

Grantee: Lake County, IL

Grant: B-08-UN-17-0004

July 1, 2010 thru September 30, 2010 Performance Report

Grant Number:

B-08-UN-17-0004

Obligation Date:**Grantee Name:**

Lake County, IL

Award Date:**Grant Amount:**

\$4,600,800.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Original - In Progress

QPR Contact:

Joel Williams

Disasters:

Declaration Number

NSP

Narratives

Areas of Greatest Need:

Areas of Greatest Need

Priority emphasis and consideration will be provided to those geographic areas of Lake County showing the greatest need, including those:

1. 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%;
2. 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
3. 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.

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.

Distribution and Uses of Funds

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

- o NSP Rental Housing Program: Property Acquisition and Rehabilitation of Abandoned and Foreclosed Homes and Residential Properties for Permanent Rental of Single &ndash Family Homes / Multi &ndash Family Homes by Non-Profit Agencies (\$1,150,200).
- o 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).
- o NSP Program Administration (\$460,080).

Low Income Targeting

- 100% of funds will be used to serve households at or below 120% of area median income (for exur 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).

All of Lake County's NSP funded activities will be developed, to the maximum extent practicabland 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 (&ldquomiddle-income&rdquo). 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 (&ldquoderate-income&rdquo).

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").

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.

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 and 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 and which requires intermediaries to handle financial negotiations and title transfers).

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 activities for Lake County's NSP assisted projects (the remaining 50 non-CDBG entitlement jurisdictions) will be conducted by the Affordable Housing Corporation.

Distribution and and Uses of Funds:

The Lake County Consortium submitted a Revised Final NSP Addendum to the 2008 Annual Action Plan that was approved by HUD on January 12, 2009.

The Lake County Consortium signed its NSP Contract with HUD on March 27, 2009.

The Lake County Consortium's Authority to Use Grant Funds is dated May 18, 2009.

The programmatic operation of the Lake County Consortium's NSP activities are more fully described in its approved 60 page NSP Addendum in compliance with all HUD rules, NSP regulations, Citizen Participation requirements, NSP Activity Descriptions and Narrative Statements, Monitoring Standards and Procedures, Certifications, and NSP "Greatest Need" maps and tables (ie: Home Foreclosure Percentages per Municipality, Subprime Home Mortgages per Municipality, and Significant Rise in Home Foreclosures per Municipality).

Description of Key NSP 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.

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. 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 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:

1. 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 20 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%;

2. 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

3. 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, and 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, and Hainesville.

Lake County's Neighborhood Stabilization Program Flow Chart

Basically, our program is a residential recycling program for abandoned or foreclosed properties:

Step 1: Pending foreclosure site

- Select "area of greatest need"
- Property is identified
- NSP process begins
- <60 day old appraisal
- Initial housing inspection

Step 2: Foreclosure

- Sheriff's Sale
- Privately financed mortgagee forecloses for value owed

Step 3: NSP Acquisition Stage

- NSP acquisition occurs at required discount
- =>5% individual
- =>15% aggregate
- NSP pays off privately financed mortgagee (1)
- Title changes hands

Step 4: NSP Rehabilitation Stage

- Secondary housing inspection
- Rehab bid process to select contractor
- NSP pays for required code related repairs
- Third+ housing inspections
- Rehabilitation complete
- Final housing inspection

Step 5: NSP Housing Counseling Stage

- =>8 hours
- =<120% AMI program eligibility
- FTHB assistance provided
- Private mortgage approval of secondary purchaser

Step 6: NSP Sale/Rental Stage

- =<120% AMI household or tenant
- Sale: closing proceeds from secondary private mortgagee pays back NSP funds (2)
- Rental: annual demographic information required
- 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)

Housing Rehabilitation 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.

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.

Definitions and Descriptions:

Low Income Targeting:

Acquisition and Relocation:

Public Comment:

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$7,768,652.00
Total CDBG Program Funds Budgeted	N/A	\$4,600,799.00
Program Funds Drawdown	\$1,764,231.12	\$3,050,949.52
Obligated CDBG DR Funds	\$1,913,182.23	\$4,600,799.00
Expended CDBG DR Funds	\$1,398,531.77	\$3,609,088.94
Match Contributed	\$336,256.00	\$509,856.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$509,856.00
Limit on Public Services	\$690,120.00	\$0.00
Limit on Admin/Planning	\$460,080.00	\$52,635.40
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$1,150,200.00	\$1,262,200.00

Overall Progress Narrative:

