




2015

Hardest Hit Fund: Blight Reduction Program

Program Guide



Chapter 1 – Program Overview

1.1 IHDA

The Illinois Housing Development Authority (“IHDA”) is a self-supporting state agency that finances the creation and the preservation of affordable housing throughout Illinois to increase the supply of decent and safe places for people of low or moderate means to live. IHDA accomplishes its mission as a bonding authority and independently sells bonds, based on its own good credit, and finances affordable housing in Illinois through the administration of a number of federal and state funding resources on behalf of the state. Since its creation in 1967, IHDA has allocated more than \$14.6 billion and financed more than 245,000 affordable units across the state.

1.2 Hardest Hit Funds

Through an expansion to the Toxic Asset Relief Program (TARP), the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Market was created. The U.S. Department of the Treasury established the Hardest Hit Fund Program in February 2010 to provide targeted aid to families in states hit hard by the economic and housing market downturn. Eighteen states and the District of Columbia were approved to receive program funds used to develop foreclosure prevention programs that aim to assist at-risk homeowners. Illinois was approved to receive \$445,603,557. IHDA, as the State housing finance agency, was selected to administer these funds.

IHDA has created four unique Hardest Hit Funds (“HHF”) programs. The HHF Homeowner Emergency Loan Program provides temporary mortgage payment assistance to households that are struggling with income loss while continuing to work in hopes of regaining sufficient income to keep their home. The HHF Home Preservation Program provides funding toward principal reduction to facilitate a modification for employed homeowners who are not otherwise eligible for assistance under the federal Making Home Affordable programs. Specific Illinois lenders participate in this program and apply for assistance on behalf of borrowers requesting a modification for loans they service and own. The HHF Mortgage Resolution Fund Program works to purchase pools of delinquent mortgages at a discounted rate and invests in long-term solutions for each property either to maintain ownership or to recycle the property into the housing market. The following program guide focuses on the fourth program, HHF Blight Reduction Program that aims to decrease preventable foreclosures and stabilize neighborhoods, support partnerships between Illinois Unit of Local Government and their Not-For-Profit Partners, and provide funding to target blighted, vacant, residential properties in specific communities (“BRP Target Area”) for demolition, greening, and eventual reuse, repurpose and/or redevelopment (“Revitalization”).

1.3 Blighted Property Problems

Vacant and abandoned blighted residential properties have a large variety of negative effects on communities. Abandoned properties can create a danger to residents of the community creating the possibility for fires, squatters, and illegal activity. Blighted properties are also often littered with garbage and other debris which create safety and environmental concerns. Consequently, the surrounding properties experience a decline in value as the property condition and illegal activity worsens. Similar to foreclosed properties, blighted properties suppress new construction efforts, home sales, and even refinancing efforts leading to additional abandonment and blight. Even communities with economic improvement plans or revitalization plans may have these efforts stifled by blighted properties. Demolition is a critical component of strategies to stabilize home values.

1.4 HHF-Blight Reduction Program Purpose

The HHF-Blight Reduction Program (“BRP” or “Program”) strategically targets residential areas with blighted residential properties in need of demolition and greening. These funds will help Units of Local Government who struggle to find sufficient funding to address blight and demolition concerns damaging their community. BRP aims to decrease preventable foreclosures and stabilize neighborhoods, support partnerships between Illinois Units of Local Government and their Not-For-Profit Partners, and provide funding to target blighted, vacant, residential properties in specific communities (“BRP Target Area”) for Revitalization.

1.5 Eligible Applicants/Partners

Applicants are required to be a Unit of Local Government in Illinois such as cities, municipalities, or counties (“Applicants”) that struggle with sufficient funding to address blight and demolition concerns damaging their community. Applicants must partner with a not-for-profit developer or agency (“Not-For-Profit Partner”) with demonstrated experience applicable to demolition and greening of residential properties. This partnership between the Applicant and Not-For-Profit Partner will ensure effective use of the BRP dollars to reduce foreclosures and stimulate revitalization efforts at the Unit level while incorporating municipal and non-profit interests.

1.6 Eligible Costs/Activities

Per Unit assistance: \$35,000 (per Unit maximum) which may include the following on a per Unit basis (if applicable):

- Acquisition (purchase price, lien extinguishment, legal costs)
- Closing costs (if applicable, i.e., title, recording and transfer fees)
- Demolition
- Lot treatment/greening
- Maintenance (\$3,000 per unit)
- Administrative expenses (\$1,750 per unit)

BRP funds will reimburse the costs incurred by Applicants and their Not-For-Profit Partner at the Unit level. (Maintenance and Administration expenses are fixed costs and front funded at closing.)

1.7 Units

Properties assisted with BRP funds can be sourced from existing municipal inventory, a tax foreclosure list, be purchased, donated, or conveyed through condemnation or other means.

Eligible Properties

- 1-4 unit residential properties in the State of Illinois
- Properties deemed blighted and in need of demolition by the municipality
- Manufactured home taxed as real property with a foundation and no hitch or wheels
- Properties within census tracts of the proposed BRP Target Area
- Properties may have garages, outbuilding, and/or sheds (demolition/removal of these buildings is an eligible cost)

Ineligible Properties

- Residential properties knowingly occupied by legal or non-legal resident(s)
- Properties that have been demolished prior to BRP application approval

- Individual properties surrounded by non-residential land uses
- Historically registered properties
- Commercial, industrial, or agricultural properties
- Properties in adequate and safe condition to be currently occupied, as deemed by the municipality
- Properties that can be repaired, rehabbed, for minimal cost as deemed by the municipality
- Mixed use properties with a residential unit component

1.8 General Steps of BRP

1. IHDA posts a Request for Application (“RFA”) based on available funds.
2. Municipalities and counties (“Applicants”) respond to the RFA. Applicants must include a Not-For-Profit Partner able to:
 - a. Hold legal title
 - b. Have an enforceable lien applied
 - c. Meet the loan agreement obligations during the three (3) year recapture period.
3. IHDA reviews and scores the RFA submissions.
4. IHDA takes recommended participants before the IHDA Loan Committee and Members of the Board for approval.
5. Approval is indicated through a Conditional Commitment Letter and a Tri-Party Agreement (the agreement will include IHDA, Applicant, and the Not-For-Profit Partner).
6. Implementation training is offered to the awarded Applicants and their Not-for-Profit Partners covering the payment request/submission process and addressing guidelines covered in the commitment letter.
7. The Applicant coordinates all required pre-demolition inspections and permitting at the Unit level.
8. Before demolition and greening work are started, Applicant must transfer clear title and debt (based on eligible uses of funds) to the Not-For-Profit Partner and fund the Eligible Uses with a loan to the Not-For-Profit Partner with an instrument of debt.
9. Demolition and greening work proceed and is overseen by the Not-For-Profit Partner or Applicant.
10. After the work is complete, the Not-For-Profit Partner will submit all contracts/subcontracts, itemized costs, all receipts, and billing reports to BRP program staff.
11. BRP program staff reviews funding documentation from Not-For-Profit Partner and upon approval schedules a closing at their selected title company where loan documents are executed by the Not-For-Profit Partner and funds disbursed.
12. Not-For-Profit Partner uses the loan proceeds (BRP funds) to pay for/reimburse eligible costs. The Not-For-Profit Partner disburses funds to reimburse those parties who performed the eligible

uses, who may include the Applicant, other municipality/county entities, contractors, subcontractors, the Not-For-Profit Partner, etc.

13. Not-For-Profit Partner and/or Applicant then uses the maintenance and administrative funds provided at closing to pay for the maintenance and administration of the Unit through the three (3) year recapture period including any interim use or until the Unit is returned to reuse/redevelopment/resale of the Unit.

1.9 Funding Availability and Allocation of Funds

For Round 1, Applicants are able to request up to \$35,000 maximum per unit under the Program, with an aggregate request of no less than \$250,000. They must submit a minimum of 10 properties and 5 alternate properties in their application. IHDA deems it in the best interest of the Program to allow for the substitution of properties under certain circumstances as described in Section 9.9 of the Program Guide.

In Round 1, \$5,390,000 was awarded to Applicants for the acquisition, strategic removal, and greening of vacant and blighted residential properties of 1-4 units throughout Illinois.

1.10 Contact Information

Questions concerning the Blight Reduction Program should be directed to hhfbrpinfo@ihda.org.

