

PUBLIC NOTICE

As an entitlement community, the City of Aurora, Illinois ("City") receives funding from U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant Program (CDBG) and HOME Investment Partnerships Program (HOME and HOME-ARP). In accordance with the City of Aurora's Citizen Participation Plan and the requirements of HUD, a public hearing will be held at 1:00 p.m. on July 7, 2025, City Hall, 5th Floor Conference Room, 44 E. Downer Place, Aurora, IL 60507 to provide the public an opportunity to comment on the Substantial Amendment 2025-#2 proposed funding recommendations.

Please be advised that effective June 23, 2025, the Substantial Amendment 2025-#2 will be available for review and public comment at the following locations: City of Aurora-Community Development Division ("CDD"), 44 E. Downer Place, Aurora, IL; Library-Main, 101 S. River St., Aurora, IL; Library-Eola, 555 S. Eola Rd, Aurora, IL; Library-West, 233 S. Constitution Dr., Aurora, IL; and on the City's website www.aurora.il.us/Property-and-Business/Development/Community-Development.

Upon advance request, the City will provide for translation services to meet the needs of non-English speaking residents. The City will also take whatever actions are appropriate to serve the needs of persons with disabilities. For more information, to make special arrangements, or to provide comments, contact the CDD, 44 E. Downer Place, Aurora, IL 60507, (630) 256-3320 or coacdd@aurora.il.us.

Written and verbal comments will be accepted no later than 4:00 p.m., July 22, 2025. All responses will be addressed by the CDD and submitted to HUD. The City of Aurora's Substantial Amendment 2025-#2 is scheduled for review and adoption at the City Council's July 22, 2025 meeting at 6:00 p.m., City Hall, 2nd Floor Council Chambers, 44 E. Downer Place, Aurora, IL 60507. Please be advised that the public hearing and meeting dates are subject to change.

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Housing & Community Development Block Grant

Consolidated Plan Program Years 2018 - 2024

Substantial Amendment 2025-#2

Proposed Substantial Amendment
to
2018, 2019, 2020, 2021, 2022, 2023, and 2024 Annual Action Plans

DRAFT (June 2025)

Community Development Division • 44 E. Downer Place • Aurora, Illinois 60507
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Substantial Amendment 2025-#2 Executive Summary

Substantial Amendment 2025-#2 proposes amendments to the following documents:

- 2018, 2019, 2020, 2021, 2022, 2023, and 2024 *Annual Action Plans*

As an entitlement community, the City of Aurora, Illinois ("City") receives funding from U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant Program (CDBG) and HOME Investment Partnerships Program (HOME and HOME-ARP). In accordance with the City's Citizen Participation Plan and the requirements of HUD, a public hearing will be held at 1:00 p.m. on July 7, 2025, City Hall, 5th Floor Conference Room, 44 E. Downer Place, Aurora, IL 60507 to provide the public an opportunity to comment on new and/or cancelled projects proposed Substantial Amendment 2025-#2.

The Substantial Amendments to the City's AAPs will result in the re/allocation of 2018, 2019, 2020, 2021, 2022, 2023, and 2024 CDBG funds (approximately \$72,000), HOME funds (approximately \$1,525,000) and HOME-ARP funds (approximately \$505,000), and the adjustments needed to ensure the integrity of the City's spending obligations and also further address the City's effort to comply with HUD's regulatory requirements in administering the City's CDBG and HOME-ARP Programs.

Under this Substantial Amendment, the City is also providing its HOME Program Resale and Recapture Policy for review and comment (Attachment A).

Upon closure of the public comment period and receipt of City Council approval, all proposed amended and new activities together with their proposed funding will be entered into the applicable sections within HUD's e-Con Planning Suite Reporting System.

New and/or cancelled projects proposed under Substantial Amendment 2025-#2 are shown on the following tables (proposed are shown as tracked changes):

2021 Annual Action Plan				
Project	Goals Supported	Geographic Areas	Needs Addressed	HOME-ARP Funding
HOME-ARP: Affordable Housing Development	Expand the Affordable Housing Stock	Neighborhood Revitalization Strategy Area - Strategy area City of Aurora - Other	Affordable Housing Homeless Prevention	\$850,000 <u>\$675,000</u>
Description	Funds will be used for activities such as: <ul style="list-style-type: none">• Scattered site acquisition and rehabilitation envisioned for 1-5 unit buildings.• Preferred landlords to primarily serve HOME-ARP qualifying populations.• Tenant selection to focus on Continua of Care coordinated entry process.• Focus on self- sufficiency planning and case management Maximum income, rents limits, and eligibility standards to be defined in policy manual. City staff will solicit funding proposals from its non-profit agencies, landlords, and developers to determine eligible projects supporting the above HOME-ARP activities.			