Lake County's NSP funds are now 100% obligated. Most properties have closed, rehabilitation work has been completed on a number of them, and many are now being marketed to eligible homebuyers. Due to a property falling through under activity NSP 2A, those funds were reallocated to NSP 1 and NSP 2C. Over the coming months as more rehab work is complete and properties are sold, beneficiary data will be entered into the system.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00
NSP 1, NSP Rental Housing Program	\$612,959.12	\$1,262,200.00	\$612,959.12
NSP 2, NSP Single Family Housing Program	\$1,141,460.00	\$2,878,519.00	\$2,382,924.00
NSP 3, NSP Program Administration	\$9,812.00	\$460,080.00	\$55,066.40

Activities

Grantee Activity Number: NSP 1

Activity Title: NSP Rental Housing Program

Activity Category:

Rehabilitation/reconstruction of residential structures

Activity Status:

Under Way

Project Number:

NSP 1

Project Title:

NSP Rental Housing Program

Projected Start Date:

03/01/2009

Projected End Date:

12/31/2012

Completed Activity Actual End Date:

National Objective:

NSP Only - LH - 25% Set-Aside

Responsible Organization:

Lake County Residential Development Corporation

Overall

Jul 1 thru Sep 30, 2010

To Date

Total Projected Budget from All Sources	N/A	\$2,038,585.00
Total CDBG Program Funds Budgeted	N/A	\$1,262,200.00
Program Funds Drawdown	\$612,959.12	\$612,959.12
Obligated CDBG DR Funds	\$814,263.23	\$1,262,200.00
Expended CDBG DR Funds	\$447,936.77	\$895,873.54
Lake County Residential Development Corporation	\$447,936.77	\$895,873.54
Match Contributed	\$336,256.00	\$509,856.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

LCRDC is acquiring and rehabilitating an 18-unit apartment building that will house persons at or below 50% of AMI. This foreclosed property is located in an area of greatest need in Zion.

Location Description:

The NSP Rental Housing Program is 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).

Agency Location: Lake County Residential Development Corporation (LCRDC)

>1280 Blackburn, Gurnee, IL 60031

Project Location: 2711 Gabriel, Zion, IL 60099

Activity Progress Narrative:

LCRDC closed on a group of three apartment buildings and is finalizing agreements on other funding sources for weatherization and energy efficiency (match to be updated). A General Contractor has been identified. An agreement between LCRDC & the General Contractor has been executed.

Development budget and supporting documentation have been submitted as well.

As a result of less than anticipated expenses in Project NSP2, NSP1 received an additional \$112,000 to reduce rents.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	13	14/5

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

# of Households benefitting	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
	0	0	0	0/0	0/0	0/5	0

Activity Locations

Address	City	State	Zip
2705-2711 Gabriel	Zion	NA	60099
1919 27th Street	Zion	NA	60099

Other Funding Sources Budgeted - Detail

Match Sources	Amount
\$776,385	\$776,385.00
Subtotal Match Sources	\$776,385.00
Other Funding Sources	
No Other Funding Sources Found	
Total Other Funding Sources	\$776,385.00

Grantee Activity Number: NSP 2A

Activity Title: NSP Single Family Housing Program

Activity Category:

Rehabilitation/reconstruction of residential structures

Project Number:

NSP 2

Projected Start Date:

03/01/2009

Activity Status:

Under Way

Project Title:

NSP Single Family Housing Program

Projected End Date:

12/31/2012

Completed Activity Actual End Date:

National Objective:

NSP Only - LMMI

Responsible Organization:

Affordable Housing Corporation of Lake County

Overall	Jul 1 thru Sep 30, 2010	To Date
Total Projected Budget from All Sources	N/A	\$4,126,616.00
Total CDBG Program Funds Budgeted	N/A	\$1,735,148.00
Program Funds Drawdown	\$886,273.00	\$1,735,148.00
Obligated CDBG DR Funds	\$162,808.00	\$1,735,148.00
Expended CDBG DR Funds	\$469,598.00	\$1,735,148.00
Affordable Housing Corporation of Lake County	\$469,598.00	\$1,735,148.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Project Type: 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.

Consolidated Plan Goal: #1.3, #1.4, #1.5

Activity Summary: The acquisition of vacant, foreclosed, or blighted properties and the rehabilitation/re-sale of existing single family home by NSP eligible homebuyers through one of four NSP functions:

(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-second, 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’s 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.

Location Description:

Agency Location: 3701 West Grand Avenue, Gurnee (Affordable Housing Corporation)

Project Location: Scattered sites or site-specific neighborhoods throughout Lake County, within identified areas of greatest need.

