



# City of Chicago



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Office of the City Clerk

## Document Tracking Sheet

<b>Meeting Date:</b>	9/20/2018
<b>Sponsor(s):</b>	Emanuel (Mayor)
<b>Type:</b>	Ordinance
<b>Title:</b>	Establishment of Building Neighborhoods and Affordable Homes Purchase Price Assistance Program
<b>Committee(s) Assignment:</b>	Committee on Housing and Real Estate

HSG.



OFFICE OF THE MAYOR  
CITY OF CHICAGO

RAHM EMANUEL  
MAYOR

September 20, 2018

TO THE HONORABLE, THE CITY COUNCIL  
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith an ordinance authorizing a Purchase Price Assistance Program associated with the City Lots For Working Families Program.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

A handwritten signature in cursive script that reads "Rahm Emanuel".

Mayor

## ORDINANCE

WHEREAS, the City of Chicago (the "City") is a home rule unit of government under Article VII, Section 6(a) of the Constitution of the State of Illinois, and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the City, through its Department of Planning and Development ("DPD"), has established the City Lots for Working Families program (the "CLWF Program") to provide financial assistance to qualified developers of newly-constructed single-family housing that is affordable to working families, and homes that are developed under the CLWF Program (each, a "CLWF Home") may be sold either at market rate or with a subsidy; and

WHEREAS, the City has determined that providing housing purchase assistance to eligible and qualified individuals is necessary, essential and appropriate to encourage the rebuilding of certain City neighborhoods and to enhance other revitalization efforts already under way in those neighborhoods; and

WHEREAS, the City, through DPD, desires to provide purchase price assistance grants through a new Building Neighborhoods and Affordable Homes Purchase Price Assistance program (the "Building Neighborhoods and Affordable Homes Program") to eligible and qualified individuals who agree to purchase CLWF Homes within specific target areas within the City; now, therefore,

### **BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:**

SECTION 1. The above recitals are incorporated herein and made a part hereof.

SECTION 2. The Building Neighborhoods and Affordable Homes Program, as set forth in Exhibits A and B, attached hereto and made a part hereof, is hereby authorized.

SECTION 3. Subject to the approval of the Corporation Counsel, and subject to the appropriation of funding, the Commissioner of DPD (the "Commissioner") and a designee of the Commissioner are each hereby authorized to execute and deliver grant agreements and lien covenants to individuals who qualify under the Building Neighborhoods and Affordable Homes Program for the purpose of financing the purchase of property that qualifies under the Building Neighborhoods and Affordable Homes Program, and to execute all such other agreements and instruments, including subordinations of the City lien covenants to later re-financings, and to perform any and all acts as shall be necessary or advisable in connection with the Building Neighborhoods and Affordable Homes Program.

SECTION 4. The Commissioner of DPD shall promulgate rules pertaining to the implementation of the Building Neighborhoods and Affordable Homes Program.

SECTION 5. The Building Neighborhoods and Affordable Homes Program is not subject to Sections 2-45-115, 2-45-117 or 2-45-119 of the Municipal Code of the City of Chicago (the "Municipal Code").

SECTION 6. The Building Neighborhoods and Affordable Homes Program is an Eligible Program, and employees of the City who qualify for participation in the Program are Eligible Persons, as such terms are defined in Section 2-45-130 of the Municipal

Code.

SECTION 7. The amount of \$5,000,000 is hereby appropriated for the Building Neighborhood and Affordable Homes Program from the fund referred to in Section 2-45-115(G) of the Municipal Code.

SECTION 8. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

SECTION 9. This ordinance shall be in full force and effect immediately upon its passage and approval.

Exhibit A

Building Neighborhoods and Affordable Homes Purchase Price Assistance Program

General Description:

The Program provides forgivable grants to qualifying buyers to assist in their purchase of primary, owner-occupied residences that are located within specific targeted geographic areas within the City, as set forth below and in implementing rules adopted from time to time by DPD.