Target Date for Completion	09/30/2030			
Estimate the number and type of families that will benefit from the proposed activities	TBD			
Location Description	Citywide			
Planned Activities	TBD			
Project	Goals Supported	Geographic Areas	Needs Addressed	HOME-ARP Funding
HOME-ARP: Tenant Based Rental Assistance (TBRA)	Expand the Affordable Housing Stock	Neighborhood Revitalization Strategy Area - Strategy area City of Aurora - Other	Affordable Housing Homeless Prevention	\$235400,000
Description	<p>Funds to be used for activities such as:</p> <ul style="list-style-type: none"> Partnerships to be established with local landlords. Clients to pay 30% of gross income towards rent; 70% paid by TBRA funds. Self-sufficiency plans required to receive HOME-ARP TBRA funds. Maximum income, rents limits, and eligibility standards to be defined in policy manual. <p>City staff solicited funding proposals from its non-profit agencies to determine capacity to administer the TBRA activities.</p>			
Target Date for Completion	09/30/2030			
Estimate the number and type of families that will benefit from the proposed activities	TBD 30 households			
Location Description	Citywide			
Planned Activities	<u>HOME-2021-ARP-08: Hesed House – Tenant Based Rental Assistance (TBRA): \$400,000</u>			
Project	Goals Supported	Geographic Areas	Needs Addressed	HOME-ARP Funding
HOME-ARP: Program Administration	Program Administration (CDBG and HOME)	Neighborhood Revitalization Strategy Area - Strategy area City of Aurora - Other	Affordable Housing Homeless Prevention	\$226,70290, 7973
Description	Funds to be used for staff salaries related to the administration of the HOME-ARP Program.			
Target Date for Completion	09/30/2030			

Estimate the number and type of families that will benefit from the proposed activities	TBD			
Location Description	Citywide			
Planned Activities	Staff program administration costs.			
Project	Goals Supported	Geographic Areas	Needs Addressed	HOME-ARP Funding
HOME-ARP: Program Administration - TBRA/TPA	Program Administration	Neighborhood Revitalization Strategy Area - Strategy area City of Aurora - Other	Affordable Housing Homeless Prevention	\$<u>100,000</u>
Description	<u>HOME-2021-ARP-08: Hesed House TBRA and Tenant Placement Assistance (TPA) Program Admin Costs. (TPA is not funded with federal funding.)</u>			
Target Date for Completion	09/30/2030			
Estimate the number and type of families that will benefit from the proposed activities	TBD			
Location Description	Citywide			
Planned Activities	<u>HOME-2021-ARP-08: Hesed House TBRA and TPA Program Delivery- \$100,000</u>			
Project	Goals Supported	Geographic Areas	Needs Addressed	HOME-ARP Funding
HOME-ARP: Program Administration - Planning	Program Administration	Neighborhood Revitalization Strategy Area - Strategy area City of Aurora - Other	Affordable Housing Homeless Prevention	\$<u>10,000</u>
Description	Contingency funding for planning documents and reporting.			
Target Date for Completion	09/30/2030			
Estimate the number and type of families that will benefit from the proposed activities	TBD			
Location Description	Citywide			
Planned Activities	TBD			

The public is also advised that on May 22, 2025, the City received notification of additional HOME-ARP funds in the amount of \$4,094.00 for a new HOME-ARP Allocation Total of \$2,730,797.00.

In accordance with HUD Notice CPD-21-10 and the City's Citizen Participation Plan for Substantial Amendments, the City is hereby notifying the public of proposed amendments to its HOME-ARP Allocation Plan, which accommodates its increase in HOME-ARP funds and reallocations of existing HOME-ARP funds:

2021 Annual Action Plan (Eighth Substantial Amendment via FY 2025-#2)					
Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2	Expected Amount Available (\$)	Narrative Description
HOME-ARP	public - federal	Supportive Services Acquisition and Development of Non-Congregate Shelters Tenant Based Rental Assistance (TBRA) Development of Affordable Rental Housing Non-Profit Operating Non-Profit Capacity Building Administration and Planning	2,730,797 2,726,703	2,450,110.53 (includes additional HUD HOME-ARP funds and IDIS balance as of 6-20-25)	This is a special 2021 HOME allocation to address the continued impact of the COVID-19 pandemic on the economy, public health, State and local governments, individuals, and businesses. Under the HOME -ARP program, funds were appropriated to address the need for homelessness assistance and supportive services. <u>On May 22, 2025, the City received HUD's notification of a \$4,904.00 increase to the City's HOME-ARP Allocation.</u>