Activity Progress Narrative:

AHC has acquired and closed on the properties listed. Rehab work has been completed for three properties and has begun on many of the others. The three completed properties are listed for sale with a real estate agent.

One property to be acquired fell through resulting in a redistribution of the funds to other projects (NSP 1 & NSP 2C).

Accomplishments Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Total			Total			
# of Properties	12			15/5			

	This Report Period			Cumulative Actual Total / Expected			
	Total			Total			
# of Housing Units	12			15/5			

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total Low/Mod%	
# of Households benefitting	0	0	0	0/0	0/0	0/5	0

Activity Locations

Address	City	State	Zip
426 Heather Terrace	Round Lake Beach	NA	60073
409 Woodlawn Dr.	Mundelein	NA	60060
2397 Ojibwa Trail	Round Lake Heights	NA	60073
512 Cherokee Drive	Round Lake Beach	NA	60073
282 Plymouth Court	Round Lake	NA	60073
372 E. Camden Lane	Round Lake Beach	NA	60073
2460 N. Sterling Court	Round Lake Beach	NA	60073
212 Pembroke Court	Round Lake Beach	NA	60073
204 Evergreen Court	Round Lake Beach	NA	60073
330 E. Camden Lane	Round Lake Beach	NA	60073
2377 Quaker Hollow Lane	Round Lake	NA	60073
211 Lake Shore Drive	Round Lake Park	NA	60073

Other Funding Sources Budgeted - Detail

Match Sources	Amount
\$2,391,468	\$2,391,468.00
Subtotal Match Sources	\$2,391,468.00
Other Funding Sources	
No Other Funding Sources Found	
Total Other Funding Sources	\$2,391,468.00

Grantee Activity Number: NSP 2B

Activity Title: NSP Single Family Housing Program

Activity Category:

Rehabilitation/reconstruction of residential structures

Project Number:

NSP 2

Projected Start Date:

03/01/2009

Activity Status:

Under Way

Project Title:

NSP Single Family Housing Program

Projected End Date:

12/31/2012

Completed Activity Actual End Date:

National Objective:

NSP Only - LMMI

Responsible Organization:

City of North Chicago

Overall	Jul 1 thru Sep 30, 2010	To Date
Total Projected Budget from All Sources	N/A	\$219,803.00
Total CDBG Program Funds Budgeted	N/A	\$219,803.00
Program Funds Drawdown	\$0.00	\$949.00
Obligated CDBG DR Funds	\$218,854.00	\$219,803.00
Expended CDBG DR Funds	\$218,854.00	\$219,803.00
City of North Chicago	\$218,854.00	\$219,803.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Project Type: 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.

Consolidated Plan Goal: #1.3, #1.4, #1.5

Activity Summary: The acquisition of vacant, foreclosed, or blighted properties and the rehabilitation/re-sale of existing single family home by NSP eligible homebuyers through one of four NSP functions:

(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-second, 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’s 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.

Location Description:

Agency Location: 1850 Lewis Avenue, North Chicago (North Chicago).

Project Location: Scattered sites or site-specific neighborhoods throughout the City of North Chicago, within identified areas of greatest need.

Activity Progress Narrative:

North Chicago has closed on two of their three properties with the final pending. Rehab bids were solicited and contracts were signed for all properties.

1932 Seymour is almost complete and the City of North Chicago has partnered with a local bank to implement the lottery system for homebuyers due to a great deal of demand for these properties. The bank has already prequalified over 20 households.

Accomplishments Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Total			Total			
# of Properties	3			7/5			

	This Report Period			Cumulative Actual Total / Expected			
	Total			Total			
# of Housing Units	3			7/5			

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households benefitting	0	0	0	0/0	0/0	0/5	0

Activity Locations

Address	City	State	Zip
2809 18th Place	North Chicago	NA	60064
1932 Seymour	North Chicago	NA	60064
2100 Wallace Avenue	North Chicago	NA	60064

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number: NSP 2C

Activity Title: NSP Single Family Housing Program

Activity Category:

Rehabilitation/reconstruction of residential structures

Project Number:

NSP 2

Projected Start Date:

03/01/2009

Activity Status:

Under Way

Project Title:

NSP Single Family Housing Program

Projected End Date:

12/31/2012

Completed Activity Actual End Date:

National Objective:

NSP Only - LMMI

Responsible Organization:

City of Waukegan

Overall	Jul 1 thru Sep 30, 2010	To Date
Total Projected Budget from All Sources	N/A	\$923,568.00
Total CDBG Program Funds Budgeted	N/A	\$923,568.00
Program Funds Drawdown	\$255,187.00	\$646,827.00
Obligated CDBG DR Funds	\$707,257.00	\$923,568.00
Expended CDBG DR Funds	\$255,187.00	\$705,629.00
City of Waukegan	\$255,187.00	\$705,629.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Project Type: 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.

