CPAH.

CHDO Set-aside

Per HOME requirements, Lake County is to fund a cumulative minimum CHDO Reserve of 15% of the total allocation for CHDO projects. The County may over reserve in a given program year to count for past deficiencies or a lack of CHDO programming that may be foreseen in the near future. The new HOME rule also provides for more strict oversight over CHDO reserve designated projects, of that if a project funded with the reserve fails to complete the required HOME period of affordability in total compliance, fails to be completed or otherwise is deficient including extended periods of temporary non-compliance, that reservation would be re-credited to the County’s entitlement funds and the cumulative CHDO reservation requirement may be in noncompliance. The County has traditionally sought to fund the reserve at the minimum threshold each year to mitigate such circumstances, though, the County portfolio has and is experiencing the negation of reserve projects. This year, an allocation of a minimum of \$150,067.65 (rounded to \$150,068) towards a CHDO project is required to continue to meet the 15% set-aside; the County has met this minimum on an annual basis and often exceeds the CHDO reservation requirement in order to ensure ongoing compliance with the minimum investment for the County’s HOME program. This year, three projects meet the requirement for CHDO Reservation funding:

CHDO	Project
Community Partners for Affordable Housing	CPAH Scattered Site Preservation Program
Lake County Residential Development Corporation	North Chicago Strategic Revitalization Plan
Lake County Residential Development Corporation	Riverside Partnership Group Home Rehabilitation

The ARC should designate which funding allocation(s) shall be deemed as CHDO reservation. Both organizations have deemed their applications as CHDO eligible and identified their intention to submit for certification and operation relative to these proposed projects.

Operating:

For the PY2013 application round, the two CHDO organizations seeking certification also submitted applications for CHDO operating funds as follows:

CHDO	Amount of Operating Request
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Community Partners for Affordable Housing	\$15,000
Lake County Residential Development Corporation	\$20,000

Both requests have been evaluated for eligible operating uses, organizational budget capacity and feasibility, and new HOME rule enhanced restrictions related to the use of CHDO funds and project commitment and completion requirements; requests are satisfactory and deemed reasonable for the proposed scope of use and volume of work anticipated by each organization relative to HOME activities and prospective housing/HOME activities. Neither request is in excess of cap restrictions, and funding of both requests as presented will still net compliance with the overall CHDO operating cap.

Feasibility Analysis/Recommendations:

Staff was directed by the ARC to prepare a worksheet that details the County HOME and LCAHP funding request of each applicant per each program and project, score, and conduct an analysis of minimum and maximum funding feasibility. Specifically, staff was asked to determine an estimated value of a minimum investment of funds that would still render a feasible program or project based on staff’s overall assessment of the program and project components and scope. A maximum investment of funds figure would be determined on staff’s assessment of the proposal if it would be funded in entirety as requested, or should be reduced as a result of eligibility, cost reasonableness or other deficiency issues. Staff noted concerns that may relate to feasibility end scope (units/households to be served) in individual project reviews. Please review on the following page : **Minimum and Maximum Investment Feasibility Analysis Worksheet**

Minimum and Maximum Investment Feasibility Analysis Worksheet

Organization	Project/Program	Request	Score	Funding Threshold Min./Max.
Affordable Housing Corporation of Lake County	Lake County Down Payment Assistance	\$195,000 HOME \$130,000 AHP	70	Minimum/Maximum: \$130,000 AHP* Additional funding under AHP
Affordable Housing Corporation of Lake County	Foreclosure Counseling and Mediation Program	\$50,000 AHP	84	Minimum/Maximum: \$50,000
Catholic Charities of the Archdiocese of Chicago, Lake County Services	Consortium Tenant Based Rental Assistance Program	\$100,000 AHP	65	Minimum: \$50,000/50+ households Maximum: \$75,000/75+households
Christ Church Elder Care	Accessible Safe Homes for Elders	\$15,000 AHP	76	Minimum/Maximum: \$15,000
Community Partners for Affordable Housing	CPAH Scattered Site Preservation Program	\$270,000 HOME \$67,500 AHP	91	Minimum: \$250,000 (total) 2-3 units Maximum: \$337,500 4-5 units (scope reduction may be required or additional financing added)
Community Partners for Affordable Housing	CHDO Operating	\$15,000 HOME	NA	Minimum/Maximum: \$15,000
Glenkirk	Greenbay and Conway CILA Rehabilitation	\$161,540 HOME	90	Minimum: \$121,540/2 units; 48,000 Conway/98,000 Greenbay Maximum: \$161,540/2 units (pending conformation of scope/allocation of portion/sum of developer capital to construction financing unless reserves deemed otherwise eligible)
Glenkirk	Moraine Aggregated Living Rehabilitation	\$66,800 HOME	92	Minimum/Maximum: \$66,800/5 units (pending reallocation of portion/sum of developer capital to construction financing/confirmation of scope)
Lake County Residential Development Corporation	North Chicago Strategic Revitalization Plan	\$320,000 HOME	95	Minimum/Maximum: \$320,000/20 units
Lake County Residential Development Corporation	Riverside Partnership - Group Home Acquisition/Rehabilitation	\$150,000 HOME	96	Minimum: \$75,000/2 units Maximum: \$150,000/4 units
Lake County Residential Development Corporation	CHDO Operating	\$20,000 HOME	NA	Minimum/Maximum: \$20,000
Mano a Mano Family Resource Center	Foreclosure Prevention Resource Center	\$10,000 AHP	71	Minimum/Maximum: \$10,000