City of Aurora	Funding Amount	Percent of the Grant	Statutory Limit
Supportive Services	\$1,365,000	50%	
Acquisition and Development of Non- Congregate Shelters	\$0	0%	
Tenant Based Rental Assistance (TBRA)	\$235,000 400,000	9% 15%	
Development of Affordable Rental Housing	\$850,000 675,000	31% 25%	
Non-Profit Operating	\$0	0%	5%
Non-Profit Capacity Building	\$0	0%	5%
Administration and Planning	\$276,703 290,797	10% 11%	15%
Total HOME ARP Allocation	\$2,726,703 2,730,797	100%	

2024 Annual Action Plan (Second Substantial Amendment via FY 2025-#2)

Project Name	Housing: HOME-Assisted Affordable Housing Projects
Target Area	City of Aurora
Goals Supported	Expand the Affordable Housing Stock
Needs Addressed	Affordable Housing
Funding	HOME: \$526,471.70 <u>1,551,471.70 (includes 2024 allocation together with prior year funds [\$1,025,000])</u>
Description	Funding will be made available for new affordable housing units, tenant-based rental assistance , and additional resources for homebuyers.
Target Date	12/31/ 2024 <u>2026</u>
Estimate the number and type of families that will benefit from the proposed activities	Low and moderate income households - TBD
Location Description	TBD
Planned Activities	<u>HOME-2025-01: Habitat for Humanity NFV: Green Freedom Development Set-Aside – set aside funds in the amount of \$725,000</u> <u>HOME-2025-04: City of Aurora Choose Aurora Down Payment Assistance Program- \$300,000</u> TBD
Project Name	Housing: Community Housing Development Organization Reserve (CHDO)
Target Area	City of Aurora
Goals Supported	Expand the Affordable Housing Stock
Needs Addressed	Affordable Housing
Funding	HOME: \$105,295 <u>500,000</u>
Description	At least 15% of the annual HOME allocation must be spent towards certified CHDOs. <u>The City will allocate 2022-2024 CHDO funds and HOME EN and Admin funds to establish set aside funds for The Neighbor Project. At such time as the City's 2025 Annual Action Plan is approved, the City intends to replace the set-aside funds with 2025 CHDO Funds for a total not to exceed project amount of \$500,000. Any difference not covered by the CHDO funds will be covered by unexpended HOME EN and Admin funds.</u>
Target Date	12/31/ 2024 <u>2026</u>
Estimate the number and type of families that will benefit from the proposed activities	Low and moderate income households – TBD

Location Description	TBD
Planned Activities	<u>HOME-2025-03: The Neighbor Project - \$500,000</u>
Project Name	Housing: Choose Aurora
Target Area	Neighborhood Revitalization Strategy Area City of Aurora
Goals Supported	Strengthen Homeownership Among LMI Households
Needs Addressed	Affordable Housing
Funding	CDBG: \$50,000 <u>66,626.94</u>
Description	First-time Homebuyer Assistance
Target Date	12/31/ 2024 <u>2026</u>
Estimate the number and type of families that will benefit from the proposed activities	Approximately 12-15 low- and moderate-income households.
Location Description	Citywide
Planned Activities	Program currently offers up to \$3,000 or \$5,000 forgivable loans <u>will offer up to \$5,000 in closing cost grant assistance to income eligible households who receive down payment assistance (deferred loan up to \$19,999) through the City's HOME funded Choose Aurora Program who earn below 80% AMI, with \$3,000+ loans awarded to homebuyers who purchase in the NRSA. The resources help homebuyers with down payment and closing cost assistance</u> to help increase access to homeownership to low- and moderate-income households. The City will continue to implement this program during this FY202 <u>5</u> 4 , and will monitor and augment this program as needed.
Project Name	Community Facilities/Infrastructure/Amenities: Contingency Funds
Target Area	Neighborhood Revitalization Strategy Area City of Aurora
Goals Supported	Enhance and Improve Access to Amenities
Needs Addressed	Sustainability/Community Resiliency
Funding	CDBG: \$12,626.94 <u>0</u>
Description	Set-Aside Public Facility Improvement/Infrastructure/Neighborhood Investment Funds
Target Date	12/31/2024
Estimate the number and type of families that will	The community Goal Outcome Indicator is TBD and currently marked as "0" under "Other." The number will be adjusted when the City allocates funding towards a community amenities project.

benefit from the proposed activities	
Location Description	TBD
Planned Activities	Funds are reserved for future community amenities' activities (existing or new projects). Activities will be approved via the City's minor or substantial amendment process.
Project Name	Program Administration: City of Aurora (HOME)
Target Area	<u>Citywide</u>
Goals Supported	Program Administration (CDBG and HOME)
Needs Addressed	Affordable Housing
Funding	HOME: \$70,196
Description	Up to 10% of HOME funds may be spent on planning and administrative activities.
Target Date	12/31/ 2024 <u>2026</u>
Estimate the number and type of families that will benefit from the proposed activities	Not Applicable
Location Description	44 E. Downer Place, Aurora, IL 60507
Planned Activities	HOME staff Salaries, program management-related expenses <u>Housing Counselor for Choose Aurora Program: The Neighbor Project: \$10,000</u> <u>Housing Counselor Choose Aurora Program: Xilin Association: \$10,000</u>

The following funding adjustments will be made to accommodate the above referenced Amendment 2025-#2 activities under the City's 2018, 2019, 2020, 2021, 2022, 2023, and 2024 Annual Action Plans and to also allow the City to expend its funds in a timely manner.

Proposed Amended HOME-ARP Activity	Original/ Amended Funding Allocation (\$)	Substantial Amendment 2025-2 Recommended Re/Allocation Amount (\$)	HOME-ARP Program Year Funding Source(s)	Project Reallocation Comments
Tenant Based Rental Assistance	235,000	-235,000	2021	Unallocated Funds
Affordable Housing Development	850,000	-175,000	2021	Unallocated Funds
Program Administration - Planning	10,000	-10,000	2021	Unallocated Funds

Program Administration (number is approximate)*	82,000	-80,000	2021	Unallocated Funds
Amended HUD Allocation - Unallocated	4,094	-4,094	2021	Unallocated Funds
HOME-ARP Deobligated Funds		-504,094		
Proposed Amended/New HOME-ARP Activity	Original Funding Allocation (\$)	Substantial Amendment 2025-2 Recommended Re/Allocation Amount (\$)	HOME-ARP Program Year Funding Source	Project Reallocation Comments
Program Administration	226,703.00	4,094	2021	Funds to be used for City program administration activities
HOME-2021-ARP-08: Hesed House -TBRA	NA	400,000	2021	Funds will be used for Tenant-Based Rental Assistance (TBRA) activities including establishing partnerships with local landlords, clients paying 30% of their gross income towards rent with 70% covered by TBRA funds, and requiring self-sufficiency plans to receive HOME-ARP TBRA funds.
HOME-2021-ARP-08: Hesed House -TBRA-TPA Program Administration	NA	100,000	2021	Program Administration Funds to be used for TBRA and TPA Project Delivery
HOME-ARP (Re)Allocation Total		504,094		

Proposed Amended CDBG Activity	Original/ Amended Funding Allocation	Substantial Amendment 2025- #2 Recommended Re/Allocation Amount	HOME Program Year Funding Source(s)	Project Reallocation Comments*
Choose Aurora Down Payment Assistance	4,000	-4,000	2023	Unexpended funds
Choose Aurora Down Payment Assistance	50,000	0	2024	Scope of project activity change.
2024 Community Amenities Set-Aside	12,626.94	-12,626.94	2024	
CDBG DEOBLIGATED FUNDS		- 16,626.94		

Proposed Amended/New CDBG Activity	Original Funding Allocation (\$)	Substantial Amendment 2025-#2 Recommended Re/Allocation Amount (\$)	HOME	Project Reallocation Comments*
City of Aurora Choose Aurora – Closing Costs	50,000	66,626.94	2023-2024	Grant funds (up to \$5,000 per household) to be used for closing costs for HOME Choose Aurora Program Participants.
CDBG (Re)Allocation Total		66,626.94		

Proposed Amended HOME Activity	Original/ Amended Funding Allocation	Substantial Amendment 2025-2 Recommended Re/Allocation Amount	HOME Program Year Funding Source(s)	Project Reallocation Comments*
2018-2024 Program Administration	162,384.23	-162,384.23	2018-2024	Unexpended funds
2019-2023 Direct Project Activity Funds	1,301,840.73	-950,886.93	2019-2023	Unexpended funds
2022-2024 CHDO	279,728.84	-279,728.84	2020-2023	Unexpended funds
CHAD – CHDO	132,000	-132,000	2024	Unexpended funds
HOME DEOBLIGATED FUNDS		-1,525,000.00		