Consolidated Plan Goal: #1.3, #1.4, #1.5

Activity Summary: The acquisition of vacant, foreclosed, or blighted properties and the rehabilitation/re-sale of existing single family home by NSP eligible homebuyers through one of four NSP functions:

(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.

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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’s 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.

Location Description:

Agency Location: 100 N. Martin Luther King Jr. Avenue, Waukegan (Waukegan).

Project Location: Scattered sites or site-specific neighborhoods throughout the City of Waukegan, within identified areas of greatest need.

Activity Progress Narrative:

1. Work on Chestnut is 75% complete
2. Work at Alta Vista is complete; preparing for sale
3. Work at Western Avenue is complete; preparing for sale
4. Work at Lewis Avenue is approximately 98% complete
5. Work at New York began 9/17
6. Closing pending on Montesano; under contract
7. Closing pending on Baldwin; under contract
8. Closing pending on Lydia; under contract

NSP2C received an additional \$73,512.80 due to NSP2A expending less than anticipated.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	8	13/5

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	8	13/5

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total Low/Mod%	
# of Households benefitting	0	0	0	0/0	0/0	0/5	0

Activity Locations

Address	City	State	Zip
901 Montesano Avenue	Waukegan	NA	60087
2024 Chestnut Street	Waukegan	NA	60087
622 N. Lewis Avenue	Waukegan	NA	60085
923 New York Street	Waukegan	NA	60085
1419 Western Avenue	Waukegan	NA	60085
520 Baldwin Avenue	Waukegan	NA	60085
2219 Alta Vista Drive	Waukegan	NA	60087
1706 Lydia Street	Waukegan	NA	60085

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number: NSP 3A

Activity Title: NSP Program Administration

Activity Category:

Administration

Activity Status:

Under Way

Project Number:

NSP 3

Project Title:

NSP Program Administration

Projected Start Date:

10/01/2008

Projected End Date:

12/31/2012

Completed Activity Actual End Date:

National Objective:

N/A

Responsible Organization:

Lake County CD Division

Overall

Jul 1 thru Sep 30, 2010

To Date

Total Projected Budget from All Sources	N/A	\$450,080.00
Total CDBG Program Funds Budgeted	N/A	\$450,080.00
Program Funds Drawdown	\$9,812.00	\$55,066.40
Obligated CDBG DR Funds	\$0.00	\$450,080.00
Expended CDBG DR Funds	\$6,956.00	\$52,635.40
Lake County CD Division	\$6,956.00	\$52,635.40
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Consolidated Plan Goal: #3.5

Activity Summary: These funds will be used primarily for:

(1) the general management, oversight, and coordination of the Community Development Block Grant funded Neighborhood Stabilization Program, 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:

- o contracted title services to identify/confirm post-foreclosure ownership (1 per house estimated at \$100 each);
- o appraisal services for post-foreclosure Fair Market Value determinations and post-rehabilitation housing purchase valuations (2 per house estimated at \$300 each);
- o 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);
- o 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); and
- o 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.

Location Description:

Lake County Department of Planning, Building, and Development CDBG-NSP Program Administration (18 North County Street, Waukegan).

Activity Progress Narrative:

General Program Administration

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: NSP 3B

Activity Title: NSP Program Administration

Activity Category:

Administration

Project Number:

NSP 3

Projected Start Date:

10/01/2008

Activity Status:

Under Way

Project Title:

NSP Program Administration

Projected End Date:

12/31/2012

Completed Activity Actual End Date:

National Objective:

N/A

Responsible Organization:

Affordable Housing Corporation of Lake County

Overall

Jul 1 thru Sep 30, 2010

To Date

Total Projected Budget from All Sources	N/A	\$10,000.00
Total CDBG Program Funds Budgeted	N/A	\$10,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$10,000.00	\$10,000.00
Expended CDBG DR Funds	\$0.00	\$0.00
Affordable Housing Corporation of Lake County	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

1) 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).

Location Description:

Affordable Housing Corporation of Lake County (3701 West Grand Avenue, Gurnee)

Activity Progress Narrative:

For related inspections

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources
