Department of
Planning & Development

Financing & Programs for Homebuyers and Developers

CITY OF CHICAGO
Overview of Opportunities

1. Introduction
2. Micro Market Recovery Program
3. Making Properties Available to Developers
4. TIF Purchase Rehab
The Department of Planning and Development (DPD) is the lead agency for the City’s affordable housing, housing preservation and homebuyer assistance programs.

In the first three quarters of 2014 the Department committed $344 million to support 7,234 units of affordable housing.

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**Micro-Market Recovery Program**

**Goals**

To improve conditions, strengthen property values, and create environments supportive of private investment in targeted markets throughout the city by strategically deploying public and private capital and other tools and resources in well-defined micro-markets.

**Stabilizing the community**

- Keeping people in their homes
  - Counseling
  - Repair grants
  - Community development activities

**Knowing the market**

- Understand the vacant buildings
  - Prioritizing blocks
  - Code enforcement
  - Reclaiming abandoned Buildings

**Rebuilding the market**

- Getting buildings occupied
  - Homebuyer subsidy
  - Working with developers & investors
MICRO MARKET RECOVERY PROGRAM

TARGET AREAS (COMMUNITY AREAS)/NEIGHBORHOOD PARTNERS

- **Auburn Gresham**
  Neighborhood Housing Services
  Greater Auburn-Gresham Community Development Corp.

- **Austin**
  Austin Coming Together (ACT)
  Community Investment Corp.

- **Belmont Cragin NORTH**
  Northwest Side Housing Center

- **Belmont Cragin SOUTH**
  Spanish Coalition for Housing

- **Chatham**
  Community Investment Corp.
  Neighborhood Housing Services

- **Comic Lawn**
  Southwest Organizing Project
  Neighborhood Housing Services

- **East Garfield Park**
  Garfield Park Community Council
  Neighborhood Housing Services

- **Englewood**
  Neighborhood Housing Services

- **Grand Boulevard**
  Partners in Community Building

- **Humboldt Park**
  Neighborhood Housing Services
  West Humboldt Park Family & Development Council
  Bickerdike Redevelopment Corp.

- **North Pullman**
  Chicago Neighborhood Initiatives
  Neighborhood Housing Services

- **West Pullman**
  Chicago Neighborhood Initiatives
  Far South Community Development Corp.

- **Woodlawn**
  Community Investment Corp.
  Neighborhood Housing Services
### MMRP Activity to Date

**Goal: Keep people in homes, Get buildings occupied**
Thirteen areas around the City
Targeted areas, help stabilize and rebuild

- Collectively, MMRP has assisted over 4,483 units of housing.
- Reoccupied 1,299 units of vacant and abandoned housing.
- Saved 60 families from foreclosure
- Provided counseling to another 685 families.
- Properties under redevelop currently:
  - Private Market  786 units
  - MMRP Partners 157 units
Opportunities for Developers & Investors

**Reclaiming Vacant Buildings**
- Direct Purchase
- Donation
- Forfeiture
- Lien foreclosure
- Abandonment

**Developers**

**Rehab & Resale**
- Homebuyer purchase price assistance
- Homebuyer purchase rehab assistance

**Investors**

**Rehab & Rent**
- CIC 1-4 unit bundle
- CCLF Neighborhood investor
- TIF MF Purchase Rehab
Opportunities for Homebuyers

For Sale properties
- Located in an MMRP
- Owner occupant
- AMI limitations
- Direct Purchase
- Purchase Rehab

Purchase Assistance

Subsidies
- < 80% AMI $35K
- 120-81% AMI $25K
- Down payment, closing cost, Appraisal gap

Purchase Rehab

Subsidies
MMRP and TIF PR
- MMRP: $35K
- TIF: 25% of TDC
Overview of Subsidy programs

- Owner occupants only
- Located in an MMRP
- Traditional structure is deferred, forgivable, 0%
- Grant recapture, does not affect LTV, DTI or QM

<table>
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<th>Subsidy program</th>
<th>AMI</th>
<th>Amount</th>
<th>Use</th>
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<td>MMRP</td>
<td>Up to 80% AMI</td>
<td>$35K Rehab Assist</td>
<td>Construction</td>
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<tr>
<td>NSP</td>
<td>Up to 120% AMI</td>
<td>80% AMI: $35K PA 120% AMI: $25K PA</td>
<td>Down payment, closing cost, Appraisal gap</td>
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<td>TIF Purchase Rehab</td>
<td>Up to 120% AMI</td>
<td>25% of TDC</td>
<td>Construction</td>
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TaxSmart
Mortgage Credit Certificate Program [MCC]

TaxSmart provides a federal income tax credit to qualified homebuyers.

The credit is a direct reduction of taxes due by an amount equal to 20% of the interest paid on a mortgage loan.

• TaxSmart has assisted over 1,700 households since 2005
• TaxSmart is a unique product that increases mortgage lending to homebuyers who might not otherwise be able to afford mortgages, and in markets where they otherwise may not be willing to invest.

The Federal government authorized several states and their political subdivisions to issue MCC certificates pursuant to Section 25 of the Internal Revenue Code of 1986. The City of Chicago is a home rule city and is authorized to issue MCC within its boundaries.
**TaxSmart**

**ELIGIBILITY REQUIREMENTS FOR HOME PURCHASE**
- Purchase a home within the City of Chicago boundaries.
- The mortgage loan must be a new loan. A refinanced mortgage loan does not qualify for TaxSmart.
- Be a first-time homebuyer or make a purchase in a Targeted Area. Applicant meets the Income and Purchase Price Limits.
- Applicant must occupy the home as their principal residence.
- Homebuyer counseling is required for first-time buyers with down payments of less than 5% of the total sales price.
- Property Management Training is required for all purchaser of 2 to 4 unit buildings.
- A Home Inspection is required unless the home is new construction or condo.
- The TaxSmart Program Fee is $375.00, of which $225.00 is due to the City and the balance is retained by the Lender.

**ELIGIBILITY REQUIREMENTS FOR REHAB LOAN**
- Home must be located within the City of Chicago boundaries.
- Property may be up to 4 units.
- Applicant meets the income and purchase price limits.
- Applicant must occupy the home as their principal residence.
- There is no fee for Rehab Loans.
- Property can be located in Target or Non-Target area.
Making Property Available to Developers

Forfeiture & Abandonment
• The Department is always looking for developers committed to affordable housing
• Forfeiture & Abandonment is a tool to transfer title of abandoned properties
• Title transferred by way of Judicial Deed through the Courts
• Title transferred subject to taxes and water
• Developers must demonstrate experience, capacity and proof of funds

City Owned Vacant Land
• All City owned property available online
• Acquisition comes through a Negotiated Sale Application [Available Online]
• Can acquire at market value or negotiate the price
• Negotiated prices taken subject to affordability provisions
• Projects of 10 units or more is subject to the Affordable Requirements Ordinance
TIF PURCHASE REHAB

- 6 or more units
- Can bundle smaller buildings
- Up to 50% of TDC as grant
- Match grant % with affordable units
- Match of 30%, 40% or 50%
- 50% AMI for 15 years

Prior TIF Areas
- Chicago/Central Park
- Ogden/Pulaski

Current TIF areas
- Humboldt Park
- Division/Homan