



Office of Chicago City Clerk



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Office of the City Clerk

Tracking Sheet

Meeting Date:	3/9/2011
Sponsor(s):	Mayor Daley
Type:	Ordinance
Title:	Tax Increment Financing purchase rehab program
Committee(s) Assignment:	Committee on Finance

FIN.



OFFICE OF THE MAYOR
CITY OF CHICAGO

RICHARD M. DALEY
MAYOR

March 9, 2011

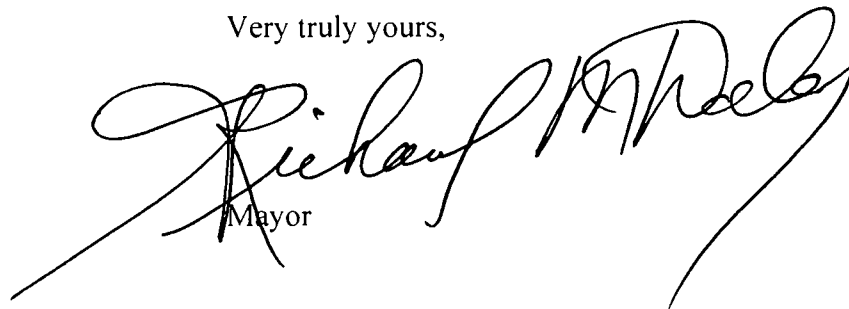
TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Housing and Economic Development, I transmit herewith an ordinance establishing the tax increment financing purchase rehab program.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,


Mayor

O R D I N A N C E

WHEREAS, the City of Chicago ("City") is a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois and may exercise any power related to its local government and affairs; and

WHEREAS, in the City there are numerous homes and residential buildings that are vacant; and

WHEREAS, it is in the best interest of the City to promote and assist City residents in the purchase of owner-occupied housing by establishing programs whereby the City assists income-eligible homebuyers in the purchase and rehabilitation of their new housing; and

WHEREAS, the establishment of a "Vacant Building TIF Purchase and Rehabilitation Program" will assist in the stabilization of neighborhoods and the city's housing market by providing assistance to city residents for the purchase and rehabilitation of vacant housing; now, therefore,

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

SECTION 1. All of the above recitals are expressly adopted herein as the legislative findings of the City Council and incorporated herein and made a part of this Ordinance.

SECTION 2. This Ordinance shall be known and may be cited as the "Vacant Building TIF Purchase and Rehabilitation Program Ordinance of 2011."

(a) For purposes of this Ordinance, the following definitions apply:

"Base purchase price" means the purchase price of a housing unit, excluding any taxes, insurance, closing costs, or other such costs.

"Closing costs" means reasonable and customary costs, not to exceed 3% of the base purchase price, associated with the closing of the purchase of the eligible property, including, but not limited to, transfer taxes, title company charges and recording fees.

"Commissioner" means the commissioner of housing and economic development.

"Department" means the department of housing and economic development.

"Eligible homebuyer" means a first-time homebuyer with a household income of no greater than 100% of the PMSA Median Income.

"Eligible property" means a residential building, or a housing unit in a condominium or cooperative building that contains four or less housing units, that is:

- (1) vacant;
- (2) located in an TIF area in the city; and
- (3) in need of substantial rehabilitation.

For purposes of this definition, the term "Condominium building" means a form of property established pursuant to the Illinois Condominium Property Act that contains four or less housing units in the building; and the term "Cooperative building" means a multiple-dwelling complex that

contains four or fewer housing units, owned by a cooperative corporation, stock in which affords the owner thereof the right to possess or occupy a particular cooperative allocated to that stock within the complex. This right of possession or occupancy is granted through a proprietary lease or similar arrangement, and, unlike the owner of a condominium unit, the owner of the cooperative stock does not hold legal title to his or her individual cooperative.

"First-time homebuyer" means any person who has not had any ownership interest in a housing unit during the three years prior to applying for a grant under the Program.

"Housing unit" means a room or suite of rooms designed, occupied or intended for occupancy as a separate living quarter with cooking, sleeping and sanitary facilities provided within the unit for the exclusive use of the occupants of the unit; provided that a "housing unit" does not include dormitories, or hotels as that term is defined in Section 13-4-010 of this code.

"Household" means, collectively, all the persons who occupy a housing unit as their primary residence.