Proposed Amended/New HOME Activity	Original Funding Allocation (\$)	Substantial Amendment 2025-#2 Recommended Re/Allocation Amount (\$)	HOME	Project Reallocation Comments*
City of Aurora Choose Aurora	NA	300,000	2020-2024	Funds to be used for down payment assistance in the form of deferred loans up to \$19,999 per household.
HOME-2025-01 Habitat for Humanity NFV: Green Freedom Development Set-Aside	NA	725,000	2020-2024	Green Freedom Development set-aside funds for homeownership affordable development.
HOME-2025-03: The Neighbor Project: CHDO Set-Aside	NA	\$500,000	2022-2025	CHDO Set-Aside set-aside funds for rental housing affordable development.
CDBG (Re)Allocation Total		1,525,000		

Citizen Participation Timeline

All public hearing and meeting dates are subject to change.

- **June 22, 2025:** Public hearing notice for Substantial Amendment 2025-#2 published in *The Beacon News*
- **June 23, 2025:** Public hearing notice for Substantial Amendment 2025-#2 posted on the City's website and distributed to libraries. Public Comment Period Opens
- **July 1, 2025:** Substantial Amendment 2025-#2 Block Grant Working Committee Review at 4:00 p.m.
- **July 7, 2025:** Substantial Amendment 2025-#2 Public Hearing at 1:00 p.m.
- **July 8, 2025:** Substantial Amendment 2025-#2 Public Health, Safety and Transportation Committee Review at 4:00 p.m.
- **July 15, 2025:** Substantial Amendment 2025-#2 Committee of the Whole Review at 5:00 p.m.
- **July 22, 2025:** Substantial Amendment 2025-#2 Public Comment Period closes at 4:00 p.m.
- **July 22, 2025:** Substantial Amendment 2025-#2 City Council Review and Approval at 6:00 p.m.
- **July 31, 2025** (on or around): Substantial Amendment 2025-#2 submitted to HUD

Public Notice, Comments, and City of Aurora Responses

Following the close of the public comment period and receipt of City Council approval, all of the above-referenced Consolidated Plan/Annual Action Plan activities and re/allocations will be formally submitted to HUD for approval (via the applicable narrative and tables within their respective reports such as but not limited to the Executive Summary, PR-15, PR-10, AP-12, AP-15, AP-20, AP-38, AP-55).

Public Comments and City of Aurora Responses

Any comments and the City's response(s) will be included in the City's report submittals to HUD upon the conclusion of the public comment period.

To date, the City has not received any comments.

This document will serve as the City's Substantial Amendment submittal to HUD for the following federal resources:

The HOME Investment Partnerships American Rescue Plan Program (HOME-ARP) is a special 2021 allocation that was appropriated under Section 3205 of the American Rescue Plan Act of 2021 (P.L. 117-2) ("ARP") for the HOME Program to provide homelessness assistance and supportive services.

The HOME Investment Partnerships (HOME) is to be used for the provision of decent, affordable housing for low income individuals. The CDD anticipates receiving approximately \$500,000 each year.

The Community Development Block Grant (CDBG) is Aurora's most flexible funding resource and can be used for housing and non-housing activities, including those that revitalize neighborhoods, promote economic development, improve community facilities/infrastructure, and provide public services, all of which must benefit the City's low- and moderate-income residents. The CDD anticipates receiving approximately \$1.2 million each year.

ATTACHMENT A

DRAFT HOME RESALE AND RECAPTURE POLICY

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City of Aurora – Resale and Recapture Guidelines for HOME Investment Partnership Program – Homeownership Activities

Drafted: March 19, 2025

The City of Aurora will use HOME Investment Partnership Program funds to provide housing for low income persons. A low income household is defined as a household that has an annual gross income that does not exceed 80 percent of area median income. The forms of funding used to assist homebuyers and/or developers may include: down payment assistance, development subsidies, direct loans as second mortgages, or some combination of these methods. The City of Aurora will use the recapture method of insuring affordability for all homebuyers receiving direct assistance. The City of Aurora will use the resale provision of insuring affordability for for-sale housing where the homebuyer does not receive direct assistance. Only one method shall be utilized for each project, the recapture method is only allowed when there is direct HOME assistance to the homebuyer; resale provisions must be used when there is only a development subsidy provided to the project. Development subsidy is defined as the difference between the total development cost of producing the unit and the fair market value of the property.

A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 24 CFR 92.254, is as follows:

Under the resale guideline option, HUD’s regulations at 24 CFR 92.254 must be followed when a HOME-assisted unit is transferred during the HOME Program’s period of affordability. The regulations require that the property is transferred to another low-income homebuyer; the original homebuyer receives a “fair return” on investment (as defined below); and the property is transferred (or sold) at a price that is “affordable to a reasonable range of low-income buyers” (as defined below).

