NEIGHBORHOOD STABILIZATION PROGRAM

ADDENDUM TO THE 2008 HOUSING AND COMMUNITY DEVELOPMENT CONSOLIDATED ANNUAL ACTION PLAN

LAKE COUNTY CONSORTIUM

LAKE COUNTY, ILLINOIS

NOVEMBER 18, 2008 (COUNTY BOARD APPROVAL)

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EXECUTIVE SUMMARY

OVERVIEW OF THE 2008 NSP PROGRAM

History

- On July 30th Congress passed and the President signed the Housing and Economic Recovery Act of 2008, which contained many different methods of Economic Stimulus packages.
- One such element was the announcement of $3.92 billion in CDBG funds that would be awarded nation-wide under specific prescribed formulas and program requirements for the acquisition of vacant and foreclosed properties that can be acquired, rehabilitated and sold/rented as affordable housing for low-and moderate-income families.
- Lake County was informed on September 26th that it would receive $4.6 million under the Neighborhood Stabilization Program (NSP) for which HUD statutory program requirements were issued on September 29th.

Purpose / Potential List of Eligible Activities

- Create financing mechanisms to purchase and redevelop abandoned and foreclosed upon homes and residential properties through soft-second loans, loan loss reserves and shared-equity loans.
- Purchase and rehabilitation of abandoned and foreclosed upon homes and residential properties to re-sell, rent or redevelop; homes must be purchased at a discount from the current market appraised value.
- Establish land banks of foreclosed upon homes.
- Demolish blighted structures.
- Redevelopment of demolished or vacant properties.
- Public services for Homebuyer Counseling to those benefitting from NSP funds; all homebuyers assisted are required to receive at least 8 hours of pre-purchase counseling from a HUD-approved housing counseling agency.
- Direct homeownership assistance (loan programs to purchase redeveloped homes).
- Foreclosure prevention and mortgage assistance ***are not*** eligible uses of NSP funds.

NSP Targeting

- Priority emphasis to those areas of greatest need (as determined under NSP formula):
  - greatest percentage of foreclosures,
  - highest percentage of homes financed by subprime mortgage related loans, and
  - identified as likely to face a significant rise in the rate of home foreclosures.
- 100% of funds used to serve households at or below 120% of area median income (for example a four person household having income at or below $90,500).
- 25% of funds must benefit households at or below 50% of area median income (for example a four person household having income at or below $37,700).

Timeline for Expenditure of NSP Funds

- Lake County must commit or obligate funds within 18 months; the sooner the better.
- All funds must be expended within four years from date of allocation.

Program Administration

- Up to 10% of the grant ($460,080 in Lake County), plus 10% of future program income, for Lake County's Program Administration.
- NSP funded governmental and non-profit agencies can also charge program delivery costs as part of NSP funded activities.

Program Income

- Program income earned during the first 5 years must be used for the same type of activities.
- Program income received after 5 years must be returned to the US Treasury (although HUD can grant an exception).

2008 NSP Program Funding Recommendations

Project Sponsor	Project Type	Consolidated Plan Goal #	NSP Recommended Amounts
(Agencies to be determined at a later date through a future RFQ competitive application process for non-profit rental agencies)	NSP Rental Housing Program: Property Acquisition and Rehabilitation of Abandoned and Foreclosed Homes and Residential Properties for Permanent Rental of Single-Family Homes / Multi-Family Homes by Non-Profit Agencies	#1.3	$1,150,200
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; Financing Mechanisms for Purchase and Redevelopment; First Time Homebuyer Assistance Program / Affordable Plus Mortgage Program; Homebuyer Housing Counseling Program	#1.3 #1.4 #1.5	$2,990,520
Lake County CDBG-NSP Program	CDBG-NSP Program Administration	#3.5	$450,080
Affordable Housing Corporation	Housing-related Inspections	#3.5	$10,000
		TOTAL	**$4,600,800**

NOTES REGARDING THE NSP PROGRAM FUNDING RECOMMENDATION TABLE

NOTE: NSP low-income formula calculated as $4,600,800 X 25% = $1,150,200, for projects to purchase and redevelop abandoned and foreclosed upon homes or residential properties that house individuals or families whose income does not exceed 50 percent of area median income, distributed through a future RFQ competitive application process for non-profit rental agencies in keeping within the areas of greatest need as identified by Census Tract/Block Groups under the NSP Program.

NOTE: NSP administration formula calculated as $4,600,800 X 10% = $460,080, distributed between the Lake County project for general program administration ($450,080) and the Affordable Housing Corporation project for Housing-related Inspections ($10,000).

NOTE: The Affordable Housing Corporation's NSP Financing Mechanisms for Purchase and Redevelopment are shown at no cost. This is because they are a non-cash event as the post-acquisition and rehabilitation costs will be paid back to Lake County from secondary non-NSP lending sources for primary mortgages. Thus Lake County will be holding approximately 20% - 25% of the post-acquisition and rehabilitation cost as soft second non-cash liens securing the period of affordability.

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 and Residential Properties for Permanent Rental of Single – Family Homes / Multi – Family Homes by Non-Profit Agencies ($1,150,200).
- NSP Single Family Housing Program: Property Acquisition and Rehabilitation of Abandoned and Foreclosed Homes and Residential Properties for Single-Family Homes; Financing Mechanisms for Purchase and Redevelopment; First Time Homebuyer Assistance Program / Affordable Plus Mortgage Program; Homebuyer Housing Counseling Program ($2,990,520).
- NSP Program Administration ($460,080).

Neighborhood Stabilization Program Flow Chart

("a residential recycling program for abandoned or foreclosed properties")

Pending foreclosure site: o Select "area of greatest need" o Property is identified o NSP process begins o <60 day old appraisal o Initial housing inspection	Foreclosure: o Sheriff's Sale o Privately financed mortgagee forecloses for value owed
NSP Acquisition Stage o NSP acquisition occurs at required discount o =>5% individual o =>15% aggregate o NSP pays off privately financed mortgagee (1) o Title changes hands	NSP Rehabilitation Stage o Secondary housing inspection o Rehab bid process to select contractor o NSP pays for required code related repairs o Third+ housing inspections o Rehabilitation complete o Final housing inspection
NSP Housing Counseling Stage o =>8 hours o =<120% AMI program eligibility o FTHB assistance provided o Private mortgage approval of secondary purchaser	NSP Sale/Rental Stage o =<120% AMI household or tenant o Sale: closing proceeds from secondary private mortgagee pays back NSP funds (2) o Rental: annual demographic information required o Recording of NSP mortgage documents will reflect the NSP period of affordability, which will be payable back to Lake County upon sale or transfer of the NSP assisted home.

Economic Stimulus Notes:

(1) **foreclosed private financing replaced with discounted NSP funds (of which the original mortgagee can lend back out)**

(2) **discounted NSP funds + rehabilitation costs replaced with secondary private financing that returns NSP funds (of which NSP can lend back out)**

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:

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

Submission of the Action Plan substantial amendment Addendum is due to HUD on or before December 1, 2008. However should HUD require revision and resubmission, according to NSP statutory program requirements, any such resubmission must be received by HUD within 45 days of the date of the first disapproval, and in no case later than the close of business on February 13, 2009.

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

NSP Program Narrative Statements

NSP Eligible Activities

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 also 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 can already identify its HUD/County-assisted foreclosure filings through the State's Attorney's Office. 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***.

Lake County ***will only qualify*** its NSP-assisted affordable housing activities under the NSP-modified CDBG low- and moderate-income national objective of either: (a) providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of Area Median Income; or (b) serving a limited clientele whose incomes are at or below 120% of Area Median Income. Lake County ***will not qualify*** its NSP-assisted affordable housing activities under the national objective of either: (a) serving an area in which at least 51% of the residents have incomes at or below 120% of Area Median Income; or (b) using the "prevention or elimination of slums or blight" or "addressing urgent community development needs" objectives normally allowed in the overall benefit provisions of the CDBG regulations.

Municipalities receiving NSP funded assistance (indirectly through rental or homeownership opportunities of the NSP Program) must identify local municipal efforts utilized / to be utilized to stabilize the surrounding neighborhoods receiving NSP funded assistance.

NSP Funds

Lake County, and its NSP funded Subrecipients, are subject to all CDBG program requirements not altered by HUD approved NSP regulatory waivers or HUD approved alternative CDBG program requirements (See Appendix 3 for definitions used under the NSP Program).

Lake County will initially submit its Action Plan substantial amendment Addendum in paper formats and electronic PDF formats and would then set up its Action Plan substantial amendment Addendum in the Disaster Recovery Grant Report (DRGR) system prior to the deadline for the first required performance report.

Lake County will use (e.g.: obligate) its NSP funds for the acquisition and rehabilitation of abandoned and foreclosed upon homes and residential properties to re-sell, rent, or redevelop additional affordable housing opportunities for Lake County residents through traditional mortgage loans.

Lake County will use (e.g.: obligate) its NSP funds within eighteen months of receipt, pending development of NSP Subrecipient Agreements with two governmental CDBG entitlement jurisdictions and with various non-profit entities.

Lake County will strongly encourage the use of its NSP funds for housing purposes.

HUD also strongly encourages NSP recipients to acquire and redevelop FHA and/or VA foreclosed upon properties, along with HUD-identified REO properties that it maintains in Lake County.

Lake County will adjust its normal HUD funded 80% low and moderate income requirements for the 120% limited clientele income eligibility requirements under the NSP program, including the remaining CDBG program requirements of 24 CFR Part 570.208 (a) and 24 CFR Part 570.483 (b) regarding area benefit, housing, and limited clientele benefit that remain unchanged by NSP requirements.

Lake County ***will not*** use its NSP funds to:

- redevelop acquired property for non-residential uses, such as area benefit purposes and public parks;
- provide for job creation or retention purposes;
- allow foreclosure prevention activities;
- allow demolition of structures that are not blighted or the conversion of any low- and moderate income dwelling units;
- allow the purchase residential properties and homes that have not been abandoned or foreclosed upon;
- fund an NSP recipient to purchase NSP properties from itself or other funded NSP recipients;
- assist an acquisition involving eminent domain actions;
- permit NSP homebuyers to obtain subprime mortgages for a home loan;
- pay for the costs of boarding up properties, lawn mowing, or maintaining the property in a static condition; or
- provide relocation expenses.

NSP Income Eligibility and NSP Period of Affordability

The NSP program includes low-, moderate-, and middle-income requirements at Section 2301(f)(3)(A) that supersedes existing CDBG income qualification requirements.

All of Lake County's NSP funded activities will be developed, to the maximum extent practicable and for the longest feasible term, and in compliance with NSP requirements, to ensure that the sale, rental or redevelopment of abandoned and foreclosed upon homes and residential properties shall remain affordable to individuals and families whose income does not exceed 120% of Area Median Income. For example, a four person household receiving NSP assisted benefits would qualify at a household income at or below $90,500 ("middle-income"). HUD funded programs normally operate at 80% of Area Median Income, based on household size. For example, a four person household normally receiving HUD assisted benefits would qualify at a household income at or below $60,300 ("moderate-income").

Additionally, as required under the NSP program, not less than 25% of the NSP funds will be used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties, that will remain affordable, will be used to house individuals or families whose incomes do not exceed 50% of Area Median Income. For example, a four person household receiving restricted NSP assisted benefits would qualify at a household income at or below $37,700 ("low-income"). NSP Income eligibility, based on household size, is identified in the NSP Area Median Income Table included as Appendix 8.

For the purposes of the NSP program, HUD and Lake County will identify aggregated households whose incomes do not exceed 120% of Area Median Income as "low-, moderate-, and middle-income households ", abbreviated as LMMH for reporting purposes.

Houses assisted with NSP funds will remain affordable for the maximum amount of time feasible. Existing CDBG and HOME program requirements for property liens, notes, mortgages, and/or deed restrictions will also be a component of the NSP program.

Property Identification: Foreclosed Sites

There is no known list of readily available foreclosure filings that identifies needed NSP information such as the property type, the size of the property, its street location, its Census Tract/Block Group, and the character of the house as it relates to local building codes needed under the Neighborhood Stabilization Program. Each of these items must, therefore, be individually researched over time for each individual property. However, there are many commercial databases that could provide at least the most-basic information on foreclosed properties such as listings by location and property PIN number. Once established, these addresses could then be mapped, perhaps, through the County's GIS system.

Lake County already funds affordable housing through federal and county funded First Time Homebuyer Programs and various Rehabilitation Programs. As part of this assistance, liens/mortgages/deed restrictions are placed on the assisted property. Unfortunately, some of these federal and county assisted properties may, in fact, be foreclosed upon by the original mortgage holder. Therefore, the possibility exists, that the "notice of foreclosure" would identify Lake County as a party to the foreclosure. As such, identification of potential Neighborhood Stabilization Program properties maybe the easiest to identify.

Additional research of the computerized Lake County Clerk of the Court filings is needed to determine a possible workload of other non-federal and non-county assisted properties that have had recent foreclosure filings.

Property Identification: Priority for Areas of Greatest Need

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% (See Appendix 5 and Map 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 (See Appendix 6 and Map 2); 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 (See Appendix 7 and Map 3).

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 (See Appendix 4).

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. The purchase, rehabilitation, and rental/resale of these properties will involve NSP funded activities within these areas of greatest need. However, not all Census Tracts/Block Groups, and not all targeted areas, can be assisted with initial NSP-assisted affordable housing activities. A certain balance will need to exist throughout the NSP program and its affordable housing activities regarding not only the time frame to acquire a foreclosed property, but its record of title, its acquisition price, its proposed rehabilitation costs, secondary financing arrangements of NSP income eligible households, and the length of time that similarly located properties have been on the market.

