Lake County Illinois

Lake County Courthouse and Administrative Complex
18 N. County Street
Waukegan, IL 60085-4351

Agenda Report - Final

Wednesday, October 10, 2018

3:30 PM

2nd floor Conference Room - Central Permit Facility
500 W. Winchester Road, Libertyville

Housing and Community Development Commission

1. ROLL CALL

2. APPROVAL OF MINUTES

2.1 18-1282

Approval of the September 12, 2018 Minutes

Attachments: 9.12.18 Minutes.pdf

3. CHAIR'S REMARKS

4. PUBLIC COMMENTS (items not on the agenda)

5. OLD BUSINESS

6. NEW BUSINESS

6.1 18-1286

Discussion: Grant Performance Update (October 2018)

- The Grant Performance Update policy, which was adopted on February 11, 2014, is meant to provide a framework for reporting of certain programs or projects funded with federal dollars.
- The Policy delineates the elevation procedure for troubled projects, the final stage of which is notification of the Housing & Community Development Commission (HCDC).
- Four projects are included in this October 2018 Update. Three projects' federal grant funds must be rescinded due to compliance or feasibility problems. A fourth project requires a substantial budget increase to remain viable.

Attachments: Grant Performance Update.pdf

6.2 18-1288

Commission action adopting a formal policy for allocating community development and housing grant funds.

- The grant funding administered by Lake County Community Development requires prudent administration and timely spending to meet federal compliance requirements. This proposed Grant Funding Allocation Policy streamlines the way funds are both allocated from new funding sources (e.g. program income) and reallocated from slow-spending grants & troubled/canceled projects on a timely and consistent basis.
- This policy sets the expectation that HCDC be asked to make (re)allocation decisions only three times per year, including the annual application funding round. With the advent of this policy, allocations will continue to occur primarily in the annual application funding process and reallocations will be clustered into replacement projects/programs already approved by Lake County Board (LCB) in order to meet federal spending timeliness requirements.
- Under the current Citizen Participation Plan, this process will take place as efficiently, predictably and transparently as possible.

Attachments: Grant Funding Allocation Policy.pdf

Reallocation Tracker.pdf

6.3 **18-1290**

Commission action to transfer AHC & LCRDC grant funding to CPAH (merged entity)

- The Affordable Housing Corporation (AHC), Lake County Residential Development Corporation (LCRDC) and Community Partners for Affordable Housing (CPAH) will be merging effective January 1, 2019.
- This merger is intended to combine three strong housing organizations to achieve greater impact through shared missions and economies of scale.
- Due to the large number of rental properties already associated with LCRDC's corporate entity (Tax ID number #36-3086133), the merged entity will move forward with the Tax ID number of LCRDC and the name Community Partners for Affordable Housing. Moving forward, the Affordable Housing Corporation of Lake County will operate only a general contractor providing construction and building services to the merged entity.
- Commission action is requested to transfer or assign AHC's and CPAH's existing grants to the new entity [CPAH Tax ID #36-3086133] effective January 1, 2019.

Attachments: AHC Letter to Lake County 10-2-18.pdf

CPAH Letter to Lake County 10-5-18.pdf

6.4 **18-1289**

Commission action to allocate CDBG funds for purchase of site for affordable housing by non-profit housing developer

- The Lake County Board (LCB), based on recommendation by the Housing & Community Development Commission (HCDC), has approved $397,390 of Community Development Block Grant (CDBG) funds to Lake County Residential Development Corporation (LCRDC) for site preparation work for an affordable housing development at the intersection of Sunset & Delaney in the City of Waukegan.
- Due to the removal of CDBG-funded demolition projects from the 2018 Action Plan, it is necessary to find a LCB-approved project that can quickly spend CDBG in an impactful way. Staff proposes funding the full acquisition of land by LCRDC (in the form of a new merged entity titled "Community Partners for Affordable Housing" (CPAH)) to increase CDBG spending rates while moving the project forward. Acquisition of the land by LCRDC will improve the scoring in the application to the State of IL for low income housing tax credits.
- The actual acquisition cost of the land at Sunset & Delaney for the LakePointe housing project is $775,000. A deed restriction will be place on the property ensuring the development of affordable housing units.