Fair return on investment definition –

Net proceeds from the sale must provide the original homebuyer, now the home seller, a “fair return” on his/her investment. The City of Aurora will allow all net proceeds, less all liens recorded against the property including the City deferred mortgage and/or down payment assistance, to be returned to the seller.

Affordable to a reasonable range of low-income buyers –

To ensure that a HOME-assisted unit is transferred at a price that is “reasonable to a range of low-income buyers” the City will target properties at a price that is affordable to households earning between 50-80% of area median income. A certified appraisal can be used to determine the market value of the home. City staff on a case by case basis can approve the sale of a property if the sales price is within 10% of the appraisal. The homeowner at their own expense can pay for a 2nd appraisal if they are not in agreement with the results of the original appraisal.

The tables below outlines the ratios and factors for determining affordability.

Table 1 – Affordability Ratios and Factors

Criteria	Choose Aurora Homebuyer Assistance Forgivable Loan Program
Appropriateness of Amount of Assistance	In accordance with above stated ratio policy, subsidy will not be given that allows a homebuyer to have a total housing expenses to income ratio less than 25% or more than 35%.
Monthly Expenses of Household	<p>Cannot exceed 43% of income. The monthly expenses of the household may be determined by the senior lender's UUTS or the City of Aurora's financial underwriting. Housing ratio cannot exceed 35% (or go lower than 25% per above policy).</p> <p>The Housing ratio may be determined by the senior lender's UUTS or the City of Aurora's financial underwriting. The City of Aurora can, on a case by case basis, rely on the Compensating Factors as supplied in the HUD 4000.1 handbook to approve homebuyers that do not fit in the guidelines as stated above. These Compensating factors can be found in Appendix Item 1 and can be updated when new information is released from time to time.</p>
Assets Available for the Acquisition	Homebuyer must have at least \$1,000 of their own funds invested in the transaction. Borrowers' liquid assets after closing may not exceed \$25,000. Gift limits cannot exceed \$20,000 within 3 months of the scheduled closing date.
Financial Resources to Sustain Homeownership	Borrowers must have one month of monthly expenses of household in reserve at closing after closing costs are subtracted from available funds. Borrower may also need additional reserves if required by primary lender.
Responsible Lending	Must choose a 30-year fixed-rate FHA or conventional mortgage. The interest rate (with no points) cannot be more than two percentage points above the 30-year fixed rate for the Illinois Housing Development Authority's first-time homebuyer program.

Table 2 – Compensating Factors

Lowest Minimum Decision Credit Score	Maximum Qualifying Ratios (%)	Acceptable Compensating Factors
500-579 or No Credit Score	31/43	Not applicable. Borrowers with Minimum Decision Credit Scores below 580, or with no credit score may not exceed 31/43 ratios. Energy Efficient Homes may have stretch ratios of 33/45.
580 and above	31/43	No compensating factors required. Energy Efficient Homes may have stretch ratios of 33/45.
580 and above	37/47	One of the following: <ul style="list-style-type: none"> • verified and documented cash Reserves; • minimal increase in housing payment; or • residual income.
580 and above	40/40	No discretionary debt.
580 and above	40/50	Two of the following: <ul style="list-style-type: none"> • verified and documented cash Reserves; • minimal increase in housing payment; • significant additional income not reflected in Effective Income; and/or • residual income.

Image: Compensating factors for debt ratios in manual underwriting. Source: HUD Handbook 4000.1

*Revisited: HUD Handbook 4000.1 was revised 11/09/2021 on June 6, 2022

-**An Energy Efficient Home** is defined as a home with significant energy efficient components such as solar panels, windows, appliances, and heating and cooling improvements. The Neighborhood Redevelopment Division will utilize the Home Energy Score Report to determine if a home meets the requirements of an Energy Efficient Home.

-**Verified and documented cash reserves** are liquid assets that will be available after a home is purchased. Cash reserves must be equal to or exceed three months of monthly expenses of household and are less than \$25,000.

-**A minimal increase in housing payment** is defined as an increase no larger than 10% of the current housing cost the applicant is paying per month. If utilities, association costs, or other fees are included in either the current housing costs or projected housing cost, the Community Development Division will make a final determination.