According to data obtained from the Woodstock Institute, it appears as though the following communities have consistently had the highest *number of foreclosures* between the 2005 report year and the 2nd Quarter of 2008 as shown below:

Top 5 Lake County Communities, per the number of foreclosures

2005	2006	2007	1Q/2Q 2008
Waukegan 283	Waukegan 427	Waukegan 478	Waukegan 370
Zion 151	Zion 195	Round Lake Beach 239	Round Lake Beach 176
Round Lake Beach 138	Round Lake Beach 186	Zion 232	Zion 157
North Chicago 76	North Chicago 98	North Chicago 140	Mundelein 99
Mundelein 72	Mundelein 94	Mundelein 109	Buffalo Grove 92
Total: 720	Total: 1,000	Total: 1,198	Total: 894
Total Lake County Foreclosures: 1,529	Total Lake County Foreclosures: 2,058	Total Lake County Foreclosures: 2,581	Total Lake County Foreclosures: 1,933
Percentage of Lake County Foreclosures: 47%	Percentage of Lake County Foreclosures: 49%	Percentage of Lake County Foreclosures: 46%	Percentage of Lake County Foreclosures: 46%

According to data obtained from the Woodstock Institute, it appears as though the following communities have had the highest *foreclosure rate* between the 2005 report year and the 2nd Quarter of 2008 as shown below:

Top 5 Lake County Communities,
foreclosure rate per 1000 owner-occupied units

2005		2006		2007		1Q/2Q 2008	
Round Lake Heights	48.85	Round Lake Heights	63.22	Round Lake Heights	71.84	Indian Creek	47.62
Zion	33.50	Indian Creek	47.62	Hainesville	55.64	Round Lake Heights	37.36
Indian Creek	31.75	Zion	43.26	Zion	51.46	Round Lake	36.56
North Chicago	27.54	Round Lake	38.49	North Chicago	50.72	Zion	34.83
Round Lake	25.02	North Chicago	35.51	Indian Creek	47.62	Fox River Valley Garden	34.48

Though indicative of the recent foreclosure trend, the percentage change in the number of foreclosures is not truly indicative of Lake County's "areas of greatest need". This is because the identified jump in the foreclosure rate is not relative due to the initially low number of foreclosure cases. The number of foreclosures for the greatest percent change actually ranged from 0 – 6 in 2005 to between 1 – 12 by the 2nd quarter of 2008 for:

Top 5 Lake County Communities,
Percent Change in the Number of Foreclosures
2005 - 2Q/2008

North Barrington	1000% (tie)
Volo	1000% (tie)
Fox River Valley Garden	400%
Bannockburn	300%
Riverwoods	200%

Basic Foreclosure Process

Foreclosures in Lake County, like all other counties in the State of Illinois, must follow the legal procedures of the Illinois Mortgage Foreclosure Law (735 ILCS 5/15 – 1507, 1508; 1602, et al). Yet the individual foreclosure format is also developed within each County following local and historical precedence. On average, it can take upwards of nine months from the initial date of the complaint filed by the defaulted mortgagee to the eviction process followed by the Sheriff. Typically, a homeowner's defense is seldom successful although it can delay the length of time to its ultimate conclusion. It is estimated, by some, that perhaps 98% of foreclosure proceedings are successful to the lending institutions favor.

The following steps outline a typical foreclosure case:

- Default
- Filing of Foreclosure
- Personal Service of Summons

- Foreclosure Judgment and Order of Sale
- Reinstatement Period Expires (90 days after personal service)
- Special Notice of Right to Payoff within 10 days of Demand
- Redemption Period Expires (7 months after personal service or 3 months after judgment, whichever is later)
- Foreclosure Sale
- Foreclosure Sale Confirmed
- Right to Possession Expires (30 days after foreclosure sale confirmed)
- Eviction by Sheriff of Named Parties
- Recording of Foreclosure Deed***

Modified from: http://www.illinoisprobono.org/index.cfm?fuseaction=home.dsp_Content&contentID=327

HUD statutory program requirements for the Neighborhood Stabilization Program provide that Neighborhood Stabilization funds can not be used *at* the foreclosure sale (*emphasis added*) as the property has not actually been "foreclosed upon". Therefore, for the purposes of the Lake County Neighborhood Stabilization Program, "confirmation of sale" shall need to be the recording of a Foreclosure Deed from the defaulting homeowner to the defaulted mortgagee evidencing the completion of the post-judgment completion of the foreclosure case. The NSP assisted activities, as described in this NSP Addendum to the 2008 Annual Action Plan, begin at this point (***).

NSP post-foreclosure/REO ownership structures

The NSP program requires the acquisition of abandoned and foreclosed upon homes and residential properties and that these homes and residential properties must be purchased at a discount from the current market appraised value. However, because of the circumstances with which a home has now been foreclosed upon there may in fact be numerous different types of post-foreclosure ownership structures that must be dealt with. Any quick NSP funded title transfer is going to want to avoid clouded title issues as much as possible, as this will continually delay timely progress. Accordingly, listed below are only some of the ownership structures that NSP funded governmental and non-profit agencies may have to deal with, in increasing levels of difficulty. Though only a small list, this assists in explaining why there will need to be a certain level of selectivity in choosing NSP properties within the identified areas of greatest need:

- Local Community Banks/Financial Institutions (who often list with local real estate brokers. Since local financial institutions do not want to "own" properties for long – this might be the easiest group to work with since it is locally owned and driven);
- National Banks (who often have many other national properties in their REO holdings. As there has been no post-foreclosure title transfer, this could create a secondary market portfolio that must be dealt with);
- Servicing Companies (many financial institutions contract out with other lending companies to package their collective debt instruments with other lending/broker/servicing/investor/sale transactions – for individual or small lots the time and effort may not allow a servicing company to separate its portfolio)
- Trustees/Receiverships (and other types of ownership where the actual title holder is often hidden – which requires intermediaries to handle financial negotiations and title transfers).

Determining fair market value, the NSP discount rate, and the resale purchase price

The NSP program specifically requires that in any acquisition, purchasers (from foreclosure lists) are to pay below-market value for any abandoned or foreclosed upon home or residential property. The post-foreclosure purchase price is to be at a discount from the current market appraised value of the home or property, taking into account its current condition. As such, all

acquisitions of property under NSP require an appraisal for purposes of determining the statutory purchase discount. Accordingly, for mortgagee foreclosed properties, NSP funded governmental and non-profit agencies must seek to obtain the "maximum reasonable discount" from the mortgagee, taking into consideration likely "carrying costs" of the mortgagee if it were to not sell the property. For individual purchase transactions, the purchase discount is to be ***at least 5%*** from the current market appraised value of the home or property. In keeping with minimum NSP requirements, for purchase transactions in the aggregate, the average purchase discount depends on how the purchase discount for an individual property is determined:

a. The average purchase discount shall be ***at least 10%*** if the Lake County funded NSP recipient determines the discount for each purchase transaction through use of a methodology that results in a discount equivalent to the total carrying costs that would be incurred by the mortgagee if the property were not purchased with NSP funds (provided the discount is at least 5%).
    i. Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period.
    ii. Such carrying costs shall include, but not be limited to: taxes, insurance, maintenance, marketing, overhead, and interest.
b. If this methodology is not used, the minimum average discount shall be ***at least 15%***.

Depending on the NSP selected property, the following circumstances may come into play when determining the NSP discount rate:

- Post-foreclosure holding costs
- Broker fees
- Lender's perception by the community
- Lender's CRA reputation
- Community involvement
- Availability of other foreclosed upon properties

In determining post-rehabilitation sales price, the sale of such property shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition. Accordingly, the maximum sales price for a property is determined by aggregating all costs of acquisition, rehabilitation, and redevelopment.

In determining post-rehabilitation sales price, the sale of such property may include sales costs, closing costs, and reasonable developer's fees, related to NSP-assisted housing, rehabilitation, or construction activities.

In determining post-rehabilitation sales price for a property that is sold to an individual as a primary residence, no profit may be earned on such sale of previously abandoned or foreclosed upon home or residential property.

Housing Standards

Per the NSP requirements, any rehabilitation of an abandoned or foreclosed upon home or residential property shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent or redevelop such homes and properties. Rehabilitation activities, per NSP requirements, may include preservation, improving energy efficiency or conservation, or providing renewable energy

sources. Where practical, Lake County will encourage that NSP funded governmental and non-profit agencies strategically incorporate modern green building and energy efficiency improvements that provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods.

As identified within the *2005 – 2009 Housing and Community Development Consolidated Plan*, "substandard conditions" were described as: "the quality of housing not in compliance with local housing code or Federal Housing Quality Standards (HQS), whichever is stricter" (Consolidated Plan, page 63). "Substandard condition but suitable for rehabilitation" was described as "the quality of housing with deficiencies economically feasible to correct" (Consolidated Plan, page 63). According to our Consolidated Plan, "housing, in substandard condition but suitable for rehabilitation, can be repaired according to local building codes and HQS and then be returned to the housing stock as safe, decent and sanitary (Consolidated Plan, page 63).

As stated within the Consolidated Plan - Needs Section for Lake County's Housing Rehabilitation Goal:

> "although the majority of Lake County's housing stock is in generally good condition, pockets of substandard housing exist throughout the County, especially in low-income areas. Rehabilitation of both homeowner and rental units is needed to improve these units to standard condition (Consolidated Plan, page 112).

As stated within the Consolidated Plan - Strategy Section for Lake County's Housing Rehabilitation Goal:

> "the Consortium will support the rehabilitation of existing homeowner and rental units to meet local housing codes, applicable rehabilitation standards, and Section 8 Housing Quality Standards through the provision of available CDBG and HOME program funds (Consolidated Plan, page 112).

Use of NSP-funding for the acquisition and rehabilitation of vacant and foreclosed properties for (future) income eligible homeowners will assist in this effort.

NSP Environmental Review Procedures

Lake County, and its NSP funded subrecipients, are subject to all CDBG Program Environmental Review requirements (24 CFR Part 58) not altered by HUD approved NSP regulatory waivers or HUD approved alternative CDBG program requirements.

Lake County will, therefore, conduct an aggregate county-wide NSP Environmental Review for its NSP funded activities, upon execution of the NSP Grant Agreement with HUD. Under this expedited review, Lake County will then submit individual (1) floodplain reviews and (2) State of Illinois Historic Preservation Office (SHPO) review for historic properties per dwelling address in order to obtain the appropriate Request for Release of Funds and Certification.

Program Income

Resale and Recapture provisions outlined in the Lake County Consortium's Annual Action Plan apply to NSP assisted foreclosed and rehabilitated properties.

Funds received from the secondary closing of NSP assisted foreclosed and rehabilitated properties are considered Program Income and are due Lake County for its initial assistance in providing the original NSP funds. Accordingly, funds received by Lake County in repayment of this initial assistance will be retained by Lake County, treated as CDBG Program Income for purposes of reprogramming, and will be reused to continue additional NSP assisted activities in

accordance with Section 2301 of HERA. It is estimated that 25% of the NSP related program income will also be available for continued NSP Rental Housing Program activities (households whose income is less than 50% of Area Median Income).

Program Income earned during the first 5 years of the NSP program must be used for the same type of NSP eligible activities. Program income received after 5 years must be returned to the US Treasury (although HUD can grant an exception). This conversion date, per NSP requirements, is anticipated to be July 30, 2013.

PROPOSED 2008 NSP ACTIVITY DESCRIPTIONS

NOTE: See activities previously identified in the 2008 Housing and Community Development Consolidated Annual Action Plan dated March 14, 2008 and the Round #2 Addendum to the Annual Action Plan dated September 9, 2008 for previously funded CDBG, HOME, and ESG projects that are not changed by the funding awards mentioned below.

NOTE: Lake County proposes to use NSP funds in the identified areas of greatest need, in the following manner and under the following NSP activities. However, due to the shortened program design timeframe of the NSP Program, Lake County must be able to reserve the right to shift funding from one activity to another, from one identified agency to another, and across areas of greatest need as this Substantial Amendment and the NSP program activities are developed. Notwithstanding is the future suitability of abandoned and foreclosed properties, agency capacity, knowledge of and experience with HUD rules and regulations, project readiness, and the balance of project costs versus the income eligible households' ability to qualify for secondary financing. It is hoped that such shifts will not constitute additional Substantial Amendments.

1.0 Consortium Housing Activities

Consolidated Plan Goal #1.3: Housing Acquisition and Rehabilitation

The acquisition and rehabilitation of abandoned and foreclosed homes and residential properties will occur in one of two ways:

- NSP Rental Housing Program for Permanent Rental of Single – Family Homes / Multi – Family Homes by Non-Profit Agencies.
- NSP Single Family Housing Program for Single – Family Homes.

(Agencies to be determined at a later date through a future RFQ competitive application process for non-profit rental agencies) - NSP Rental Housing Program: Property Acquisition and Rehabilitation of Abandoned and Foreclosed Homes and Residential Properties for Permanent Rental of Single – Family Homes / Multi – Family Homes by Non-Profit Agencies.

- 2008 Lake County CDBG – NSP funds: $1,150,200
- Total program costs are estimated at $1,150,200.
- Funding will come from the following sources:
  - At least $776,385 in private non-NSP lending for primary mortgages ($1,150,200 in acquisition and rehabilitation assistance – 10% estimated project delivery costs – 25% average in soft second liens to secure the period of affordability).
- Lake County's existing CDBG and HOME funded Homeowner Rehabilitation Program 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.

- Program Description: The acquisition of vacant, foreclosed, or blighted properties and the rehabilitation/permanent renting of existing single-family / multi-family homes (lease term of no less than 12 months). Provides up to $230,040 county-wide average per house for acquisition and substantial rehabilitation (inclusive of all NSP funded activities except for program administration), including the correction of lead-based paint hazards, for 5 income-eligible multi-family three to five bedroom one to four unit properties. Household income and eligibility will be determined ***after*** the foreclosed property is acquired and rehabilitation activities are complete. Assistance may come in the form of low-interest amortized loans or deferred loans, depending on the financial situation of the (pending) non-profit agency. NSP funded activities may be initiated by experienced currently designated HOME funded CHDO non-profit organizations or other experienced current HOME funded non-profit organizations. Specific neighborhoods, street addresses, and census tract/block groups will have to be identified prior to initiation of NSP activities and the acquisition/rehabilitation of specific foreclosed properties will be dependent upon many cost and time factors, not to mention the availability of foreclosed affordable properties. Rental tenants would include households or families having income at or below 50% of Area Median Income and could also include Section 8 Housing Choice Voucher Homeownership program recipients.
- NSP Rental Housing Program allocation: $1,150,200 County-wide; but must be within the charted Census Tract/Block Group tables and mapped "areas of greatest need" of pre-identified municipalities and unincorporated townships (as identified in the NSP Addendum).
- Acquisition Discount: For individual purchase transactions, the purchase discount is to be at least 5% from the current market appraised value of the home or property. For aggregate purchase transactions, the purchase discount is to be at least 15%.
- NSP funds used under this rental activity will be used to meet the 25% low income housing requirement that purchased and redeveloped abandoned or foreclosed upon homes or residential properties will remain affordable and will be used to house individuals or families whose incomes does not exceed 50% of Area Median Income (i.e.: HUD's minimum allocation cap). For example, a four person household receiving restricted NSP assisted benefits would qualify at a household income at or below $37,700. Depending upon market conditions and the acquisition price of abandoned or foreclosed upon properties, HUD's 25% minimum cap for rental properties may be increased. Depending upon market conditions, lending institution underwriting criteria, and the rent structure pro formas needed to support long-term operation and maintenance needs, it is anticipated that NSP funds will not pay the full cost of the acquisition of rental properties and may vary from between 15 - 30% of the current market value acquisition price.
- Description of how NSP recipients will ensure continued affordability for NSP assisted housing: Recording of NSP liens/notes/mortgages/deed restrictions will reflect the NSP Period of Affordability, which will be payable back to Lake County upon sale or transfer of the NSP assisted home or property.
- Description of Period of Affordability: NSP-assisted rental units must remain affordable for the following terms (based on the average HOME subsidy per unit). Enforcement of the affordability period will be through mortgage and deed restrictions. However, per NSP requirements, if NSP funds assist a property that was previously assisted with HOME funds, but on which the affordability restrictions were terminated through foreclosures or transfer in lieu of foreclosure, the NSP recipient must revive the HOME affordability restrictions for the greater of the remaining period of HOME affordability or the continuing affordability requirements of the NSP program.