Attachments: Lakeview Pointe HCDC Request Letter.pdf

6.5 **18-1291**

PUBLIC HEARING - First amendment to the 2018 Annual Action Plan for the U.S. Department of Housing & Urban Development (HUD)

6.6 **18-1292**

Joint resolution approving First Amendment to the 2018 Housing and Urban Development (HUD) Action Plan.

- The grant funding administered by Lake County Community Development requires prudent administration and timely spending to meet federal compliance requirements. A new Grant Funding Allocation Policy has been proposed to both allocate new funding (e.g. program income) and re-allocate slow-spending grants & canceled projects on a timely and consistent basis. Such re-allocations require this proposed amendment to the Annual Action Plan accompanied by 30-day public comment period and public hearing.
- This proposed Action Plan Amendment invests $1,019,909 of canceled project grant funds and $143,139 of new 2018 program income. The canceled projects were profiled in the Grant Performance Update. Accumulated 2018 program income resulted from the sale of a HOME-funded rehab at 854 Adams Street in Waukegan, IL, HOME downpayment assistance payoffs, a CDBG loan payment (NorthPointe) and a CDBG owner-occupied rehab loan payoff.
- Under the Grant Funding Allocation Policy, reallocated grants must first be used to fund major community development and housing projects already approved by the Lake County Board - in this case the Deerfield-based Zion Woods and Waukegan-based LakePointe affordable rental housing projects. The Zion Woods project's $1.45 million in Lake County grant funding has not changed but shifted to $1,242,558.14 in 2018 funds: CDBG ($642,498.59) and HOME ($807,501.41) with the remainder anticipated in 2019. The increase in funding for the LakePointe affordable housing project from $397,390 to $775,000 helps to meet the CDBG spending timeliness requirements while also increasing the viability of a major affordable housing project by securing the land and increasing the application score in competition for State of Illinois low income housing tax credits. (After January 1, 2019, the LakePointe project will move forward under the CPAH name per the merger plans of AHC, CPAH and LCRDC.)
- The Grant Funding Allocation Policy further prescribes that reallocated grants be used to fund LCB-approved housing & community development programs that have the capacity and proven ability to spend additional funds within the next six to nine months. With this proposed Action Plan Amendment, housing programs recommended for increased funding (totaling $292,880) are the Acquisition/Rehab/Resale program of Community Partners for Affordable Housing (+ $120,975 CDBG) and both the Downpayment Assistance Program (+$119,011 HOME) and Owner-Occupied Rehab (+$52,894 CDBG) of the Affordable Housing Corporation of Lake County. (After January 1, 2019, all of these programs will be managed under the CPAH name per the merger plans of AHC, CPAH and LCRDC.)

Attachments: 2018 AAP First Amendment_Redline.pdf

6.7 **18-1293**

Joint resolution approving an update to the Neighborhood Stabilization Program (NSP) Round 1 Substantial Amendment.

- The Neighborhood Stabilization Program (NSP) Round 1 Substantial Amendment requires updating. (At the outset of NSP1, the County's plan was documented as an amendment to the 2008 Action Plan.) This plan was last revised in March 2017 when $175,029.20 in uncommitted Neighborhood Stabilization Program (NSP) funds replaced 2013 HOME funds in the planned new construction by Lake County Residential Development Corporation (LCRDC) of four units of veterans' housing at 1235 Victoria in North Chicago. At that time, HCDC and the Lake County Board approved cessation of acquisition/rehab/resale programs funded by NSP in order to meet HUD NSP closeout

requirements.

- This proposed 2018 revision to the NSP1 substantial amendment reallocates $153,444.79 of unspent acquisition/rehab/resale programs plus other unallocated funds to the development of affordable rental units for families at or below 50% of area median income to meet the low-income 25% investment threshold required by NSP. In addition to the veterans' housing, LCRDC will rehabilitate four foreclosed townhomes on Georgetown Lane in Waukegan with NSP1 investment of $427,55.12.
- In a concerted effort to improve the appearance of its single-family residential neighborhoods, the City of North Chicago has enforced several costly building code requirements that increased the Victoria veterans housing project budget by $165,018.80, resulting in an NSP1 investment totaling $340,048. This investment cost is reasonable for four new units.
- After January 1, 2019, both LCRDC affordable rental housing projects will move forward under the CPAH name per the merger plans of AHC, CPAH and LCRDC.

Attachments: 2018 NSP 1 Action Plan Amendment.pdf

7. STAFF REPORTS

8. ADJOURNMENT