Recapture Provisions – 92.254(a)(5)(ii)

Subject to recapture are HOME funds that are invested in a HOME assisted unit as a direct subsidy to the homebuyer. This includes down payment assistance and second mortgages that finance the difference between fair market value and the homebuyer's first mortgage. The minimum length of affordability is as follows based on the total direct HOME assistance to the homebuyer:

Affordability Requirements for the HOME Program Pre-Final Rule (April 20th, 2025)

Direct Homeownership Assistance HOME Amount Per Unit	Minimum Period of Affordability
Under \$15,000	5 Years
\$15,000 - \$40,000	10 Years
Over \$40,000	15 Years
New Construction	20 Years

Affordability Requirements for the HOME Program Post-Final Rule (April 20th, 2025)

Direct Homeownership Assistance HOME Amount Per Unit	Minimum Period of Affordability
Under \$25,000	5 Years
\$25,000 - \$50,000	10 Years
Over \$50,000	15 Years
New Construction	20 Years

The recapture provisions are as follows:

- The Affordability Period shall be based on the total direct HOME subsidy to the homebuyer and does not take into account a development subsidy provided on the unit.
- Activity Types - HOME funds as direct buyer assistance may be provided for new construction or acquisition/rehab/resale projects as a direct subsidy as a deferred second mortgage that reduces the need for buyer equity or senior debt financing.
- The buyer must be purchasing the home to use as a principal residence. In other words, the buyer must intend to live in the home for the entire affordability period and not purchasing the home for any other purpose, such as investment or rental property. Should the buyer vacate the home before the affordability period has elapsed, 100% of the direct buyer assistance will be due. The City reserves the right to review buyer situations on a case by case basis.
- Enforcement Mechanisms - Recapture provisions shall be detailed within each written Home Investment Partnership Agreement between the City of Aurora and the Subrecipient or Developer as well as within each written Homebuyer Agreement between the homebuyer and The City of Aurora and enforced through a zero-interest, deferred

payment mortgage on the property, filed with the proper County Recorder's Office where the property is located and also enforced through a Homebuyer Agreement that runs for the entire term of the affordability period. The deferred loan term will continue after the completion of the required affordability period, with the loan not due until the home is sold, the title is transferred, or the household no longer occupies the home as their primary residence. The full amount of the loan will be due at that time, out of net proceeds. For projects including new construction and for sale acquisition rehabilitation programs, the HOME assisted property owners will be required to maintain property insurance coverage in an amount sufficient to cover the amount of HOME assistance and list the City of Aurora as an additional insured during the period of affordability. Monitoring of insurance policies will assist in identifying properties that are no longer occupied by the assisted buyer.

- Methods- The recapture option allows the City of Aurora to recapture all or a portion of the HOME subsidy if the property is sold or transferred during the affordability period. All HOME assisted property sales under the recapture option shall meet the following criteria:
 1. The homebuyer may sell the property to any willing buyer.
 2. The transfer of the property during the period of affordability triggers repayment of the direct HOME subsidy to the City of Aurora in accordance with the promissory note the buyer entered into with the City of Aurora when he/she originally purchased the home.

In the event of recapture, the amount subject to recapture is as follows and will be further detailed within a promissory note signed by the buyer and by an agreement with the homebuyer that runs for the entire affordability period:

1. Direct loans as a deferred second mortgage that reduces the need for buyer equity or senior debt financing are deferred until the property is sold, title is transferred or the buyer ceases to occupy the property as their principal residence, then the loan is due in full.

The amount of recapture is subject to the availability of net proceeds available from the sale of the property. Net proceeds is defined as the sales price minus superior loan repayment (other than HOME funds) and any other closing costs. This recapture is subject to the limitation that when the recapture requirement is triggered by a sale (voluntary or involuntary, and also including foreclosure or deed in lieu of foreclosure) of the housing unit, and there are no net proceeds or the net proceeds are insufficient to repay the HOME investment due, the City of Aurora can only recapture the net proceeds, if any.

If the property is no longer occupied during the affordability period by the HOME-eligible household that originally purchased the property, the entire amount of the HOME investment becomes due. The buyer, so long as any sums remain unpaid to the City of Aurora and/or the period of affordability is still in effect, whichever is longer, must personally occupy the premises as his/her sole principal residence. Any lease or rental of subject premises even after the

expiration of the affordability period shall constitute an event of non-compliance and the full loan amount shall become due and payable immediately.

- Mortgage Release – Upon receipt of recaptured funds, the City of Aurora will record a Release Deed with the proper County Recorder's Office to release to original HOME assisted property.
- Repayments – Repayment of recaptured funds will be deposited in the HOME account and used for other HOME-eligible activities.

