

## **NSP1 Allocation W/Program Income (Revised March 2017)**

Project Sponsor	Project Type	Consolidated Plan Goal #	NSP Original Amounts	W/ Program Income	March 2017 Revision
Lake County Residential Development Corporation	NSP Rental Housing Program: Property Acquisition and Rehabilitation of Abandoned and Foreclosed Homes <b>(Eligible Use B)</b>	#1.3	\$1,262,200	\$1,597,603.84	<u>\$1,466,276.25</u>
Lake County Residential Development Corporation	<u>Redevelopment of Vacant properties for rental</u> <b>(Eligible Use E)</b>	#1.3			<u>\$345,029.20</u>
Affordable Housing Corporation/ /North Chicago/Waukegan	NSP Single Family Housing Program: Property Acquisition and Rehabilitation of Abandoned and Foreclosed Homes and Residential Properties for Single Family Homes <b>(Eligible Use B)</b>	#1.3 #1.4 #1.5	\$2,878,520	\$8,249,240.17	<u>\$8,282,294.55</u>
Community Development	NSP Program Administration	#3.5	\$460,080	\$460,080	<u>\$500,000</u>
Affordable Housing Corporation	Housing-related Inspections	#3.5	\$10,000	\$0	\$0
		<b>TOTAL</b>	<b>\$4,600,800</b>	<b>\$10,306,924.01</b>	<b><u>\$10,593,600</u></b>

### **Description of Key Projects**

Lake County has a strong background in CDBG and HOME funded affordable housing practices through its strong expertise in federal and county funded first time homebuyer programs and various housing rehabilitation programs, which already incorporate housing counseling activities. Lake County's existing CDBG and HOME funded Homeowner Rehabilitation Program (for the 50 non-CDBG entitlement jurisdictions) is administered by the Affordable Housing Corporation of Lake County (AHC). North Chicago's existing CDBG and HOME funded Homeowner Rehabilitation Program is administered by the City of North Chicago. Waukegan's existing CDBG and HOME funded Homeowner Rehabilitation Program is administered by the City of Waukegan.

Lake County previously amended its Consolidated Plan and prior Action Plans to allow for NSP-type housing activities (May 25, 2005 and February 14, 2006 through Community Development

Commission approval and County Board approval for the acquisition and rehabilitation of vacant, abandoned, or foreclosed properties, respectively). Lake County already has an established Lending Pool Consortium of area bankers. Accordingly, new additional CDBG funding under the Neighborhood Stabilization Program allows for greater coordination of previously separated housing activities through the development of a quick concise specific NSP program balanced against Lake County housing needs.

Therefore, as much as possible, Lake County would like to use its **existing housing partners to expand its current housing activities under the Neighborhood Stabilization Program.**

The Housing and Economic Recovery Act (July 2008) requires that NSP funds be distributed to the areas of greatest need based on three NSP specific program need categories. In response to HUD's NSP "expedited program implementation" strategy, Lake County has established this NSP Addendum to "establish the needs, target the geographical areas, and limit the eligible uses of NSP funds" in response to the NSP statutory program requirements. Accordingly, priority emphasis and consideration will be provided to those geographic areas of Lake County showing the greatest need, including those:

- with the greatest percentage of home foreclosures.
  - Under the NSP Program, HUD's Estimated Foreclosure Rate model has identified areas of Lake County having the highest percentage of foreclosures measured by HUD's estimated number of foreclosure starts over 18 months through June 2008 divided by HUD's estimated number of mortgages, per HUD's NSP foreclosure data table for the State of Illinois, as having a foreclosure rate above 5.1%;
- with the highest percentage of homes financed by subprime mortgage related loans.
  - Under the NSP Program, HUD's model has identified areas of Lake County with the highest percentage of homes financed by a subprime mortgage, as having at least 25% high cost loans as a percent of conventional loans made between 2004 and 2006 from Home Mortgage Disclosure Act data where the rate spread is 3 percentage points above the Treasury security of comparable maturity; and/or
- identified as likely to face a significant rise in the rate of home foreclosures.
  - Under the NSP Program, HUD's model has identified areas of Lake County likely to face a significant rise in the rate of home foreclosures, as having a high risk factor for foreclosure or abandonment based on a ranking of 8 or above on a scale of 1 to 10 where 10 indicates that the area is in the highest 10 percent of risk nationwide for foreclosure and abandonment based on the combination of HUD's foreclosure risk estimate and USPS residential vacancy rate.