Eligible Participant:

All of (1), (2) and (3) must be met:

- (1) A homebuyer (individual or jointly) who is purchasing a residential building built under the City of Chicago City Lots for Working Families Program within one of five Eligible Targeted Areas; and
- (2) who will dwell within one of the dwelling units within the building as her, his or their primary, owner-occupied home for a term of ten (10) years; and
- (3) whose household income does not exceed 140% of the median household income for the Chicago Primary Metropolitan Statistical Area.

Eligible Locations:

The purchased building must be located within one of the eligible targeted areas set forth on Exhibit B attached hereto.

Eligible Property Type:

The purchased building must be a newly constructed single family residential building containing no more than two dwelling units built under the City's City Lots for Working Family Program.

Forgivable Grant terms:

Grant amount: Not to exceed \$60,000 per Eligible Property

Term: 10 years from the date of the Grant agreement

Eligible costs: The grant proceeds may be used for any of the following costs, paid to others (not directly to the Eligible Participant), in connection with the purchase by Eligible Participant of the Eligible Property:

- To seller: (i) the difference between the sale price and the appraised value of the Eligible Property (the "property appraisal gap"); (ii) down payment

- To others: title insurance, credit reports, recording fees, appraisal costs, points, transfer stamps, water certification settlement fees, third party property inspection fees, first year's pre-payment of mortgage insurance, pre-paid interest
- And such other costs as approved by DPD at time of purchase

Cash out, or cash to Eligible Participant:	Not permitted
Buyer's equity:	Not less than 3% of the purchase price
Property appraisal:	A copy of the property appraisal, prepared by a licensed appraiser, along with the negotiated purchase price of the Eligible Property, must be supplied to DPD for analysis of the property appraisal gap amount
Senior loan:	A copy of the senior loan commitment to Eligible Participant must be supplied to DPD for analysis of the down payment amount
Other loans:	The Eligible Participant must be the named borrower on all other loans made in connection with the Eligible Property during the Term
Security:	An Affordable Housing Covenant and Agreement, entered into by the Eligible Participant and the City, will be recorded as a lien against the Eligible Property at the time of sale, to run for the Term of the Grant
Other liens:	Permitted, only by (i) the senior purchase mortgage, (ii) the second junior mortgage required under the City Lots for Working Families program, and (iii) utility easements
Priority of lien:	The lien of the Affordable Housing Covenant and Agreement shall be (i) junior to the senior purchase mortgage, and (ii) senior to the second junior mortgage required under the City Lots for Working Families program
Re-subordination:	Permitted, only to any replacement senior purchase mortgage undertaken by the Eligible Participant during the Term
Amount Forgiven:	An amount equal to one tenth (1/10 <sup>th</sup> ) of the original Grant amount will be forgiven on each anniversary of the date of the Grant, provided that the Eligible Property continues to serve as the primary or principal dwelling of record of at least one Eligible Participant and the Eligible Participant continues to be an Eligible Participant as defined above
Recapture:	Recapture analysis and workouts of troubled Grants will be undertaken by DPD pursuant to hardship rules it adopts for the

Program

Exhibit B

Eligible Targeted Areas

An Eligible Property must have been built under the City Lots for Working Families Program and located within one of these targeted areas:

Target Areas	Target Area Boundaries	Ward(s)
<b>Englewood Square</b>	North: 59th Street South: Marquette Rd East: Stewart West: Morgan	16
<b>North Lawndale</b>	North: 12th Street South: Ogden Ave. East: Albany Ave. West: Homan Ave.	24
<b>South Lawndale</b>	North: 18th Street South: 27th Street East: Sacramento West: Pulaski Rd.	24 22 12
<b>Humboldt Park / Garfield Park</b>	North: Division St. South: Madison East: Homan Ave. West: Pulaski Rd.	27 28 37
<b>East Woodlawn</b>	North: 61st South: Marquette East: Harper West: Cottage Grove	20