Rehabilitation of less than $15,000	5 years
Rehabilitation of $15,000 - $40,000	10 years
Rehabilitation of $40,000 +	15 years

- Description of housing rehabilitation standards that will apply to NSP-assisted activities: The 2003 International Residential Building Code and local municipal building codes will apply to Affordable Housing Corporation NSP-funded rehabilitation activities. The 2003 International Residential Building Code, the 2003 International Property Maintenance Code, fire safety, and other local municipal building codes will apply to North Chicago NSP-funded rehabilitation activities. The 1996 Building Officials and Code Administrators International Inc. (BOCA code), 1992 Council of American Building Officials (CABO code), fire safety, and other local municipal building codes will apply to Waukegan NSP-funded rehabilitation activities.
- Foreclosure identification and rehabilitation activities for Lake County's NSP assisted projects (the remaining 50 non-CDBG entitlement jurisdictions) will be conducted by the Affordable Housing Corporation. Foreclosure identification and rehabilitation activities for North Chicago's NSP assisted projects will be conducted by the City of North Chicago. Foreclosure identification and rehabilitation activities for Waukegan's NSP assisted projects will be conducted by the City of Waukegan. Foreclosure identification and rehabilitation project delivery costs are currently estimated at 10% per NSP assisted house.
- The number of NSP affordable housing units that will ***initially*** be made available to low-income households at or below 50% of Area Median Income during each year of NSP program operations is:
    - Lake County/North Chicago/Waukegan – 5 homes within the areas of greatest need as identified by Census Tract/Block Groups under the NSP Program.
    - Numerical and location adjustments would occur in subsequent years and commensurate with program income keeping within the "areas of greatest need" identified through Census Tract/Block Groups under the NSP Program.
- Affordable rents under the NSP Rental Housing Program shall be the maximum allowable High HOME Rent, as published by HUD from time to time. These rents would also include utilities. If the tenant pays utilities, HUD's utility allowance must be subtracted from the maximum allowable rent to determine the maximum contract rent. To ensure that tenants can afford their rent, no more than 30% of a household's monthly income should be paid toward housing expenses, in compliance with NSP program specific requirements such as continued affordability.
- CDBG Eligibility: 24 CFR Part 570.201(a) - Acquisition
- CDBG Eligibility: 24 CFR Part 570.202(a) – Rehabilitation
- CDBG Eligibility: 24 CFR Part 570.204 – Community based development organizations (but not CHDO operating funded activities).
- CDBG Eligibility: 24 CFR Part 570.206 – Activity Project Delivery Costs as part of an eligible activity.
- HUD National Objective: 24 CFR Part 570.208(a)(2) Limited clientele activity benefiting low income households (NSP: up to 50% of Area Median Income).
- Projected Start Date: *March 1, 2009, pending Lake County's receipt of HUD Contracts, the development of additional NSP requirements by HUD (if needed), and the execution of NSP Subrecipient Contracts, whichever comes last. This will take 3 to 4 months to roll-out after additional program design and implementation improvements are made.*
- Projected End Date: *December 31, 2012*
- Proposed Program Outcomes:

- *Acquisition and rehabilitation of at least 5 rental housing units to households that are below 50% of Area Median Income.*
- *Conversion of substandard rental housing units such that clients will reside in decent, safe, sanitary, and code compliant housing.*

- HUD Objective: *Decent Housing*
- HUD Outcome: *Affordability*
- This project funds a **Medium Priority** need for the Cities of North Chicago and Waukegan and for the County Consortium and Lake County as referenced in the Lake County Consortium's 2005 – 2009 Housing and Community Development Consolidated Plan.
- Agency Location: Agency location to be determined at a later date through a future RFQ competitive application process for non-profit rental agencies.
- Project Location: Scattered sites or site-specific neighborhoods throughout Lake County, within identified areas of greatest need, including the CDBG entitlement jurisdictions of North Chicago and Waukegan.

Affordable Housing Corporation of Lake County/North Chicago/Waukegan – NSP Single Family Housing Program: Property Acquisition and Rehabilitation of Abandoned and Foreclosed Homes and Residential Properties for Single-Family Homes; Financing Mechanisms for Purchase and Redevelopment; First Time Homebuyer Assistance Program (FTHB) / Affordable Plus Mortgage Program (APM); Homebuyer Housing Counseling Program.

- 2008 Lake County CDBG – NSP funds: $2,990,520
- Total program costs are estimated at $2,990,520.
- NSP Financing Mechanism costs are estimated at $300,000 (non-cash) in secondary recorded liens to secure the period of affordability.
- Funding will come from the following sources:
  - At least $2,391,468 in private non-NSP lending for primary mortgages ($2,990,520 in acquisition and rehabilitation assistance – 10% estimated project delivery costs – $300,000 in soft second liens to secure the period of affordability).
  - Additional funding will come from the following sources: Lake County Consortium HOME funds, additional funding through the Illinois Housing Development Authority and a private consortium of area banks will provide post-rehab FTHB / APM assistance depending upon the program's income eligibility requirements.
- Lake County's existing CDBG and HOME funded Homeowner Rehabilitation Program, Homebuyer Assistance (FTHB/APM) Programs, and a Housing Counseling Program are 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.
- Program Description:

(1) Acquisition / Rehabilitation: The acquisition of vacant, foreclosed, or blighted properties and the rehabilitation/re-sale of existing single-family homes by NSP eligible homebuyers. Provides up to $199,368 county-wide average per house for acquisition and substantial rehabilitation (inclusive of all NSP funded activities except for program administration), including the correction of lead-based paint hazards, for

15 income-eligible owner-occupied one to four unit single family properties. Household income and eligibility will be determined ***prior to*** the foreclosed property being acquired and ***prior to*** the completion of rehabilitation activities; it is intended that household income and eligibility be determined as a component of the Housing Counseling assistance provided through the NSP program.

(2) Financing Mechanisms: Establishment of financing mechanisms for the secondary acquisition of previously vacant, foreclosed, or blighted properties and the rehabilitation of existing homes by NSP eligible homebuyers. Financing may include such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low, moderate, and middle income homebuyers. Assistance may come in the form of low-interest amortized loans or deferred loans, not to exceed 20% loan-to-value or $20,000 per house to secure the Period of Affordability, depending on the financial situation of the (pending) homeowner.

(3) Homebuyer Assistance: Provision of direct homeownership assistance to first-time homebuyers up to $3,000 - $8,000 in HOME funds and $14,000 in IHDA funds (if the household income is at or below 80%); $17,000 to $22,000 in soft second NSP financing (if the household income is at or below 120%); and a $35,000 fixed rate Private Lending Consortium Loan Pool loans at 4% as purchase assistance that covers the secondary acquisition of previously abandoned and foreclosed homes, post-rehab, to be used for downpayment, closing costs, and/or interest buydowns.

Priority emphasis under the NSP-funded activities will include:

a. Targeting prospective homebuyers receiving public housing assistance or living in public or manufactured housing. Outreach meetings and written materials will be provided to municipalities, real estate agents, social service agencies, and the Lake County/North Chicago/Waukegan Housing Authorities.

b. Pre-purchase homebuyer education and foreclosure prevention education to prospective homebuyers.

Federal and State purchase assistance, for NSP income eligible homeowners, will be structured in the form of 0% loans payable by the homeowner upon sale or transfer of the property or upon default.

The Affordable Housing Corporation will receive a project delivery fee of $2,000 per FTHB / APM assisted household.

(4) Housing Counseling: The Lake County Affordable Housing Corporation will carry out a housing education and counseling program in connection with its NSP-funded Housing Rehabilitation programs and the Cities of North Chicago and Waukegan NSP-funded Housing Rehabilitation programs. Housing Counseling services provided by the Affordable Housing Corporation include: Homebuyer Education Programs, Mortgage Delinquency and Default Resolution Counseling, Predatory Lending Education, and Pre-purchase Counseling. Each NSP assisted homebuyer must receive and complete ***at least 8 hours of housing counseling assistance*** under the NSP program including financial literacy assistance and individual household case management/follow-up ***before*** obtaining a mortgage loan. Public services for housing counseling will be provided only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of NSP-funded redeveloped properties.

While there are other housing counseling agencies in Lake County (including the Lake County Housing Authority, Lake County Community Action, Catholic Charities,

and Consumer Credit Counseling Service), the Lake County Affordable Housing Corporation already provides HUD-required HUD-approved housing counseling under the CDBG and HOME Programs.

Lake County, and its NSP funded Subrecipients, must ensure that NSP assisted homebuyers obtain a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages and that documented compliance is maintained for each NSP assisted homebuyer (per the NSP program requirements and the Statement on Subprime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of Treasury, and National Credit Union Administration, available at www.fdic.gov/regulations/laws/rules/5000-5160.html).

- Specific neighborhoods, street addresses, and census tract/block groups will have to be identified prior to initiation of NSP activities and the acquisition/rehabilitation of specific foreclosed properties will be dependent upon many cost and time factors, not to mention the availability of foreclosed affordable properties. It is currently anticipated that the acquisition of an abandoned or foreclosed home or residential property would occur either: 1) in advance by the Affordable Housing Corporation/North Chicago/Waukegan; or 2) during the NSP assisted homebuyer's Housing Counseling sessions and pre-qualification for mortgage assistance. If a home acquired under the NSP Program can not be quickly re-sold to an income eligible household it will be held for agency rental purposes, leased with an option to buy for a future income eligible household, or temporarily left vacant and sold at a later date to an income eligible household.
- NSP Single Family Housing Program allocation: To address the identified NSP required "areas of greatest need", a four point criteria average of the three HUD NSP criteria and the one local "other consideration" of Woodstock Institute data has resulted in ***minimum allocations of***:
    - **$1,669,458** (**55.8%)** of the NSP Single Family Housing Program going toward the acquisition and rehabilitation of foreclosed properties in Census Tract/Block Groups within the 5 targeted "areas of greatest need" municipalities of Mundelein ($107,659), North Chicago ($219,803), Round Lake Beach ($191,393), Waukegan ($850,055), and Zion ($300,547).
    - **$1,321,062** (**44.2%)** of the NSP Single Family Housing Program going toward the acquisition and rehabilitation of foreclosed properties in Census Tract/Block Groups within other pre-identified municipalities and unincorporated townships (as identified in the NSP Addendum). The next group of charted Census Tract/Block Group tables and mapped "areas of greatest need" would then become predominantly those selected Census Tract/Block Groups within the other Round Lake Area municipalities.
    - These allocations **do not include reductions** of the 10% Rehab Project Delivery Costs (through the Affordable Housing Corporation/North Chicago/Waukegan), the Housing Counseling costs (through the Affordable Housing Corporation), or for the work on household financing mechanisms (through the Affordable Housing Corporation).
- Acquisition Discount: For individual purchase transactions, the purchase discount is to be at least 5% from the current market appraised value of the home or property. For aggregate purchase transactions, the purchase discount is to be at least 15%.
- Description of how NSP recipients will ensure continued affordability for NSP assisted housing: Recording of NSP liens/notes/mortgages/deed restrictions will reflect the NSP Period of Affordability, which will be payable back to Lake County upon sale or transfer of the NSP assisted home or property.

- Description of Period of Affordability: NSP-assisted single-family units must remain affordable for the following terms (based on the average HOME subsidy per unit). Enforcement of the affordability period will be through mortgage and deed restrictions. However, per NSP requirements, if NSP funds assist a property that was previously assisted with HOME funds, but on which the affordability restrictions were terminated through foreclosures or transfer in lieu of foreclosure, the NSP recipient must revive the HOME affordability restrictions for the greater of the remaining period of HOME affordability or the continuing affordability requirements of the NSP program.

Rehabilitation of less than $15,000	5 years
Rehabilitation of $15,000 - $40,000	10 years
Rehabilitation of $40,000 +	15 years

- Description of housing rehabilitation standards that will apply to NSP-assisted activities: The 2003 International Residential Building Code and local municipal building codes will apply to Affordable Housing Corporation NSP-funded rehabilitation activities. The 2003 International Residential Building Code, the 2003 International Property Maintenance Code, fire safety, and other local municipal building codes will apply to North Chicago NSP-funded rehabilitation activities. The 1996 Building Officials and Code Administrators International Inc. (BOCA code), 1992 Council of American Building Officials (CABO code), fire safety, and other local municipal building codes will apply to Waukegan NSP-funded rehabilitation activities.
- Foreclosure identification and rehabilitation activities for Lake County's NSP assisted projects (the remaining 50 non-CDBG entitlement jurisdictions) will be conducted by the Affordable Housing Corporation. Foreclosure identification and rehabilitation activities for North Chicago's NSP assisted projects will be conducted by the City of North Chicago. Foreclosure identification and rehabilitation activities for Waukegan's NSP assisted projects will be conducted by the City of Waukegan. Foreclosure identification and rehabilitation project delivery costs are currently estimated at 10% per NSP assisted house.
- The number of NSP affordable housing units that will *initially* be made available to low-, moderate-, and middle income households at or below 120% of Area Median Income during each year of NSP program operations is:
    - Lake County – 5 homes within the areas of greatest need as identified by Census Tract/Block Groups under the NSP Program.
    - North Chicago – 5 homes within the areas of greatest need as identified by Census Tract/Block Groups under the NSP Program.
    - Waukegan – 5 homes within the areas of greatest need as identified by Census Tract/Block Groups under the NSP Program.
    - Numerical and location adjustments would occur in subsequent years and commensurate with program income keeping within the "areas of greatest need" identified through Census Tract/Block Groups under the NSP Program.
- CDBG Eligibility: 24 CFR Part 570.201(a) - Acquisition
- CDBG Eligibility: 24 CFR Part 570.202(a) – Rehabilitation
- CDBG Eligibility: 24 CFR Part 570.201(n) – Direct Homeownership Assistance
- CDBG Eligibility: 24 CFR Part 570.201(e) – Public Services for Housing Counseling
- CDBG Eligibility: 24 CFR Part 570.206 – Activity Project Delivery Costs as part of an eligible activity.
- HUD National Objective: 24 CFR Part 570.208(a)(2) Limited clientele activity benefiting low, moderate, and middle income households (NSP: up to 120% of Area Median Income).

- Projected Start Date: *March 1, 2009, pending Lake County's receipt of HUD Contracts, the development of additional NSP requirements by HUD (if needed), and the execution of NSP Subrecipient Contracts, whichever comes last.*
- Projected End Date: *December 31, 2012*
- Proposed Program Outcomes:
  - *Acquisition and rehabilitation activities and NSP financing mechanisms for secondary re-sale into homeownership of at least 15 housing units to households that are below 120% of Area Median Income.*
  - *Conversion of substandard housing units such that clients will reside in decent, safe, sanitary, and code compliant housing.*
  - *45 homebuyer housing counseling sessions (one group session and at least two individual household sessions) will be held that will be attended by at least 15 individual households, such that improved financial access and knowledge of homeownership responsibilities will result in lower financial difficulties by NSP assisted homeowners.*
- HUD Objective: *Decent Housing*
- HUD Outcome: *Affordability*
- Acquisition and Rehabilitation activities are a **High Priority** need for the Cities of North Chicago and Waukegan and a **Medium Priority** need for the County Consortium and Lake County as referenced in the Lake County Consortium's 2005 – 2009 Housing and Community Development Consolidated Plan. Homebuyer Assistance activities are a **Medium Priority** need for the Cities of North Chicago and Waukegan and for the County Consortium and Lake County as referenced in the Lake County Consortium's 2005 – 2009 Housing and Community Development Consolidated Plan. Housing Counseling programs are a **Medium Priority** need for the Cities of North Chicago and Waukegan and the County Consortium and Lake County as referenced in the Lake County Consortium's 2005 – 2009 Housing and Community Development Consolidated Plan.
- Agency Location: 3701 West Grand Avenue, Gurnee (Affordable Housing Corporation); 1850 Lewis Avenue, North Chicago (North Chicago); and 100 N. Martin Luther King Jr. Avenue, Waukegan (Waukegan).
- Project Location: Scattered sites or site-specific neighborhoods throughout Lake County, within identified areas of greatest need, including the CDBG entitlement jurisdictions of North Chicago and Waukegan.

Subrecipient/Project Sponsor	**Total Project Cost**	**CDBG-NSP**	**Proposed Outcomes**
(Agencies to be determined at a later date through a future RFQ competitive application process for non-profit rental agencies)	$1,150,200	$1,150,200	5 housing units
Affordable Housing Corporation / North Chicago / Waukegan	$2,990,520	$2,990,520	15 housing units
TOTAL	**$4,140,720**	**$4,140,720**	**20 housing units**

Consolidated Plan Goal #3.5: Administration and Planning

3.5.1 Program Administration and Planning

Lake County Department of Planning, Building, and Development – CDBG NSP Program Administration

- 2008 Lake County CDBG – NSP Administration Funds: $450,080
- Program Description: These funds will be used primarily for the general management, oversight and coordination of the Community Development Block Grant funded Neighborhood Stabilization Program.
- A portion of these funds will also be used for planning costs in connection with the development and certification of the NSP Addendum to the 2008 Annual Action Plan, the development of various performance report documents, and the development of continued application procedures in addition to general NSP project and program management activities. In addition, some of these funds may be used for special planning studies (if needed or requested). These funds will also be used to provide technical assistance for prospective CDBG funded NSP eligible local governments and/or non-profit agencies, NSP related training/workshops, and review of NSP funded project performance.
- Included as project administration activities is the County-wide standardization of NSP-related costs for:
  - contracted title services to identify/confirm post-foreclosure ownership (1 per house estimated at $100 each);
  - appraisal services for post-foreclosure Fair Market Value determinations and post-rehabilitation housing purchase valuations (2 per house estimated at $300 each);
  - legal representation to ensure NSP-required program and legal compliance during the acquisition of foreclosed properties for upfront legal costs (estimated at $1000 per house) and at each post-rehabilitation closing (1 per house estimated at $350 each); and
  - contracted title services to identify/confirm post-closing NSP-required low and moderate income ownership, including NSP household eligibility and NSP period of affordability restrictions (1 per house estimated at $100 each).
- These funds will also be used to distribute and provide program advocacy regarding the 2010 – 2014 Housing and Community Development Consolidated Plan and its respective program needs statements, goals, and strategies as they relate to the NSP program.
- CDBG Eligibility: 24 CFR Part 570.205 and 24 CFR Part 570.206
- Project Start Date: *October 1, 2008 (NSP statutory program requirements provide for reimbursement of pre-award costs)*
- Projected End Date: *December 31, 2012*

Affordable Housing Corporation of Lake County

- 2008 Lake County CDBG – NSP Administration Funds: $10,000
- Program Description: These funds will be used for NSP-required compliance inspections of initial, on-going, and final occupancy inspections for potential NSP-funded acquisition and rehabilitation of abandoned or foreclosed single family and/or rental projects. It is estimated that 4 – 5 individual site visits are needed per housing unit (1 post-foreclosure inspection to identify the extent of needed rehabilitation activities and 3 – 4 pre/post rehabilitation inspections, including coordination with appropriate Village Building Department inspections).
- CDBG Eligibility: 24 CFR Part 570.206
- Projected Start Date: *March 1, 2009, pending Lake County's receipt of HUD Contracts, the development of additional NSP requirements*

by HUD (if needed), and the execution of NSP Subrecipient Contracts, whichever comes last.

- Projected End Date: *December 31, 2012*

MONITORING STANDARDS AND PROCEDURES

NSP funded affordable housing activities will be monitored through the existing parameters of the CDBG/HOME Housing Fund process utilized by Lake County and its staff. Monitoring Standards and Procedures are currently identified in the Lake County Consortium's 2008 Annual Action Plan (Section 7.0, page 88 through page 90 for program-wide and housing monitoring practices) and its corresponding 2007 CAPER Performance Report (Section J, page 75 through page 78 for program-wide and housing monitoring practices).

2008 NSP CERTIFICATIONS

(1) **Affirmatively furthering fair housing**. The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

(2) **Anti-lobbying**. The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(3) **Authority of Jurisdiction**. The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(4) **Consistency with Plan**. The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.

(5) **Acquisition and relocation**. The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.

(6) **Section 3**. The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(7) **Citizen Participation**. The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.

(8) **Following Plan**. The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.

(9) **Use of funds in 18 months**. The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.

(10) **Use NSP funds ≤ 120% of AMI**. The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose income does not exceed 120 percent of area median income.

(11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-

income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force**. The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws**. The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures**. The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws**. The jurisdiction will comply with applicable laws.

_____ _____
Signature/Authorized Official Date

Chair, Lake County Board
Title

CROSS REFERENCE TABLE OF HUD REQUIREMENTS NSP SUBSTANTIAL AMENDMENT

NSP Application Checklist Item	HUD Requirement	Page	Description
Substantial Amendment elements required for the Neighborhood Stabilization Program:	**Contents of an NSP Action Plan Substantial Amendment**		
	SF-424 HUD Form	Front of application packet	
	NSP Application		NSP Addendum document is the NSP Application.
Jurisdiction: **Web Address:** **NSP Contact Person:** **Address:** **Telephone:** **Fax:** **Email:**	**Lake County, Illinois (as lead agency)** **www.co.lake.il.us/planning/cd** **Vern A. Witkowski** **18 N. County Street – 6th Floor** **Waukegan, Illinois 60085 - 4356** **(847) 377- 2150** **(847) 360 - 6734** **Communitydevelopment@co.lake.il.us**		
A.	**AREAS OF GREATEST NEED**		
	Summary needs data identifying the NSP recipient's geographic areas of greatest need.	3 - 6	See Executive Summary – Description of Key Projects
	Brief description of the NSP recipient's areas of greatest need (i.e. census tracts, target areas). (*originally requested in draft checklist*)	11 – 13 45, 53, and 59	▪ See Property Identification: Priority for Areas of Greatest Need. ▪ See geographic maps of Map 1, Map 2, and Map 3.
	Use of HUD developed foreclosure and abandonment risk score that assists the NSP recipient's targeting the areas of greatest need. (*originally requested in draft checklist*)	11 – 13 54 - 59	▪ See Property Identification: Priority for Areas of Greatest Need. ▪ See Appendix 7 and Map 3.
B.	**DISTRIBUTION AND USES OF FUNDS** **(3 stipulated need categories per NSP statutes)**		

	Narrative describing how the distribution and uses of NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be: (1) distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures; (2) with the highest percentage of homes financed by a subprime mortgage related loan; and (3) identified as likely to face a significant rise in the rate of home foreclosures.	11 – 13 44 - 59	▪ See Property Identification: Priority for Areas of Greatest Need. ▪ See Appendix 5, Appendix 6, and Appendix 7 and Map 1, Map 2, and Map 3
	Consideration of other need categories.	12	See paragraph regarding "other non-NSP stipulated need categories".
C.	**DEFINITIONS AND DESCRIPTIONS (for the purposes of the NSP Program)**		
	Definition of "blighted structures" in context of state or local law.	40 - 41	See NSP Definitions Appendix.
	Definition of "affordable rents".	40 - 41	See NSP Definitions Appendix.
	Narrative description of how NSP recipients will ensure continued affordability for NSP assisted housing.	10 - 11	▪ See third and fifth paragraph of NSP Income Eligibility and NSP Period of Affordability. ▪ See relevant bullets of Activity Descriptions.
	Narrative description of housing rehabilitation standards that will apply to NSP assisted activities.		▪ See relevant bullets of Activity Descriptions.
D.	**LOW INCOME TARGETING**		
	Description how the NSP recipient will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes does not exceed 50% of Area Median Income.	3	▪ See Executive Summary – NSP Targeting.
	Identification of the estimated percentage (*originally requested in draft checklist*) / amount (*requested in current checklist*) of funds appropriated or otherwise made available will be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes does not exceed 50% of Area Median Income.	4 10 19	▪ See Notes Regarding the NSP Program Funding Recommendation Table. ▪ See third paragraph of NSP Income Eligibility and NSP Period of Affordability. ▪ See tenth bullet point of NSP Rental Housing Program Activity Description.

	Amount budgeted for low income targeting.	4 18	▪ See NSP Program Funding Recommendation Table. ▪ See first paragraph of NSP Rental Housing Program Activity Description.
E.	**ACQUISITION AND RELOCATION (*requested in current checklist*)**		
	Does the NSP recipient plan to demolish or convert any low- and moderate-income dwelling units? Yes / No (if no – continue to next heading)		**NO**
	If so, does the Substantial Amendment include:		
	○ The number of low- and moderate-income dwelling units (i.e., <= 80% of Area Median Income) reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?		**N/A**
	○ The number of NSP affordable housing units made available to low-, moderate-, and middle income households (i.e., <=120% of Area Median Income) reasonably expected to be produced by activity and income level, by each NSP activity producing such housing (including a proposed time schedule for commencement and completion)?		**N/A**
	○ The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50% of Area Median Income?		**N/A**
F.	**PUBLIC COMMENT PERIOD**		
	Identification of how proposed Action Plan Amendment was published through NSP recipient's usual methods and on the Internet for no less than 15 calendar days of public comment.	8	See Citizen Participation section.
	Inclusion of citizen comments in the final Action Plan Amendment and how the comments were specifically and adequately addressed by the NSP recipient (*originally requested in draft checklist*)	38 - 39	See Appendix 2 for citizen participation comments.
	Summary of citizen comments included in the final Action Plan Amendment (*requested in current checklist*).	38 - 39	See Appendix 2 for citizen participation comments.
G.	**INFORMATION BY ACTIVITY**		
	Eligible uses of NSP funds.		See "Program Description" bullet points for each NSP activity.
	NSP correlated eligible activity under CDBG.		See "CDBG Eligibility" citations for each NSP activity.
	Areas of greatest needs addressed by each		See "Project Location"

	activity.		bullet points for each NSP activity.
	Expected benefit to income-qualified persons or households or areas.		See "HUD National Objective" bullet points for each NSP activity.
	Does the NSP recipient indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose income does not exceed 50% of Area Median Income *(requested in current checklist*).		**YES**
	Appropriate performance measures for each activity (e.g., units of housing to be acquired, rehabilitated, or demolished for the NSP income levels).		See "Proposed Program Outcomes" bullet points for each NSP activity.
	Amount of funds budgeted for each activity.		See the first one to three bullet points for each activity description.
	Name, location and contact information of the entity that will carry out the activity (*contact information requested in current checklist*).		Agency Name is identified at the beginning of each NSP activity. See "Agency Location" bullet points for each NSP activity.
	Expected start and end dates for each activity.		See "Projected Start Date" and "Projected End Date" bullet points for each NSP activity.
	If the activity includes acquisition of real property, the discount required for acquisition of foreclosed upon properties.		See "Acquisition Discount" bullet points for each NSP activity.
	If the activity provides financing, the range of interest rates (if any).	22	See Section (3) Homebuyer Assistance.
	If the activity provides housing, the duration or term of assistance.		See relevant bullet points of NSP activity descriptions.
	The tenure of beneficiaries (e.g., rental or homeownership).		See relevant bullet points of NSP activity descriptions
	Does the design of home building activities ensure continued affordability (*originally requested in draft checklist*)?		See relevant bullet points of NSP activity descriptions
	Does the NSP recipient ensure continued affordability (*requested in current checklist*)?		See relevant bullet points of NSP activity descriptions
	Does the applicant indicate which activities will count toward the low and moderate income requirement at 2301(f)(3)(A)(ii)? (originally requested in draft checklist)		**YES**
H.	**CERTIFICATIONS**		

	Affirmatively furthering fair housing	29	
	Anti-lobbying	29	
	Authority of Jurisdiction	29	
	Consistency with Plan	29	
	Acquisition and Relocation	29	
	Section 3	29	
	Citizen Participation	29	
	Following Plan	29	
	Use of Funds in 18 months	29	
	Use of NSP funds <=120% of Area Median Income	29	
	No recovery of capital costs thru Special Assessments (*requested in current checklist*)	29	
	Excessive Force	30	
	Compliance with anti-discrimination laws	30	
	Compliance with lead-based paint procedures	30	
	Compliance with laws	30	
XX.	**CONTACT INFORMATION** (*originally requested in draft checklist*)		
	Inclusion of contact information so that citizens and other interested parties know whom to contact for additional information.	Front of application packet	See HUD Standard Form 424
XY.	**WEBSITE PUBLICATION** (*originally requested in draft checklist*) **Were the following documents available on the NSP recipient's website** (www.co.lake.il.us/planning/cd)?		
	SF-424 HUD forms		**YES**
	Proposed Action Plan Amendment		**YES**
	Final Action Plan Amendment		**YES**

SOURCE:
Original Draft NSP Application Review Checklists provided to Lake County Staff by HUD.

NSP Grant Submission Template and Checklist documentation, including the NSP Substantial Amendment Checklist, last downloaded and confirmed October 29, 2008 (http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/nsptemplate.doc)

NOTE:
NSP Addendum and NSP Certifications include both original checklist items and most recent checklist items.

APPENDIX 1

NSP CITIZEN PARTICIPATION NOTICE

2005 – 2009 HOUSING AND COMMUNITY DEVELOPMENT CONSOLIDATED PLAN

NSP ADDENDUM TO THE PY2008 ANNUAL ACTION PLAN

Lake County Consortium

The Lake County Community Development Commission is accepting citizen comments regarding its **draft** Neighborhood Stabilization Program (NSP) Addendum to the PY2008 Annual Action Plan component of the 2005 - 2009 Housing and Community Development Consolidated Plan.

NSP ADDENDUM TO THE ANNUAL ACTION PLAN

The Lake County Consortium will be submitting an NSP Addendum to the PY2008 Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD). The NSP Addendum guides the allocation and expenditure of additional Community Development Block Grant – style Neighborhood Stabilization Program (NSP) funds. Proposed activities for the $4,600,800 in NSP funds can only be used for the acquisition of abandoned and foreclosed upon properties that can be acquired, rehabilitated and sold/rented as affordable housing for income eligible families whose income is at or below 120% of Area Median Income (for example, a four person household having an income at or below $90,500).

Foreclosure prevention and mortgage assistance **are not** eligible uses of NSP funds.

Proposed NSP funded activities by governmental and non-profit agencies may include one or more of the following affordable housing activities: NSP Rental Housing Program - Acquisition and Rehabilitation Program for Group Homes / Multi-Family Homes; NSP Single Family Housing Program - Acquisition and Rehabilitation Program for Single Family Homes; NSP Financing Mechanisms for Purchase and Redevelopment; NSP Land Bank; NSP First Time Homebuyer Assistance Program; Homebuyer Counseling Program; NSP Program Administration; and related NSP housing inspection activities.

An important part of the process of developing the original Consolidated Plan, the annual Action Plans, and this **draft** NSP Addendum is citizen participation and input. All interested parties, including citizens, local officials, and agency representatives are invited and urged to provide verbal and / or written comments.

Questions, comments, and requests for information related to the NSP Addendum may be submitted to: Community Development Commission staff by calling (847) 377-2150 or by writing to: Lake County Department of Planning, Building and Development – Community Development Division; 18 N. County Street – 6th Floor; Waukegan, IL 60085.

Written comments on the proposed NSP Addendum are being solicited through November 17, 2008. Written comments may be directed to the Lake County Department of Planning, Building, and Development; Community Development Division; 18 North County Street – 6th Floor, Waukegan, IL 60085. Written comments must be received by 5:00 p.m. on November 17, 2008 in order to receive consideration.

Copies of the draft NSP Addendum will be available for public review and comment, as of November 3, 2008, at the following locations: Lake County Department of Planning, Building and Development; 18 N. County Street – 6th Floor, Waukegan (Phone: 377-2150); City of North Chicago Community Development Office, 1850 Lewis Avenue (Phone: 596-8670); City of Waukegan Community Development Block Grant Office, 100 N. Martin Luther King Jr. Avenue (Phone: 599-2530); North Chicago Public Library; Waukegan Public Library; Highland Park Public Library; Round Lake Area Public Library; and Wauconda Public Library. Information related to the NSP Addendum and other Lake County Consortium federally funded programs can be accessed through the following web page: http://www.co.lake.il.us/planning/cd.

APPENDIX 2

CITIZEN PARTICIPATION COMMENTS

Public comments were received as follows:

- No public requests were received for copies of the proposed Addendum based on the published notice or the County's website, between November 3rd and November 17th.

- Appreciative comments were provided and program design questions were asked by members of the Health and Community Services Committee, the Financial and Administrative Committee, and the County Board during regularly scheduled Committee and Board meetings.

The following non-profit organizations/individuals submitted nine (9) written and three (3) emailed correspondences to Lake County during the 15 calendar days of public comment:

- Based on the Citizen Participation Comment period of November 3rd through November 17th, verbal and written comments were received by HUD staff, County staff, municipal staff, and County Board members. Accordingly, additional revisions have been made throughout the NSP program design and implementation narratives to make this neighborhood stabilization program more effective.

- **PADS Crisis Services** and the **Lake County Coalition for the Homeless** (two separate letters from each organization), along with **IPLUS**, the **Lake County Haven**, and the **Partnership to End Homelessness** (one letter from each organization) requested that homeless service agencies be included in the development of affordable housing and permanent supportive housing activities under the NSP program for working families exiting transitional housing, persons who are currently rent-burdened, and on the brink of homelessness Their stated options for households at or below 50% Area Median Income include:
    - Increasing the 25% HUD minimum threshold.
    - Purchasing multi-unit building(s) that have been foreclosed upon and creating rental property for eligible persons.
    - Purchasing townhomes and creating rentals with the option to buy.
    - Purchasing several single-family homes in a neighborhood with a high incidence of foreclosed properties.

- **Independence Center** is interested in exploring NSP funds to expand housing opportunities for low-income individuals with mental illness.

- **Lake County Center for Independent Living** addressed the need to incorporate adaptable/accessibility standards for people with disabilities in NSP assisted rehabilitation activities on multi-family rental units/apartment complexes under the Illinois Accessibility Code (IAC), their desire for increasing the accessible/affordable rental housing stock in Lake County, and increasing the 25% HUD minimum threshold.

  IN RESPONSE: An RFQ process for non-profit organizations ($1,150, 200) was already included in the Draft NSP Addendum. Homeless service agencies providing permanent housing will be included in the distribution of the pending RFQ process. Additionally the

NSP addendum requires the Lake County and its Subrecipients address local building codes and rehabilitation standards.

- **YouthBuild Lake County** is interested in assisting North Chicago's efforts to enhance and maintain the appearance/safety of the City through new home construction and home rehabilitation activities in a targeted area of North Chicago.

  IN RESPONSE: North Chicago will continue to work with YouthBuild Lake County, and any other non-profit organization, to construct or rehabilitate affordable housing stock for low to moderate income households within its municipal limits.

- **Dennis Sandquist**, Deputy Director - Lake County Planning, Building and Development, identified the availability of commercial databases that could provide foreclosed property listings by location and property PIN number that could aid in mapping though the County's GIS system.

  IN RESPONSE: This information has been added to the NSP Property Identification: Foreclosed Sites section of the NSP Addendum.

- **Mary Ellen Tamasy**, Executive Director – Lake County Residential Development Corporation, identified issues relating to program design, allocation of NSP funds predominantly to homeownership, the need for additional rental opportunities, the difficulty potential homebuyers will face in getting mortgages under the current credit crunch, and the leveraging of NSP applicants.

  IN RESPONSE: Information such as this will definitely affect future NSP program design and implementation given current and long term economic conditions over the 4 year length of the NSP program.

APPENDIX 3

NSP DEFINITIONS

***Abandoned*:** A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days. *(HERA definition)*

Affordable rents (HUD): Per the NSP requirements, Lake County must define "affordable rents" and the continued affordability standards and enforcement mechanisms that it will apply for each/all of its NSP activities. HUD will consider [Lake County's adoption of] the HOME program standards at 24 CFR 92.252(a), (c), (e), and (f), and 92.254 to be in minimal compliance with this standard and expects any other standards proposed and applied by [Lake County] to be enforceable and longer in duration. (Note that HERA's continued affordability standard is longer that that required of subrecipients and participating units of general local government under 24 CFR 570.503 and 570.501(b).) *(HERA definition)*

Affordable rents (Lake County): The maximum allowable High HOME Rent, as published by HUD from time to time. These rents would also include utilities. If the tenant pays utilities, HUD's utility allowance must be subtracted from the maximum allowable rent to determine the maximum contract rent. To ensure that tenants can afford their rent, no more than 30% of a household's monthly income should be paid toward housing expenses, in compliance with NSP program specific requirements such as continued affordability. *(Lake County definition)*

***Blighted structure*:** A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. *(HERA definition)*

CDBG funds: CDBG funds mean, in addition to the definition at 24 CFR 570.3, grant funds distributed under this [NSP] notice. *(HERA definition)*

***Current market appraised value*:** The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer. *(HERA definition)*

***Foreclosed*:** A property "has been foreclosed upon" at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure in accordance with state or local law. *(HERA definition)*

***Land bank*:** A land bank is a governmental or nongovernmental nonprofit entity established, at least in part, to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property. For the purposes of the NSP program, a land bank will operate in a specific, defined geographic area. It will purchase properties that have been abandoned or foreclosed upon and maintain, assemble, facilitate redevelopment of, market, and dispose of the land-banked properties. If the land bank is

a governmental entity, it may also maintain abandoned or foreclosed property that it does not own, provided it charges the owner of the property the full cost of the service or places a lien on the property for the full cost of the service. *(HERA definition)*

Low and moderate income household: A household having an income equal to or less than 120% of area median income, measured as 2.4 times the current Section 8 income limit for households below 50% of median income, adjusted for family size. *(HERA definition)*

Period of Affordability: NSP-assisted rental units must remain affordable for the following terms (based on the average HOME subsidy per unit). Enforcement of the affordability period will be through mortgage and deed restrictions.

Rehabilitation of less than $15,000	5 years
Rehabilitation of $15,000 - $40,000	10 years
Rehabilitation of $40,000 +	15 years

However, per NSP requirements, if NSP funds assist a property that was previously assisted with HOME funds, but on which the affordability restrictions were terminated through foreclosures or transfer in lieu of foreclosure, the NSP recipient must revive the HOME affordability restrictions for the greater of the remaining period of HOME affordability or the continuing affordability requirements of the NSP program. *(Lake County definition)*

Revenue: Revenue has the same meaning as program income, as defined at 24 CFR 570.500(a) with the modification [of] this [NSP] notice. *(HERA definition)*

Subrecipient: Subrecipient shall have the same meaning as at the first sentence of 24 CFR 570.500(c). This includes any non-profit organization (including a unit of general local government) that a state awards funds to. *(HERA definition)*

Use: Funds are used when they are obligated by a state, unit of general local government, or any subrecipient thereof, for a specific NSP activity; for example, acquisition of a specific property. Funds are obligated for an activity when orders are placed, contracts are awarded, services are received, and similar transactions have occurred that require payment by the state, unit of general local government, or subrecipient during the same or a future period. Note that funds are not obligated for an activity when subawards (e.g., grants to subrecipients or to units of local government) are made. *(HERA definition)*

APPENDIX 4

WOODSTOCK DATA TABLE

Municipality	2000 Owner Occupied Units	2005 Foreclosure Fillings	2006 Foreclosure Fillings	2007 Foreclosure Fillings	1Q/2Q 2008 Foreclosure Fillings	Total Foreclosures from 2005 to 2Q 2008	2005 Foreclosures per 1000 Owner Occupied Units	2006 Foreclosures per 1000 Owner Occupied Units	2007 Foreclosures per 1000 Owner Occupied Units	1Q / 2Q 2008 Foreclosures per 1000 Owner Occupied Units	2005 to 2Q 2008 Foreclosures per 1000 Owner Occupied Units
Antioch	2216	29	34	31	27	121	13.09	15.34	13.99	12.18	54.60
Bannockburn	204	1	0	0	4	5	4.90	0.00	0.00	19.61	24.51
Barrington	2911	13	18	25	15	71	4.47	6.18	8.59	5.15	24.39
Barrington Hills	1315	7	11	6	6	30	5.32	8.37	4.56	4.56	22.81
Beach Park	3158	28	30	46	37	141	8.87	9.50	14.57	11.72	44.65
Buffalo Grove	13596	50	71	96	92	309	3.68	5.22	7.06	6.77	22.73
Deerfield	5806	18	20	30	21	89	3.10	3.44	5.17	3.62	15.33
Deer Park	987	5	1	7	6	19	5.07	1.01	7.09	6.08	19.25
Forest Lake	485	11	8	12	13	44	22.68	16.49	24.74	26.80	90.72
Fox Lake	2794	42	61	83	50	236	15.03	21.83	29.71	17.90	84.47
Fox River Grove	1413	8	20	12	13	53	5.66	14.15	8.49	9.20	37.51
Fox River Valley Garden	290	2	6	7	10	25	6.90	20.69	24.14	34.48	86.21
Gages Lake	3234	26	28	55	30	139	8.04	8.66	17.01	9.28	42.98
Grandwood Park	1354	9	7	18	9	43	6.65	5.17	13.29	6.65	31.76
Grayslake	5124	38	63	75	43	219	7.42	12.30	14.64	8.39	42.74
Green Oaks	1046	5	8	5	2	20	4.78	7.65	4.78	1.91	19.12
Gurnee	8229	57	51	66	61	235	6.93	6.20	8.02	7.41	28.56
Hainesville	647	15	21	36	21	93	23.18	32.46	55.64	32.46	143.74
Hawthorn Woods	1856	5	8	13	11	37	2.69	4.31	7.00	5.93	19.94
Highland Park	9427	30	54	68	59	211	3.18	5.73	7.21	6.26	22.38
Highwood	668	4	7	8	5	24	5.99	10.48	11.98	7.49	35.93
Indian Creek	63	2	3	3	3	11	31.75	47.62	47.62	47.62	174.60
Island Lake	2548	31	37	57	40	165	12.17	14.52	22.37	15.70	64.76
Kildeer	1111	3	4	4	8	19	2.70	3.60	3.60	7.20	17.10
Lake Barrington	1972	12	14	18	12	56	6.09	7.10	9.13	6.09	28.40
Lake Bluff	1936	4	10	11	8	33	2.07	5.17	5.68	4.13	17.05
Lake Forest	5836	16	16	29	16	77	2.74	2.74	4.97	2.74	13.19
Lake Villa	1600	13	25	25	17	80	8.13	15.63	15.63	10.63	50.00
Lake Zurich	5210	37	32	58	34	161	7.10	6.14	11.13	6.53	30.90
Lakemoor	761	15	10	10	2	37	19.71	13.14	13.14	2.63	48.62
Libertyville	5875	18	22	32	18	90	3.06	3.74	5.45	3.06	15.32
Lincolnshire	2116	8	6	13	11	38	3.78	2.84	6.14	5.20	17.96
Lindenhurst	3864	27	32	53	32	144	6.99	8.28	13.72	8.28	37.27
Long Grove	1834	6	4	9	9	28	3.27	2.18	4.91	4.91	15.27
Long Lake	914	20	25	40	23	108	21.88	27.35	43.76	25.16	118.16
Mettawa	109	0	0	1	0	1	0.00	0.00	9.17	0.00	9.17
Mundelein	7856	72	94	109	99	374	9.16	11.97	13.87	12.60	47.61
North Barrington	969	0	4	10	8	22	0.00	4.13	10.32	8.26	22.70
North Chicago	2760	76	98	140	80	394	27.54	35.51	50.72	28.99	142.75
Old Mill Creek	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

APPENDIX 4

WOODSTOCK DATA TABLE

Municipality	2000 Owner Occupied Units	2005 Foreclosure Fillings	2006 Foreclosure Fillings	2007 Foreclosure Fillings	1Q/2Q 2008 Foreclosure Fillings	Total Foreclosures from 2005 to 2Q 2008	2005 Foreclosures per 1000 Owner Occupied Units	2006 Foreclosures per 1000 Owner Occupied Units	2007 Foreclosures per 1000 Owner Occupied Units	1Q / 2Q 2008 Foreclosures per 1000 Owner Occupied Units	2005 to 2Q 2008 Foreclosures per 1000 Owner Occupied Units
Park City	1647	4	5	4	6	19	2.43	3.04	2.43	3.64	11.54
Riverwoods	1160	4	4	10	12	30	3.45	3.45	8.62	10.34	25.86
Round Lake	1559	39	60	60	57	216	25.02	38.49	38.49	36.56	138.55
Round Lake Beach	6265	138	186	239	176	739	22.03	29.69	38.15	28.09	117.96
Round Lake Heights	348	17	22	25	13	77	48.85	63.22	71.84	37.36	221.26
Round Lake Park	1804	35	44	54	27	160	19.40	24.39	29.93	14.97	88.69
Spring Grove	1097	6	13	15	7	41	5.47	11.85	13.67	6.38	37.37
Third Lake	421	2	3	4	2	11	4.75	7.13	9.50	4.75	26.13
Tower Lakes	444	4	3	0	2	9	9.01	6.76	0.00	4.50	20.27
Vernon Hills	6149	41	56	62	60	219	6.67	9.11	10.08	9.76	35.62
Volo	34	0	1	0	1	2	0.00	29.41	0.00	29.41	58.82
Wadsworth	952	7	11	17	16	51	7.35	11.55	17.86	16.81	53.57
Wauconda	2874	15	32	36	41	124	5.22	11.13	12.53	14.27	43.15
Waukegan	15748	283	427	478	370	1558	17.97	27.11	30.35	23.50	98.93
Winthrop Harbor	1954	20	33	24	31	108	10.24	16.89	12.28	15.86	55.27
Zion	4508	151	195	232	157	735	33.50	43.26	51.46	34.83	163.04
TOTALS	**161058**	**1529**	**2058**	**2581**	**1933**	**8101**					

SOURCE: CMAP provided 2005 - 2008 data-sets of Woodstock Institute foreclosure information.