HUD allows NSP recipients to identify other local identifiers of concern. Lake County will also consider other non-NSP stipulated need categories, such as:

- the number and rank of home foreclosures within Lake County municipalities, as identified by the Woodstock Institute.

Lake County will need to provide priority emphasis and consideration to those abandoned and foreclosed properties that are located within these areas of greatest need. At the present time it appears as though the following communities have the highest number of foreclosures:

- Mundelein
- North Chicago
- Round Lake Beach
- Waukegan

- Zion

At the present time it appears as though the following communities have the highest foreclosure rate per 1,000 owner-occupied units (exclusive of those communities listed above):

- Round Lake
- Round Lake Park
- Round Lake Heights
- Hainesville

NSP funded acquisition and rehabilitation of abandoned and foreclosed upon homes and residential properties will occur in one or more of the following ways:

- NSP Rental Housing Program: Property Acquisition and Rehabilitation of Abandoned and Foreclosed Homes (Eligible Use B) ---\$1,262,200, increased with program income to \$1,432,200.
- NSP Redevelopment of Vacant Properties (Eligible Use E) ----\$345,029.20:
  - 1235 Victoria, North Chicago --- \$175,109.63
  - 2105/2107 Georgetown Lane, Waukegan --- \$221,454.82
- NSP Single Family Housing Program: Property Acquisition and Rehabilitation of Abandoned and Foreclosed Homes (Eligible Use B) ---\$2,878,520, increased with program income to \$8,282,294.55.
- NSP Program Administration (\$460,080, increased with program income to \$500,000 out of over \$1,000,000 permitted under the 10% admin cap).

## Citizen Participation: Substantial Amendment Approval Process

The NSP application of funds will consist of a substantial amendment to Lake County's 2008 Annual Action Plan, which was originally approved March 14, 2008. The customary HUD-required CDBG Citizen Participation process has been waived by HUD, such that the amended Action Plan must be published through the County's usual methods and be available on the County's website for at least 15 calendar days for public comment as NSP materials are developed, published, and submitted to HUD:

(<http://www.co.lake.il.us/planning/cd/actionplan.asp>). The following documents are available on the County's website: The HUD Standard 424 application form, the proposed NSP Action Plan amendment, and (ultimately) the final NSP Action Plan amendment (as of December 1, 2008) along with any subsequent NSP amendment/adjustments that are made.

A "Citizen Participation Notice" was published on November 1, 2008 in the News-Sun regarding the NSP Addendum to the 2008 Annual Action Plan (See Appendix 1). Copies of this "Notice" were distributed to over 392 entities from the Community Development Division mailing list. Copies of the proposed NSP Addendum to the 2008 Annual Action Plan were made available at five libraries in different areas of the County, and were distributed to groups and individuals on request. The proposed NSP Addendum to the 2008 Annual Action Plan was available for citizen comment for at least a 15 day calendar comment period prior to approval by the Lake County Board.

The NSP Addendum to the 2008 Annual Action Plan, including Lake County's funding strategies, was approved by:

- o The Affordable Housing Commission on October 21, 2008 (proposed draft);
- o The Lake County Community Development Commission on October 22, 2008 (proposed draft);
- o The Lake County Board's Health and Community Services Committee on November 11, 2008 (final draft);
- o The Lake County Board's Financial and Administrative Committee on November 12, 2008 (final draft); and
- o The Lake County Board on November 18, 2008 (final version).

See the Citizen Participation Comment Appendix regarding the comments received and the actions taken regarding those comments (Appendix 2).

### March 2015 Revision

The 2015 amendment to the NSP1 Substantial Amendment was undertaken to clarify the use of program income funds and to edit outdated language.

### March 2017 Revision

The 2017 amendment to the NSP1 Substantial Amendment was undertaken to further define NSP budgets and to add the redevelopment of vacant property – 1235 Victoria, North Chicago.