Resale Provisions – (92.254(a)(5)(i))

Under the resale guideline option, HUD’s regulations at 24(CFR)92.254 must be followed when a HOME-assisted unit is transferred during the HOME Program’s period of affordability. The regulations require that the property is transferred to another low-income homebuyer; the original homebuyer receives a “fair return” on investment (as defined below); and the property is transferred (or sold) at a price that is “affordable to a reasonable range of low-income buyers” (as defined below). The minimum length of affordability is as follows based on the total HOME subsidy to the property:

Affordability Requirements for the HOME Program Pre-Final Rule (April 20th, 2025)

Direct Homeownership Assistance HOME Amount Per Unit	Minimum Period of Affordability
Under \$15,000	5 Years
\$15,000 - \$40,000	10 Years
Over \$40,000	15 Years
New Construction	20 Years

Affordability Requirements for the HOME Program Post-Final Rule (April 20th, 2025)

Direct Homeownership Assistance HOME Amount Per Unit	Minimum Period of Affordability
Under \$25,000	5 Years
\$25,000 - \$50,000	10 Years
Over \$50,000	15 Years
New Construction	20 Years

The resale provisions are as follows:

- The affordability period is based on the total amount of HOME funds invested in the housing including down payment assistance, direct loans as second mortgages, the difference between fair market value at the time of sale and sales price and development subsidies.
- Contract Price – The contract price for resale cannot vary more than 10% either above or below the value determined from a certified appraiser. The seller or buyer may request a second appraisal, but the negotiated price may not exceed the highest of the two

completed appraisals or the lower of the two completed appraisals. The City of Aurora may approve a sales price that does not fit the definition above on a case by case basis.

- Activity Types – Resale provisions for Homeownership shall be used when there is no direct assistance provided to the homebuyer or in a market where it is questionable that the unit will maintain affordability on its own. City of Aurora HOME assisted activities which may use Resale provisions include Single Family New Construction or Acquisition/Rehabilitation/Resale activities.
- Principal Residency – The buyer must be purchasing the home to use as their sole principal residence. In other words, the buyer must intend to live in the home for the entire affordability period and not for any other purpose, such as investment or rental property.
- Enforcement Mechanisms – Resale requirements shall be detailed within each program written Homebuyer Agreement between the homebuyer and City of Aurora and enforced through a Regulatory and Land Use Restriction Agreement filed with the proper County Recorder's Office where the property is located and the requirements within shall be triggered upon sale or transfer of the HOME assisted property. For homebuyer projects including new construction and acquisition/rehabilitation/resale programs, the HOME assisted property owners will be required to maintain property insurance coverage in an amount sufficient to cover the amount of HOME assistance and list the City of Aurora as an additional insured during the Period of Affordability. Monitoring of insurance policies will assist in identifying properties that are no longer occupied by the assisted buyer. In the event of non-compliance, the full loan amount shall become due and payable immediately.
- Methods – The resale option ensures that the HOME assisted unit remains affordable over the entire period of affordability. Resale provisions must be used where there is no direct assistance to the homebuyer which may include down payment assistance, direct loans as second mortgages, the difference between fair market value at the time of sale and sales price. All designated HOME-assisted property sales or transfers under the resale provision during the period of affordability shall meet the following criteria:
 1. The new purchaser must meet the criteria of low income, defined as having annual household income at or below 80% of the area median income (as defined by HUD) for the Chicago-Joliet-Naperville, IL HUD Metro FMR Area, and occupy the property as the family's principal residence.
 2. The sales price must be "affordable" to a reasonable range of low income buyers based on their income and underwriting. Affordability is further defined in Table 1 above. To ensure affordability in the event that the sales price exceeds what is affordable to its target population of homebuyers the City of Aurora can provide direct assistance to the subsequent income-eligible buyer.

3. The housing purchase price may not exceed 95 percent of the median purchase price for the type of housing for the area as determined and published by the U.S. Department of Housing and Urban Development (HUD) from time to time. The City of Aurora also reserves the right to determine the 95 percent limit following HUD approved methodology, with such newly determined limits to be approved by HUD.
4. Net proceeds from the sale must provide the original homebuyer, now the home seller, a “fair return” on his/her investment. The City of Aurora will allow all net proceeds, less all liens recorded against the property including the City deferred mortgage and/or down payment assistance, to be returned to the seller.
- Resale Provision Release – Upon completion of the affordability period, The City of Aurora will file a release of the Regulatory and Land Use Restrictions Agreement document filed with the proper County Recorder's Office to release the original HOME assisted property from the obligations of the affordability period. The deferred loan term will continue, with the loan not due until the home is sold, the title is transferred, or the household no longer occupies the home as their primary residence. The full amount of the loan will be due at that time, out of net proceeds.