APPENDIX 5

GREATEST NEED: FORECLOSURE TABLE

NSP Percentage of Foreclosures
(See Notes at end of table)

County	Census Tract	HUD's Estimated Number of Foreclosures	HUD's Estimated Number of Mortgages	HUD's Estimated Foreclosure Rate
Lake County	863100	64	497	12.9%
Lake County	862300	40	325	12.3%
Lake County	862902	47	406	11.6%
Lake County	862901	60	520	11.5%
Lake County	862402	49	439	11.2%
Lake County	862700	60	549	10.9%
Lake County	862800	20	191	10.5%
Lake County	863201	67	661	10.1%
Lake County	862502	33	334	9.9%
Lake County	862401	47	483	9.7%
Lake County	860302	58	607	9.6%
Lake County	862501	65	691	9.4%
Lake County	861805	23	245	9.4%
Lake County	860500	88	951	9.3%
Lake County	861815	16	173	9.2%
Lake County	860301	66	730	9.0%
Lake County	861303	106	1,198	8.8%
Lake County	862000	95	1,087	8.7%
Lake County	862200	38	436	8.7%
Lake County	861201	165	1,936	8.5%
Lake County	862604	47	554	8.5%
Lake County	862100	81	965	8.4%
Lake County	861804	43	527	8.2%
Lake County	861803	90	1,146	7.9%
Lake County	861702	64	832	7.7%
Lake County	861902	72	938	7.7%
Lake County	861404	140	1,857	7.5%
Lake County	862603	78	1,043	7.5%
Lake County	861304	120	1,609	7.5%
Lake County	861403	37	507	7.3%
Lake County	861901	68	946	7.2%
Lake County	861202	77	1,105	7.0%
Lake County	861301	124	1,790	6.9%
Lake County	862605	16	238	6.7%
Lake County	860200	42	641	6.6%
Lake County	860805	34	530	6.4%
Lake County	861701	28	451	6.2%
Lake County	860400	58	951	6.1%
Lake County	864002	90	1,506	6.0%
Lake County	861011	140	2,553	5.5%
Lake County	860101	117	2,134	5.5%
Lake County	860600	69	1,282	5.4%
Lake County	861506	54	1,011	5.3%
Lake County	861010	75	1,419	5.3%
Lake County	860905	86	1,641	5.2%
Lake County	861014	61	1,176	5.2%
Lake County	864204	67	1,312	5.1%

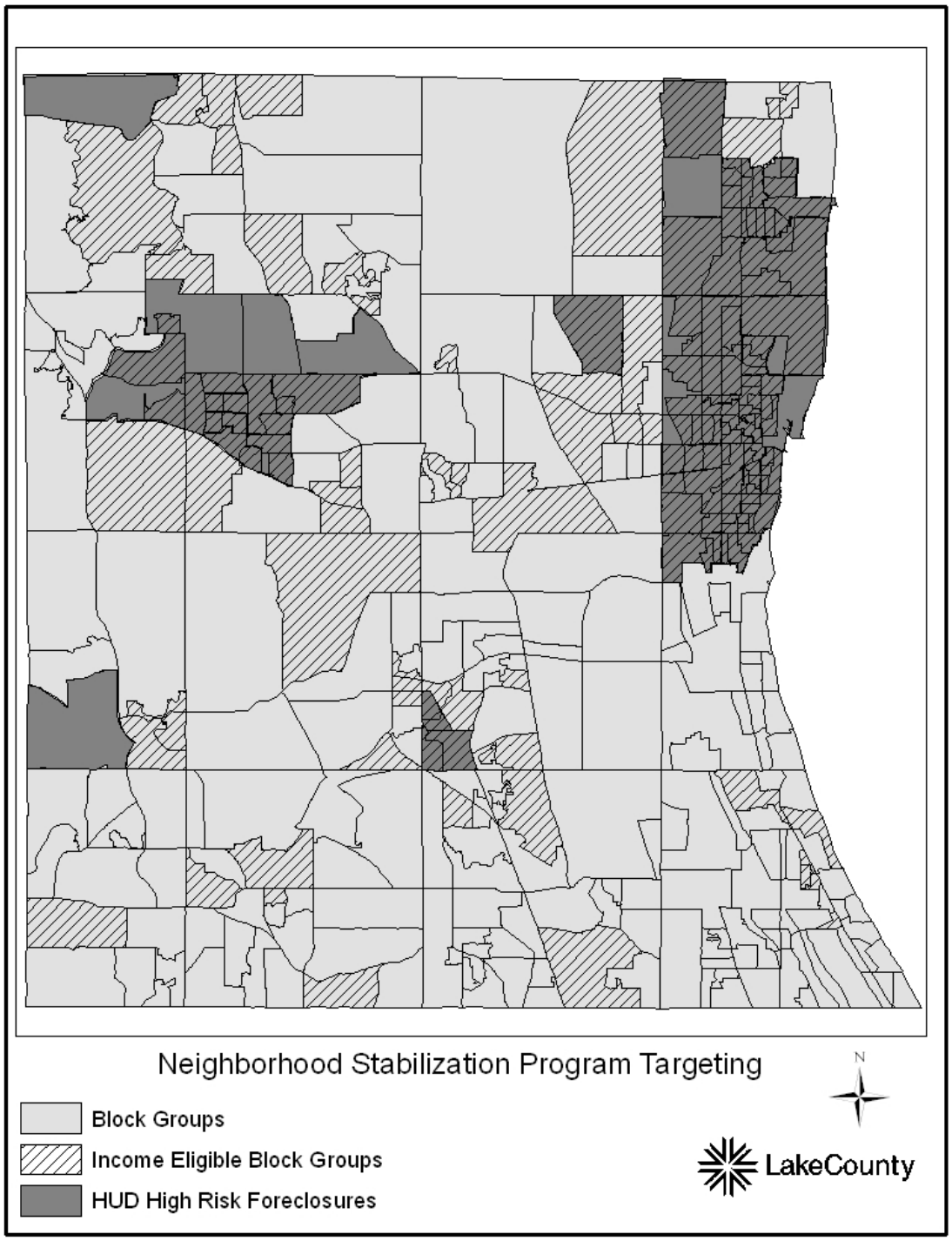
SOURCE: HUD Provided Local Level Data website on Illinois Foreclosures, Illinois Census Tract level data (http://www.huduser.org/publications/commdevl/nsp_foreclosure_data.html), verified 11/09/08.

NOTES: All identified Census Tracts listed in this table are eligible under HUD's NSP criteria for "areas of greatest need".

Although Lake County Census Tract 863001 had an estimated foreclosure rate of 20.0% it was removed from this list having only 1 foreclosure and 5 mortgages.

MAP 1

GREATEST NEED: FORECLOSURE MAP



APPENDIX 6

GREATEST NEED: SUBPRIME TABLE

NSP High Cost Loan Table
(See Notes at end of table)

Township	City/Village/Unincorporated	Census Tract	Block Group	HUD's HMDA High Cost Loan Rate
Zion township	Zion city	860101	1	30.2%
Zion township	Zion city	860101	2	30.2%
Zion township	Zion city	860101	2	30.2%
Zion township	Zion city	860104	1	27.1%
Zion township	Zion city	860104	2	27.1%
Zion township	Zion city	860200	1	36.4%
Zion township	Zion city	860200	2	36.4%
Zion township	Zion city	860200	3	36.4%
Zion township	Zion city	860200	4	36.4%
Zion township	Zion city	860301	1	52.4%
Zion township	Zion city	860301	2	52.4%
Zion township	Zion city	860301	3	52.4%
Zion township	Zion city	860302	1	55.0%
Zion township	Zion city	860302	2	55.0%
Zion township	Zion city	860302	3	55.0%
Zion township	Zion city	860400	1	33.0%
Zion township	Zion city	860400	2	33.0%
Zion township	Zion city	860400	3	33.0%
Zion township	Zion city	860500	1	53.4%
Zion township	Zion city	860500	2	53.4%
Zion township	Zion city	860500	3	53.4%
Zion township	Zion city	860500	4	53.4%
Zion township	Zion city	860500	5	53.4%
Zion township	Zion city	860600	1	29.6%
Zion township	Zion city	860600	2	29.6%
Benton township	Winthrop Harbor village	860101	2	30.2%
Benton township	Winthrop Harbor village	860101	2	30.2%
Benton township	Winthrop Harbor village	860104	1	27.1%
Benton township	Winthrop Harbor village	860104	1	27.1%
Benton township	Winthrop Harbor village	860104	2	27.1%
Benton township	Waukegan city	860400	1	33.0%
Benton township	Waukegan city	860400	3	33.0%
Benton township	Waukegan city	860600	2	29.6%
Warren township	Waukegan city	861506	1	26.9%
Warren township	Waukegan city	861507	1	25.7%
Warren township	Waukegan city	861507	2	25.7%
Waukegan township	Waukegan city	861701	1	32.7%
Waukegan township	Waukegan city	861701	2	32.7%
Waukegan township	Waukegan city	861702	1	39.3%
Waukegan township	Waukegan city	861702	2	39.3%
Waukegan township	Waukegan city	861702	3	39.3%
Waukegan township	Waukegan city	861702	4	39.3%
Waukegan township	Waukegan city	861803	1	40.3%
Waukegan township	Waukegan city	861803	2	40.3%
Waukegan township	Waukegan city	861803	3	40.3%

APPENDIX 6

GREATEST NEED: SUBPRIME TABLE

NSP High Cost Loan Table
(See Notes at end of table)

Township	City/Village/Unincorporated	Census Tract	Block Group	HUD's HMDA High Cost Loan Rate
Waukegan township	Waukegan city	861804	1	42.4%
Waukegan township	Waukegan city	861805	1	48.6%
Waukegan township	Waukegan city	861805	2	48.6%
Waukegan township	Waukegan city	861815	1	50.5%
Waukegan township	Waukegan city	861901	1	37.4%
Waukegan township	Waukegan city	861901	2	37.4%
Waukegan township	Waukegan city	861901	3	37.4%
Waukegan township	Waukegan city	861902	1	39.9%
Waukegan township	Waukegan city	861902	2	39.9%
Waukegan township	Waukegan city	861902	3	39.9%
Waukegan township	Waukegan city	862000	1	46.0%
Waukegan township	Waukegan city	862000	2	46.0%
Waukegan township	Waukegan city	862000	3	46.0%
Waukegan township	Waukegan city	862000	4	46.0%
Waukegan township	Waukegan city	862000	5	46.0%
Waukegan township	Waukegan city	862100	1	43.7%
Waukegan township	Waukegan city	862100	2	43.7%
Waukegan township	Waukegan city	862100	3	43.7%
Waukegan township	Waukegan city	862100	4	43.7%
Waukegan township	Waukegan city	862200	1	46.2%
Waukegan township	Waukegan city	862200	2	46.2%
Waukegan township	Waukegan city	862200	3	46.2%
Waukegan township	Waukegan city	862200	4	46.2%
Waukegan township	Waukegan city	862200	4	46.2%
Waukegan township	Waukegan city	862300	1	67.5%
Waukegan township	Waukegan city	862300	2	67.5%
Waukegan township	Waukegan city	862300	3	67.5%
Waukegan township	Waukegan city	862300	4	67.5%
Waukegan township	Waukegan city	862401	1	51.4%
Waukegan township	Waukegan city	862401	2	51.4%
Waukegan township	Waukegan city	862401	3	51.4%
Waukegan township	Waukegan city	862402	1	61.1%
Waukegan township	Waukegan city	862402	2	61.1%
Waukegan township	Waukegan city	862402	3	61.1%
Waukegan township	Waukegan city	862501	1	49.5%
Waukegan township	Waukegan city	862501	2	49.5%
Waukegan township	Waukegan city	862502	1	52.8%
Waukegan township	Waukegan city	862502	2	52.8%
Waukegan township	Waukegan city	862603	1	38.1%
Waukegan township	Waukegan city	862603	2	38.1%
Waukegan township	Waukegan city	862603	3	38.1%
Waukegan township	Waukegan city	862603	4	38.1%
Waukegan township	Waukegan city	862603	5	38.1%
Waukegan township	Waukegan city	862604	1	46.4%
Waukegan township	Waukegan city	862604	2	46.4%

APPENDIX 6

GREATEST NEED: SUBPRIME TABLE

NSP High Cost Loan Table
(See Notes at end of table)

Township	City/Village/Unincorporated	Census Tract	Block Group	HUD's HMDA High Cost Loan Rate
Waukegan township	Waukegan city	862604	3	46.4%
Waukegan township	Waukegan city	862605	1	35.2%
Waukegan township	Waukegan city	862605	2	35.2%
Waukegan township	Waukegan city	862605	3	35.2%
Waukegan township	Waukegan city	862700	1	59.0%
Waukegan township	Waukegan city	862700	2	59.0%
Waukegan township	Waukegan city	862700	3	59.0%
Waukegan township	Waukegan city	862700	4	59.0%
Waukegan township	Waukegan city	862800	2	50.9%
Shields township	Waukegan city	863201	3	50.0%
Wauconda township	Wauconda village	864204	1	27.7%
Wauconda township	Wauconda village	864204	3	27.7%
Benton township	Wadsworth village	860101	1	30.2%
Warren township	Wadsworth village	861506	1	26.9%
Libertyville township	Vernon Hills village	864002	2	34.5%
Lake Villa township	Third Lake village	861014	1	26.7%
Avon township	Third Lake village	861202	1	34.7%
Avon township	Round Lake village	861301	2	37.3%
Avon township	Round Lake village	861403	1	41.7%
Avon township	Round Lake village	861403	2	41.7%
Avon township	Round Lake village	861404	1	42.7%
Avon township	Round Lake Park village	861201	2	44.3%
Avon township	Round Lake Park village	861403	2	41.7%
Avon township	Round Lake Park village	861404	1	42.7%
Avon township	Round Lake Park village	861404	1	42.7%
Avon township	Round Lake Park village	861404	2	42.7%
Avon township	Round Lake Park village	861404	3	42.7%
Lake Villa township	Round Lake Heights villa	861010	3	29.1%
Avon township	Round Lake Heights villa	861301	1	37.3%
Avon township	Round Lake Heights villa	861301	2	37.3%
Lake Villa township	Round Lake Beach village	861011	1	27.4%
Avon township	Round Lake Beach village	861014	1	26.7%
Lake Villa township	Round Lake Beach village	861014	1	26.7%
Avon township	Round Lake Beach village	861201	1	44.3%
Avon township	Round Lake Beach village	861201	2	44.3%
Avon township	Round Lake Beach village	861202	1	34.7%
Avon township	Round Lake Beach village	861202	2	34.7%
Avon township	Round Lake Beach village	861301	1	37.3%
Avon township	Round Lake Beach village	861301	2	37.3%
Avon township	Round Lake Beach village	861303	1	46.2%
Avon township	Round Lake Beach village	861303	2	46.2%
Avon township	Round Lake Beach village	861304	1	37.9%
Avon township	Round Lake Beach village	861304	2	37.9%
Avon township	Round Lake Beach village	861403	1	41.7%
Wauconda township	Port Barrington village	864204	2	27.7%

APPENDIX 6

GREATEST NEED: SUBPRIME TABLE

NSP High Cost Loan Table
(See Notes at end of table)

Township	City/Village/Unincorporated	Census Tract	Block Group	HUD's HMDA High Cost Loan Rate
Wauconda township	Port Barrington village	864204	3	27.7%
Waukegan township	Park City city	862603	2	38.1%
Waukegan township	Park City city	862604	2	46.4%
Waukegan township	Park City city	862605	3	35.2%
Waukegan township	North Chicago city	862800	1	50.9%
Waukegan township	North Chicago city	862800	2	50.9%
Waukegan township	North Chicago city	862901	1	59.0%
Waukegan township	North Chicago city	862901	2	59.0%
Waukegan township	North Chicago city	862901	3	59.0%
Waukegan township	North Chicago city	862901	4	59.0%
Waukegan township	North Chicago city	862902	1	58.7%
Waukegan township	North Chicago city	862902	2	58.7%
Waukegan township	North Chicago city	862902	3	58.7%
Waukegan township	North Chicago city	862902	4	58.7%
Shields township	North Chicago city	863001	1	66.7%
Waukegan township	North Chicago city	863001	1	66.7%
Shields township	North Chicago city	863100	1	66.9%
Shields township	North Chicago city	863100	2	66.9%
Shields township	North Chicago city	863100	3	66.9%
Shields township	North Chicago city	863201	1	50.0%
Shields township	North Chicago city	863201	2	50.0%
Shields township	North Chicago city	863201	3	50.0%
Libertyville township	Mundelein village	864002	1	34.5%
Libertyville township	Mundelein village	864002	2	34.5%
Libertyville township	Mundelein village	864002	3	34.5%
Libertyville township	Mundelein village	864002	4	34.5%
Fremont township	Mundelein village	864106	1	26.6%
Libertyville township	Mundelein village	864106	1	26.6%
Fremont township	Mundelein village	864106	2	26.6%
Fremont township	Mundelein village	864106	3	26.6%
Fremont township	Mundelein village	864106	4	26.6%
Fremont township	Mundelein village	864108	1	26.3%
Fremont township	Mundelein village	864108	2	26.3%
Fremont township	Mundelein village	864108	3	26.3%
Lake Villa township	Lindenhurst village	861014	1	26.7%
Fremont township	Libertyville village	864106	1	26.6%
Lake Villa township	Lake Villa village	861010	3	29.1%
Lake Villa township	Lake Villa village	861011	1	27.4%
Shields township	Lake Bluff village	863001	1	66.7%
Wauconda township	Lake Barrington village	864204	3	27.7%
Wauconda township	Island Lake village	864204	1	27.7%
Wauconda township	Island Lake village	864204	2	27.7%
Wauconda township	Island Lake village	864204	3	27.7%
Avon township	Hainesville village	861404	2	42.7%
Avon township	Hainesville village	861404	3	42.7%

APPENDIX 6

GREATEST NEED: SUBPRIME TABLE

NSP High Cost Loan Table
(See Notes at end of table)

Township	City/Village/Unincorporated	Census Tract	Block Group	HUD's HMDA High Cost Loan Rate
Warren township	Gurnee village	861506	1	26.9%
Warren township	Gurnee village	861507	1	25.7%
Warren township	Gurnee village	861507	2	25.7%
Waukegan township	Gurnee village	861902	2	39.9%
Waukegan township	Gurnee village	862603	2	38.1%
Lake Villa township	Grayslake village	861014	1	26.7%
Avon township	Grayslake village	861202	1	34.7%
Antioch township	Fox Lake village	860805	2	36.1%
Grant township	Fox Lake village	860903	1	26.6%
Grant township	Fox Lake village	860903	1	26.6%
Grant township	Fox Lake village	860903	2	26.6%
Grant township	Fox Lake village	860903	2	26.6%
Grant township	Fox Lake village	860903	3	26.6%
Grant township	Fox Lake village	860903	3	26.6%
Grant township	Fox Lake village	860903	4	26.6%
Grant township	Fox Lake village	860903	4	26.6%
Grant township	Fox Lake village	860905	1	28.5%
Grant township	Fox Lake village	860905	2	28.5%
Grant township	Fox Lake village	860905	3	28.5%
Benton township	Beach Park village	860101	1	30.2%
Benton township	Beach Park village	860400	1	33.0%
Benton township	Beach Park village	860400	3	33.0%
Benton township	Beach Park village	860600	1	29.6%
Benton township	Beach Park village	860600	2	29.6%
Benton township	Beach Park village	860600	3	29.6%
Benton township	Beach Park village	860600	3	29.6%
Waukegan township	Beach Park village	861701	1	32.7%
Waukegan township	Beach Park village	861803	1	40.3%
Waukegan township	Beach Park village	861901	1	37.4%
Waukegan township	Beach Park village	861901	2	37.4%
Benton township		860101	1	30.2%
Benton township		860101	1	30.2%
Benton township		860101	2	30.2%
Benton township		860101	2	30.2%
Benton township		860104	1	27.1%
Benton township		860104	1	27.1%
Benton township		860104	2	27.1%
Benton township		860200	3	36.4%
Benton township		860200	4	36.4%
Benton township		860400	1	33.0%
Benton township		860400	3	33.0%
Benton township		860600	2	29.6%
Antioch township		860805	1	36.1%
Antioch township		860805	1	36.1%
Antioch township		860805	1	36.1%

APPENDIX 6

GREATEST NEED: SUBPRIME TABLE

NSP High Cost Loan Table
(See Notes at end of table)

Township	City/Village/Unincorporated	Census Tract	Block Group	HUD's HMDA High Cost Loan Rate
Antioch township		860805	1	36.1%
Antioch township		860805	2	36.1%
Antioch township		860805	2	36.1%
Antioch township		860805	2	36.1%
Grant township		860903	1	26.6%
Grant township		860903	1	26.6%
Grant township		860903	3	26.6%
Grant township		860903	3	26.6%
Grant township		860903	4	26.6%
Grant township		860903	4	26.6%
Grant township		860905	1	28.5%
Grant township		860905	2	28.5%
Grant township		860905	2	28.5%
Grant township		860905	3	28.5%
Grant township		860905	4	28.5%
Lake Villa township		861010	1	29.1%
Lake Villa township		861010	1	29.1%
Lake Villa township		861010	1	29.1%
Lake Villa township		861010	2	29.1%
Lake Villa township		861010	3	29.1%
Lake Villa township		861010	3	29.1%
Lake Villa township		861010	3	29.1%
Lake Villa township		861011	1	27.4%
Lake Villa township		861011	1	27.4%
Lake Villa township		861014	1	26.7%
Lake Villa township		861014	1	26.7%
Avon township		861201	1	44.3%
Avon township		861201	2	44.3%
Avon township		861202	1	34.7%
Avon township		861301	1	37.3%
Avon township		861301	1	37.3%
Avon township		861301	2	37.3%
Avon township		861303	1	46.2%
Avon township		861403	1	41.7%
Avon township		861404	1	42.7%
Warren township		861506	1	26.9%
Warren township		861507	2	25.7%
Waukegan township		861701	1	32.7%
Waukegan township		861701	1	32.7%
Waukegan township		861803	1	40.3%
Waukegan township		861901	1	37.4%
Waukegan township		861901	2	37.4%
Waukegan township		861902	1	39.9%
Waukegan township		861902	2	39.9%
Waukegan township		861902	3	39.9%

APPENDIX 6

GREATEST NEED: SUBPRIME TABLE

NSP High Cost Loan Table
(See Notes at end of table)

Township	City/Village/Unincorporated	Census Tract	Block Group	HUD's HMDA High Cost Loan Rate
Waukegan township		862603	2	38.1%
Waukegan township		862800	2	50.9%
Shields township		863001	1	66.7%
Shields township		863201	3	50.0%
Libertyville township		864002	2	34.5%
Libertyville township		864002	4	34.5%
Fremont township		864106	1	26.6%
Fremont township		864108	2	26.3%
Fremont township		864108	3	26.3%
Wauconda township		864204	1	27.7%
Wauconda township		864204	2	27.7%
Cuba township		864204	3	27.7%
Wauconda township		864204	3	27.7%

SOURCE: CMAP provided data-sets of HUD NSP need category information.

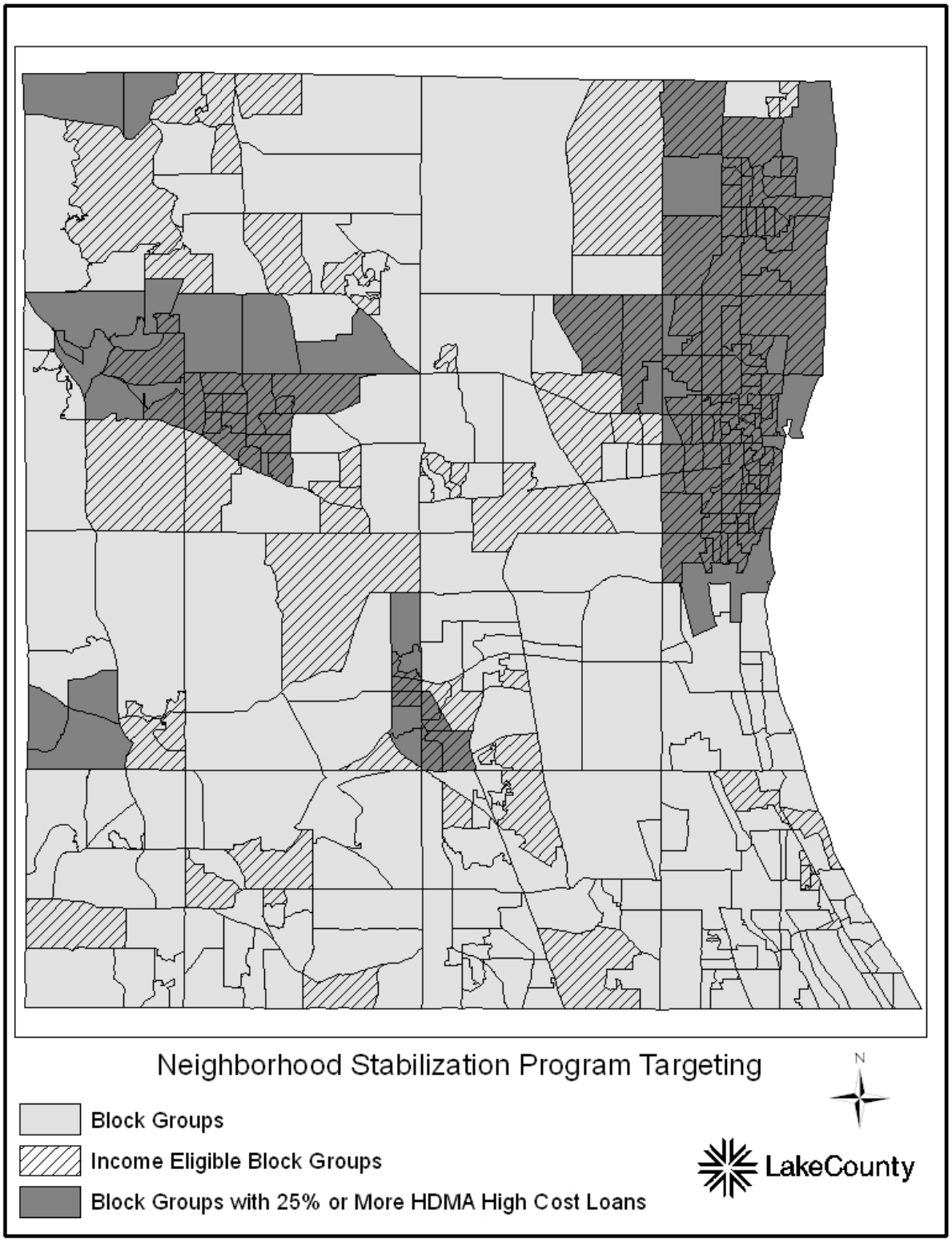
NOTE: **All identified Census Tract/Block Groups listed in this table are eligible under HUD's NSP criteria for "areas of greatest need".**

Blue / heavy highlights signify the ***FIRST TIER*** "areas of greatest need" (ie: Top 5 municipalities having the highest number of foreclosures).

Yellow / light highlights signify ***SECOND TIER*** "areas of greatest need" (ie: Modified top 11 municipalities having the highest foreclosure rate per 1000 owner-occupied units; exclusive of first tier municipalities).

MAP 2

GREATEST NEED: SUBPRIME MAP



APPENDIX 7

GREATEST NEED: SIGNIFICANT RISE TABLE

NSP Significant Rise Table

(See Notes at end of table)

Township	City/Village/Unincorporated	Census Tract	Block Group	HUD's Estimated foreclosure abandonment risk score
Zion township	Zion city	860101	1	8
Zion township	Zion city	860101	2	8
Zion township	Zion city	860101	2	8
Zion township	Zion city	860200	1	9
Zion township	Zion city	860200	2	9
Zion township	Zion city	860200	3	9
Zion township	Zion city	860200	4	9
Zion township	Zion city	860301	1	10
Zion township	Zion city	860301	2	10
Zion township	Zion city	860301	3	10
Zion township	Zion city	860302	1	10
Zion township	Zion city	860302	2	10
Zion township	Zion city	860302	3	10
Zion township	Zion city	860400	1	8
Zion township	Zion city	860400	2	8
Zion township	Zion city	860400	3	8
Zion township	Zion city	860500	1	10
Zion township	Zion city	860500	2	10
Zion township	Zion city	860500	3	10
Zion township	Zion city	860500	4	10
Zion township	Zion city	860500	5	10
Zion township	Zion city	860600	1	8
Zion township	Zion city	860600	2	8
Benton township	Winthrop Harbor village	860101	2	8
Benton township	Winthrop Harbor village	860101	2	8
Benton township	Waukegan city	860400	1	9
Benton township	Waukegan city	860400	3	9
Benton township	Waukegan city	860600	2	8
Warren township	Waukegan city	861506	1	8
Waukegan township	Waukegan city	861701	1	8
Waukegan township	Waukegan city	861701	2	8
Waukegan township	Waukegan city	861702	1	9
Waukegan township	Waukegan city	861702	2	9
Waukegan township	Waukegan city	861702	3	9
Waukegan township	Waukegan city	861702	4	9
Waukegan township	Waukegan city	861803	1	10
Waukegan township	Waukegan city	861803	2	10
Waukegan township	Waukegan city	861803	3	10
Waukegan township	Waukegan city	861804	1	10
Waukegan township	Waukegan city	861805	1	10
Waukegan township	Waukegan city	861805	2	10
Waukegan township	Waukegan city	861815	1	10

APPENDIX 7

GREATEST NEED: SIGNIFICANT RISE TABLE

NSP Significant Rise Table

(See Notes at end of table)

Township	City/Village/Unincorporated	Census Tract	Block Group	HUD's Estimated foreclosure abandonment risk score
Waukegan township	Waukegan city	861901	1	8
Waukegan township	Waukegan city	861901	2	8
Waukegan township	Waukegan city	861901	3	8
Waukegan township	Waukegan city	861902	1	9
Waukegan township	Waukegan city	861902	2	9
Waukegan township	Waukegan city	861902	3	9
Waukegan township	Waukegan city	862000	1	10
Waukegan township	Waukegan city	862000	2	10
Waukegan township	Waukegan city	862000	3	10
Waukegan township	Waukegan city	862000	4	10
Waukegan township	Waukegan city	862000	5	10
Waukegan township	Waukegan city	862100	1	10
Waukegan township	Waukegan city	862100	2	10
Waukegan township	Waukegan city	862100	3	10
Waukegan township	Waukegan city	862100	4	10
Waukegan township	Waukegan city	862200	1	10
Waukegan township	Waukegan city	862200	2	10
Waukegan township	Waukegan city	862200	3	10
Waukegan township	Waukegan city	862200	4	10
Waukegan township	Waukegan city	862200	4	10
Waukegan township	Waukegan city	862300	1	10
Waukegan township	Waukegan city	862300	2	10
Waukegan township	Waukegan city	862300	3	10
Waukegan township	Waukegan city	862300	4	10
Waukegan township	Waukegan city	862401	1	10
Waukegan township	Waukegan city	862401	2	10
Waukegan township	Waukegan city	862401	3	10
Waukegan township	Waukegan city	862402	1	10
Waukegan township	Waukegan city	862402	2	10
Waukegan township	Waukegan city	862402	3	10
Waukegan township	Waukegan city	862501	1	10
Waukegan township	Waukegan city	862501	2	10
Waukegan township	Waukegan city	862502	1	9
Waukegan township	Waukegan city	862502	2	9
Waukegan township	Waukegan city	862603	1	9
Waukegan township	Waukegan city	862603	2	9
Waukegan township	Waukegan city	862603	3	9
Waukegan township	Waukegan city	862603	4	9
Waukegan township	Waukegan city	862603	5	9
Waukegan township	Waukegan city	862604	1	9
Waukegan township	Waukegan city	862604	2	9
Waukegan township	Waukegan city	862604	3	9

APPENDIX 7

GREATEST NEED: SIGNIFICANT RISE TABLE

NSP Significant Rise Table

(See Notes at end of table)

Township	City/Village/Unincorporated	Census Tract	Block Group	HUD's Estimated foreclosure abandonment risk score
Waukegan township	Waukegan city	862605	1	9
Waukegan township	Waukegan city	862605	2	9
Waukegan township	Waukegan city	862605	3	9
Waukegan township	Waukegan city	862700	1	10
Waukegan township	Waukegan city	862700	2	10
Waukegan township	Waukegan city	862700	3	10
Waukegan township	Waukegan city	862700	4	10
Waukegan township	Waukegan city	862800	2	10
Shields township	Waukegan city	863201	3	10
Benton township	Wadsworth village	860101	1	8
Libertyville township	Vernon Hills village	864002	2	8
Avon township	Round Lake village	861301	2	9
Avon township	Round Lake village	861403	1	10
Avon township	Round Lake village	861403	2	10
Avon township	Round Lake village	861404	1	10
Avon township	Round Lake Park village	861201	2	9
Avon township	Round Lake Park village	861403	2	10
Avon township	Round Lake Park village	861404	1	10
Avon township	Round Lake Park village	861404	1	10
Avon township	Round Lake Park village	861404	2	10
Avon township	Round Lake Park village	861404	3	10
Avon township	Round Lake Heights villa	861301	1	9
Avon township	Round Lake Heights villa	861301	2	9
Avon township	Round Lake Beach village	861201	1	9
Avon township	Round Lake Beach village	861201	2	9
Avon township	Round Lake Beach village	861301	1	9
Avon township	Round Lake Beach village	861301	2	9
Avon township	Round Lake Beach village	861303	1	9
Avon township	Round Lake Beach village	861303	2	9
Avon township	Round Lake Beach village	861304	1	8
Avon township	Round Lake Beach village	861304	2	8
Avon township	Round Lake Beach village	861403	1	10
Waukegan township	Park City city	862603	2	9
Waukegan township	Park City city	862604	2	9
Waukegan township	Park City city	862605	3	9
Waukegan township	North Chicago city	862800	1	10
Waukegan township	North Chicago city	862800	2	10
Waukegan township	North Chicago city	862901	1	10
Waukegan township	North Chicago city	862901	2	10
Waukegan township	North Chicago city	862901	3	10
Waukegan township	North Chicago city	862901	4	10
Waukegan township	North Chicago city	862902	1	10

APPENDIX 7

GREATEST NEED: SIGNIFICANT RISE TABLE

NSP Significant Rise Table

(See Notes at end of table)

Township	City/Village/Unincorporated	Census Tract	Block Group	HUD's Estimated foreclosure abandonment risk score
Waukegan township	North Chicago city	862902	2	10
Waukegan township	North Chicago city	862902	3	10
Waukegan township	North Chicago city	862902	4	10
Shields township	North Chicago city	863001	1	10
Waukegan township	North Chicago city	863001	1	10
Shields township	North Chicago city	863100	1	10
Shields township	North Chicago city	863100	2	10
Shields township	North Chicago city	863100	3	10
Shields township	North Chicago city	863201	1	10
Shields township	North Chicago city	863201	2	10
Shields township	North Chicago city	863201	3	10
Libertyville township	Mundelein village	864002	1	8
Libertyville township	Mundelein village	864002	2	8
Libertyville township	Mundelein village	864002	3	8
Libertyville township	Mundelein village	864002	4	8
Shields township	Lake Bluff village	863001	1	10
Avon township	Hainesville village	861404	2	10
Avon township	Hainesville village	861404	3	10
Waukegan township	Gurnee village	861902	2	9
Waukegan township	Gurnee village	862603	2	9
Antioch township	Fox Lake village	860805	2	8
Benton township	Beach Park village	860101	1	8
Benton township	Beach Park village	860400	1	8
Benton township	Beach Park village	860400	3	8
Benton township	Beach Park village	860600	1	8
Benton township	Beach Park village	860600	2	8
Benton township	Beach Park village	860600	3	8
Benton township	Beach Park village	860600	3	8
Waukegan township	Beach Park village	861701	1	8
Waukegan township	Beach Park village	861803	1	9
Waukegan township	Beach Park village	861901	1	8
Waukegan township	Beach Park village	861901	2	8
Benton township		860101	1	8
Benton township		860101	1	8
Benton township		860101	2	8
Benton township		860101	2	8
Benton township		860200	3	9
Benton township		860200	4	9
Benton township		860400	1	8
Benton township		860400	3	8
Benton township		860600	2	8
Antioch township		860805	1	8

APPENDIX 7

GREATEST NEED: SIGNIFICANT RISE TABLE

NSP Significant Rise Table

(See Notes at end of table)

Township	City/Village/Unincorporated	Census Tract	Block Group	HUD's Estimated foreclosure abandonment risk score
Antioch township		860805	1	8
Antioch township		860805	1	8
Antioch township		860805	1	8
Antioch township		860805	2	8
Antioch township		860805	2	8
Antioch township		860805	2	8
Avon township		861201	1	9
Avon township		861201	2	9
Avon township		861301	1	9
Avon township		861301	1	9
Avon township		861301	2	9
Avon township		861303	1	9
Avon township		861403	1	10
Avon township		861404	1	10
Waukegan township		861701	1	8
Waukegan township		861701	1	8
Waukegan township		861803	1	9
Waukegan township		861901	1	8
Waukegan township		861901	2	8
Waukegan township		861902	1	9
Waukegan township		861902	2	9
Waukegan township		861902	3	9
Waukegan township		862603	2	9
Waukegan township		862800	2	10
Shields township		863001	1	10
Shields township		863201	3	10
Libertyville township		864002	2	8
Libertyville township		864002	4	8

SOURCE: CMAP provided data-sets of HUD NSP need category information.

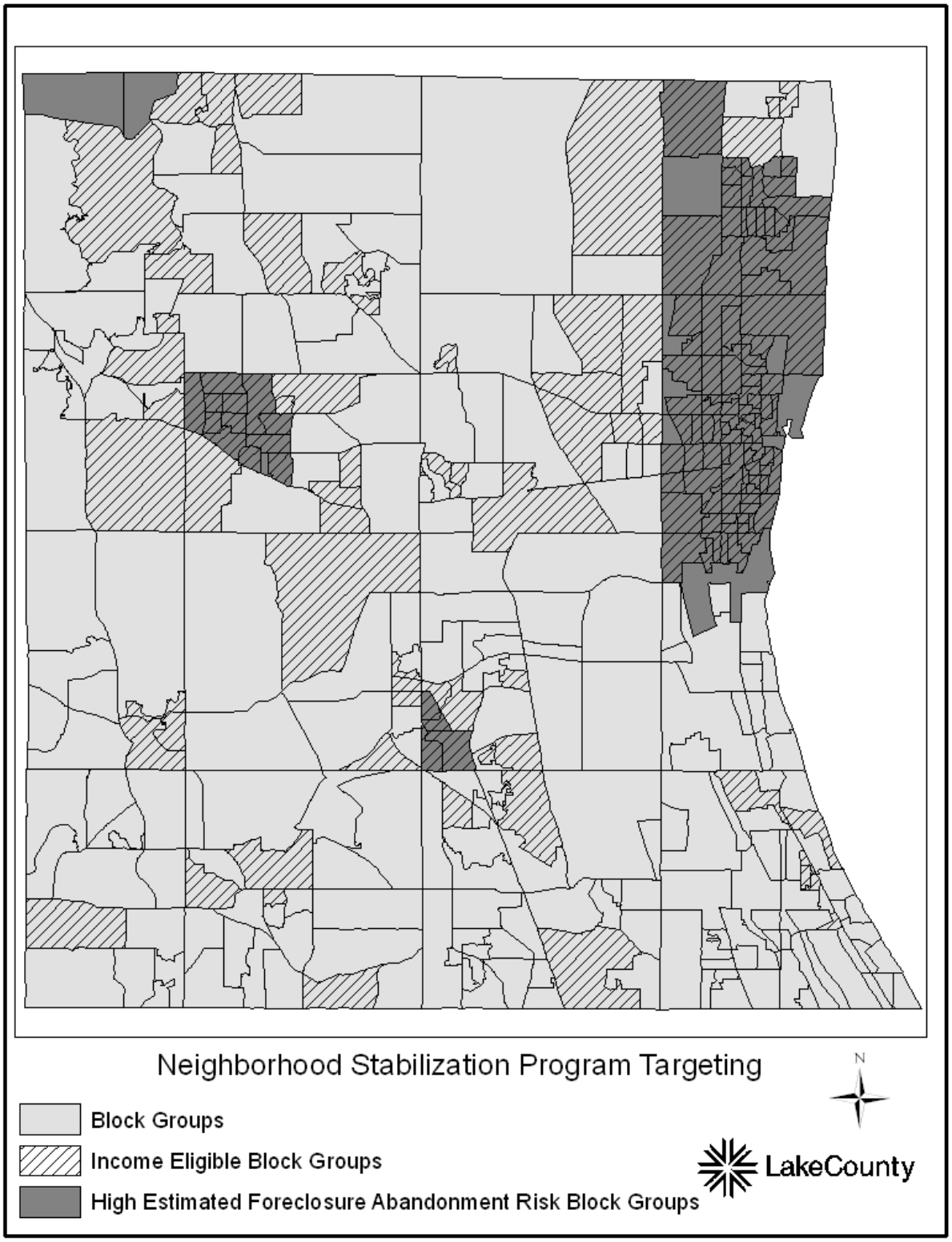
NOTE: **All identified Census Tract/Block Groups listed in this table are eligible under HUD's NSP criteria for "areas of greatest need".**

Blue / heavy highlights signify the ***FIRST TIER*** "areas of greatest need" (ie: Top 5 municipalities having the highest number of foreclosures).

Yellow / light highlights signify ***SECOND TIER*** "areas of greatest need" (ie: Modified top 11 municipalities having the highest foreclosure rate per 1000 owner-occupied units; exclusive of first tier municipalities).

MAP 3

GREATEST NEED: SIGNIFICANT RISE MAP



APPENDIX 8

NSP AREA MEDIAN INCOME TABLE

FY 2008 Income Limits for 50% of HUD Area Median Income ($75,400)

Area Name	County Name	1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
Chicago-Naperville-Joliet, IL HUD Metro FMR Area	Lake County	$26,400	$30,150	$33,950	$37,700	$40,700	$43,750	$46,750	$49,750

FY 2008 Income Limits for 80% of HUD Area Median Income ($75,400) ***

1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
$42,200	$48,250	$54,250	$60,300	$65,100	$69,950	$74,750	$79,600

FY 2008 Income Limits for 120% of HUD Area Median Income ($75,400)

1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
$63,350	$72,400	$81,450	$90,500	$97,700	$104,950	$112,200	$119,450

***** NOTE:** HUD programs normally operate under the 80% household income range.
For NSP-funded activities, HUD's income limits are based on the 120% household income range.
Not less than 25% of the NSP funds must go to house individuals at the 50% household income range.

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Revised Final 12/23/08:

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