"Household income" means the combined income of the members of a household for the calendar year preceding the date that the application for the Program is filed with the commissioner.

"PMSA Median Income" means the Primary Metropolitan Statistical Area median income, for the Chicago-Naperville-Joliet, Illinois, Metropolitan Fair Market Rent Area, as determined by the United States Department of Housing and Urban Development from time to time.

"Principal residence" means an eligible homebuyer's primary or chief residence that he or she actually occupies on a regular basis.

"Program" means the Vacant Building TIF Purchase and Rehabilitation Program established by this Ordinance.

"Purchase price assistance" means financial assistance awarded by the department to eligible homebuyers to be used for the base purchase price and closing costs associated with the purchase of an eligible property.

"Residential building" is a residential building, as that term is defined in section 17-17-0216, that contains four or less housing units.

"Substantial rehabilitation" means the reconstruction, enlargement, installation, repair, alteration, improvement or renovation of a building, structure or portion thereof requiring a permit issued by the city and costing \$25,000.00 or more per housing unit to rehabilitate.

"Substantial rehabilitation assistance" means the amount of assistance granted to an eligible homebuyer under the Program that shall be used for the substantial rehabilitation of the eligible property.

"TIF Area" means a redevelopment project area designated pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time.

"Vacant" means a residential building, or a housing unit in a condominium or cooperative building with 4 or less housing units, which is lacking the habitual presence of human beings who

have a legal right to be on the premises, or at which substantially all lawful residential occupancy has ceased; provided that a residential building or a housing unit in a condominium or cooperative building shall not be deemed vacant if it has been used as a residence by a person entitled to possession for a period of at least three months within the previous nine months and a person entitled to possession intends to resume residing at the property.

(b) The commissioner is authorized to develop a Vacant Building TIF Purchase and Rehabilitation Program, consistent with the provisions of this Ordinance, to promote the purchase of and rehabilitation of eligible properties.

In each eligible TIF area, the commissioner may use the TIF funds collected in an eligible TIF area, to provide purchase price assistance and substantial rehabilitation assistance to an eligible homebuyer for the purchase and substantial rehabilitation of an eligible property, consistent with the provisions of this Ordinance.

Nothing in this Ordinance shall be construed to authorize the expenditure of TIF funds that: (i) are inconsistent with provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time; or (ii) have not been appropriated and approved by the city council.

(c) To be eligible to participate in the Program, the person must be an eligible homebuyer.

(d) The amount of the purchase price assistance and substantial rehabilitation assistance granted to any eligible homebuyer for an eligible property shall be limited to no greater than 25% of the sum of the base purchase price plus the cost to substantially rehabilitate the eligible property.

(e) The commissioner shall prepare applications, in a form prescribed by the commissioner, which shall include all the information needed by the department to evaluate the applicant's eligibility to participate in the Program. Attached to every application shall be a copy of an inspection report for the proposed property prepared by a licensed and bonded home inspector, and any other information deemed necessary by the commissioner.

(f) Upon determination by the department that an applicant is eligible to participate in the Program, the department may provide the applicant purchase price assistance and substantial rehabilitation assistance, consistent with the provisions of this Ordinance, in the applicable amount as set forth in subsection (d). As a condition of receiving such assistance, the eligible homebuyer shall occupy the eligible property as the eligible homebuyer's principal residence, as follows:

<u>Amount of Assistance</u>	<u>For a term of</u>
less \$15,000	not less than 5 consecutive years
\$15,000.00 - \$40,000	not less than 10 consecutive years
\$40,001 or greater	not less than 15 consecutive years

Provided that if a longer term is required by any other applicable law, the longer term shall apply.

The term shall commence no later than 180 days after the date the eligible homebuyer takes title to the eligible property.

(g) An eligible homebuyer shall, prior to closing on the purchase of an eligible property, attend a homebuyer education seminar provided by a HUD-approved, pre-purchase counseling

agency, and, if applicable, a condominium-owner education seminar provided by an agency, approved by the commissioner, and submit to the department a certificate of completion for each seminar, as applicable.

(h) No purchase price assistance or rehabilitation assistance shall be awarded pursuant to this Ordinance unless the TIF funds for such assistance is appropriated and approved by the city council.

(i) The commissioner is authorized to adopt such rules and regulations as the commissioner may deem necessary for the proper implementation, administration and enforcement of this Ordinance.

SECTION 3. This ordinance takes effect after its passage and approval.