Chapter 2 – US Treasury Term Sheet

SERVICE SCHEDULE B-4
Illinois Housing Development Authority
Hardest Hit Fund Blight Reduction Program (BRP)

Summary Guidelines

<p>1. Program Overview</p>	<p>The purpose of the Hardest Hit Fund Blight Reduction Program (“BRP”) is to decrease preventable foreclosures and stabilize neighborhoods by strategically targeting those residential areas with vacant and abandoned blighted residential properties in need of demolition and greening. The Illinois Housing Development Authority (“IHDA”) will work with units of government and their not-for-profit partner(s) within the state of Illinois to implement the program.</p>
<p>2. Program Goal</p>	<p>The goal of BRP is to decrease preventable foreclosures through neighborhood stabilization achieved through the demolition and greening of vacant, abandoned, and blighted residential properties throughout Illinois. Such vacant, abandoned, and blighted residential properties will be returned to use through a process overseen by approved units of government and their not-for-profit partner(s).</p> <p>IHDA will work with units of government and their not-for-profit partner(s) to identify and track meaningful indicators of program effectiveness throughout the life of the program.</p>
<p>3. Target Population / Areas</p>	<p>BRP activity will be limited to targeted areas that are approved by IHDA. All activity must be part of a comprehensive local strategy to stabilize home values and prevent foreclosures. IHDA guidelines will ensure that demolition and greening have a positive effect on preserving existing neighborhoods.</p>
<p>4. Program Allocation (Excluding Administrative Expenses)</p>	<p>Program allocation amount on file with Treasury</p>
<p>5. Property Eligibility Criteria</p>	<p>IHDA will determine property eligibility per program guidelines.</p> <p>1-4 unit residential properties, that are located in Illinois:</p> <ul style="list-style-type: none"> • determined to be vacant and abandoned, and • qualify for lawful demolition.

<p>6. Ownership/Loan Eligibility Criteria</p>	<p>Title to the property must be held by the applicable not-for-profit partner such that: (i) the loan can be modified or extinguished and (ii) an enforceable lien can be placed on the property.</p>
<p>7. Program Exclusions</p>	<p>BRP funds cannot be used for the rehabilitation of existing residential structures, commercial structures, or properties listed on a national, state, or local historic register.</p>
<p>8. Structure of Assistance</p>	<p>IHDA will determine project sites in direct consultation with the applicable not-for-profit partners.</p> <p>The applicable not-for-profit partners will be responsible for acquisition of the property (if necessary), demolition work and on-going property maintenance.</p> <p>Units of government and their not-for-profit partner(s) must submit in their application to IHDA for BRP funds, information including, but not limited to, the following:</p> <ul style="list-style-type: none"> • A full and complete list of all properties the applicant seeks to make eligible; • Property ownership and/or acquisition information; • Pre-demolition inspection information, including, but not limited to any third party environmental inspection reports; • The post-demolition goal for each property; • Cost estimates and/or evidence of the expenditures on a per property basis including, but not limited to: (i) all eligible activities required to bring the property into compliance with program guidelines, (ii) removal of all debris, (iii) backfill of basements or cellars, and (iv) any necessary environmental remediation required by law; and • Any other miscellaneous information identified regarding the property (e.g., hazards, adverse findings, easements...etc.) <p>Upon receipt of appropriate documentation confirming the completion of BRP activities, IHDA will provide Hardest Hit funding to the applicable partner after execution of a secured lien mortgage and note in favor of IHDA. The lien will be recorded in the public records and releases will be conducted by IHDA.</p> <p>The secured lien and notes will be structured as zero percent, non-amortizing loans, secured by a lien on the property. Loans will</p>

	<p>expire three years after their origination date (“Expiration Date”). Prior to the Expiration Date, loans will be forgiven at a rate of 33.3% per annum as long as covenants are met.</p> <p>In most cases, the outstanding loan balance will become due and payable if the property is sold, its title transferred, or it is used for an unauthorized purpose prior to the Expiration Date. However, in certain cases, special considerations may be made by IHDA to release or subordinate its lien prior to the Expiration Date based upon the merit of the request and the proposed positive impact to the community as set forth in the program guidelines. The method for calculating the outstanding balance will be determined based upon the time and method of transfer. The outstanding balance may include any and all net sale proceeds and/ or the full principal balance of the loan.</p> <p>Prior to the Expiration Date, all proceeds will be due and payable to IHDA. All proceeds returned to the IHDA from the BRP may be recycled until December 31, 2017; thereafter, the funds must be returned to Treasury.</p>
<p>9. Per Property Assistance</p>	<p>\$35,000 (per unit maximum) which may include the following on a per unit basis (if applicable):</p> <ul style="list-style-type: none"> • Acquisition (purchase price, lien extinguishment, legal costs) • Closing costs (if applicable, <i>i.e.</i>, title, recording and transfer fees) • Demolition • Lot treatment/greening • Maintenance (\$3,000 flat fee) • Administrative expenses (\$1,750)
<p>10. Duration of Assistance</p>	<p>One time assistance per property.</p>
<p>11. Estimated Number of Properties</p>	<p>Approximately 150. Program will be expanded if successful and funds are available.</p>
<p>12. Program Inception / Duration</p>	<p>The program is expected to launch in the Summer of 2015.</p>
<p>13. Program Interactions with Other HFA Programs</p>	<p>BRP will complement existing efforts of Illinois’ Abandoned Properties Residential Property Municipality Relief Fund.</p>

14. Program Interactions with HAMP	None
15. Program Leverage with Other Financial Resources	None
16. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Chapter 3 – Unit of Local Government and Not- for-Profit Partner Considerations

Blight Reduction Program - Units of Local Government Considerations

3.1 Applicant Capacity

- Does the Unit of Local Government have any plans or initiatives to revitalize a certain residential area?
- Within that area, are there properties identified that are stifling redevelopment or neighborhood improvement?
- Would the Unit of Local Government be capable of clearing liens against proposed properties?
- Would the Unit of Local Government be capable of expediting the permitting and inspections process in order to get BRP properties ready for demo?
- Would the Unit of Local Government want to take the lead on the demo work, greening work, 3-year maintenance, etc.? Would the Unit of Local Government want control of the Unit after the 3-year recapture period was complete if the Unit is not redeveloped in that timeline?
- Has the Unit of Local Government done demolition work in a successful manner in the last few years? What were the costs incurred to the Unit of Local Government ? Is there more need than funding to do demolitions in the community?

3.2 BRP Target Area Planning

- What areas are in transition and have blighted properties holding back revitalization?
- Where were foreclosures congregated over the last few years?
- Where have you already targeted demolition work?
- Are there any partners or resources already established in this area that make sense to leverage?
- Is there a long-term vision or community anchor in this area that work to realize redevelopment?

3.3 Property Level Planning

- What formal determination has been made for certain properties that are blighted and in need of demo?
- Who owns the property and what are the delinquent taxes and delinquent utilities (i.e., water liens)?
- How does the property's location fit with the surrounding land uses?
- What is immediately adjacent to the property?

3.4 Partnership Planning

- Do you have an existing agreement, MOU, contract with a Not-For-Profit Developer or agency to do similar work like construction, property management, demolition, rehab, etc.? Would you want to extend your existing contract to encompass this program?
- What potential Not-For-Profit Partner is rooted in the community that you are proposing as a BRP Target Area? Are there any Not-For-Profit Developer or agencies doing work there now? Are there NSP or CDBG related funding projects?
- What kind of Instrument of Debt would the Unit of Local Government like to create to transfer properties to the Not-For-Profit Partner?

Not-For-Profit Partner Considerations

3.5 Agency Capacity

- Has the agency done any demo, construction, rehab, property management work in the past that could apply to BRP?
- Has the agency worked with any governmentally funded programs in the past that required compliance and ongoing reporting?
- Would it be acceptable within the agency to expand the mission and work performed to include something like property management and possibly managing contractors?
- Does the agency have roots and investment in the community proposed as the BRP Target Area?
- Has the agency identified properties that are in need of demolition due to safety, impact on neighborhood, impact on redevelopment that the city is not addressing?

3.6 Partnership Planning

- Does the agency have any formal agreement in place with the Unit of Local Government that may cover BRP or be amended to include BRP?
- Has the agency worked with the Applicant Unit of Local Government before? How did that go? Does the agency see the Unit of Local Government as a partner that can help make this program effective?
- Would the agency accept that the Unit of Local Government would direct much of the process? The process includes selection of properties, possibly the demolition and greening work, and possibly the maintenance work as well. How would the partner like to split the roles after the title is transferred to the Not-For-Profit?

Chapter 4 - Strategic Planning and Research (SPAR)

3.1 Chapter Overview:

The Strategic Planning and Research (SPAR) Department is responsible for coordinating market analysis and policy research for IHDA. SPAR's analysis of Q3 2013 USPS Vacancy data shows the following highlights:

- The State of Illinois has an overall vacancy rate of 3.3%.
- 18 of the 102 counties in Illinois have vacancy rates above the state average.
- 1,663 of the 4,222 census tracts in Illinois have vacancy rates above the state average.
- 1,588 of the 4,222 census tracts in Illinois have vacancy rates above the local county average.

To arrive at the above conclusions vacancy rates were organized by municipality. Note that in more rural areas the census tracts often include more than one municipality or pieces of several municipalities. As a result, 1,168 census tracts will show up under more than one municipality. That imperfection notwithstanding, the chart on the following pages presents a rough picture of which municipalities have the most serious abandoned/vacant property issues.

Application rounds will be offered based on available funding. Scored Request for Application ("RFA") responses will be prioritized based on a Target Area Market Score which focuses on factors such as vacancy rates, home loan trending, purchase price trending, and foreclosure trending as well as overall score. IHDA plans to target areas with vacancy rates higher than state average. For example, a funding round could require that municipalities or counties have RFA score of 70 or above, and/or a vacancy rate higher than 5% in order to receive funding. This will ensure that areas of the state with highest rates of vacancy get funding as early as possible. The BRP program is also designed to work in concert with the State's Abandoned Properties Program.

IHDA will issue Request for Application rounds on an ongoing basis and will notify municipalities about the opportunity for funding.

Counties	AMS_RES ^[1]	RES_VAC ^[2]	NOSTAT_RES ^[3]	Vacancy Rate	Vacancy Rate (Alt)
ST. CLAIR	160271	10057	18150	6.3%	18%
VERMILION	48799	2813	6090	5.8%	18%
ALEXANDER	8644	474	2123	5.5%	30%
MACON	67292	3518	9496	5.2%	19%
MADISON	160888	8351	15865	5.2%	15%
WINNEBAGO	162485	8062	18840	5.0%	17%
PEORIA	114714	5618	11323	4.9%	15%
SANGAMON	118922	5458	16702	4.6%	19%
COOK	2328649	102271	165912	4.4%	12%
MORGAN	26988	1173	4074	4.3%	19%
STEPHENSON	37045	1497	6197	4.0%	21%
JACKSON	45035	1816	8526	4.0%	23%
ROCK ISLAND	84831	2954	9348	3.5%	15%
CLINTON	39764	1371	6197	3.4%	19%
WHITESIDE	40000	1375	5063	3.4%	16%
ADAMS	38304	1304	4990	3.4%	16%
CHAMPAIGN	111838	3795	16271	3.4%	18%
CRAWFORD	18491	623	2859	3.4%	19%
LASALLE	91182	3020	17390	3.3%	22%
KNOX	43179	1420	8567	3.3%	23%
GREENE	19777	646	2640	3.3%	17%
EDGAR	17910	576	3060	3.2%	20%
WARREN	24771	779	5167	3.1%	24%
MACOUPIN	43470	1362	4852	3.1%	14%
COLES	39684	1236	4421	3.1%	14%
FRANKLIN	35735	1104	5188	3.1%	18%
LAKE	333614	10268	36950	3.1%	14%
FULTON	36597	1098	7033	3.0%	22%
TAZEWELL	99944	2903	17163	2.9%	20%
BUREAU	41871	1214	11572	2.9%	31%
MCDONOUGH	25164	729	5863	2.9%	26%
WILLIAMSON	54532	1575	10189	2.9%	22%
CARROLL	23213	662	4381	2.9%	22%
WHITE	13761	388	3429	2.8%	28%
MASSAC	11731	327	2967	2.8%	28%
LAWRENCE	14428	396	2976	2.7%	23%
PUTNAM	13008	354	4031	2.7%	34%
LIVINGSTON	39021	1056	8618	2.7%	25%

MARION	33155	893	6141	2.7%	21%
CHRISTIAN	35010	938	7770	2.7%	25%
WABASH	12251	323	2684	2.6%	25%
PULASKI	11724	295	2923	2.5%	27%
MONTGOMERY	34488	851	7202	2.5%	23%
STARK	16967	416	5772	2.5%	36%
RANDOLPH	24515	600	4207	2.4%	20%
DOUGLAS	20651	502	4072	2.4%	22%
LOGAN	31408	758	8069	2.4%	28%
IROQUOIS	22749	543	4865	2.4%	24%
MCLEAN	107109	2526	19941	2.4%	21%
JO DAVIESS	18787	441	5086	2.3%	29%
LEE	35762	835	7290	2.3%	23%
WASHINGTON	23818	544	4261	2.3%	20%
DUPAGE	466992	10457	32185	2.2%	9%
JEFFERSON	34804	761	6162	2.2%	20%
CASS	13585	294	2782	2.2%	23%
KANE	286414	6149	32203	2.1%	13%
MONROE	29180	619	2725	2.1%	11%
CLARK	14946	313	2279	2.1%	17%
FAYETTE	32920	687	7227	2.1%	24%
PERRY	21970	453	4117	2.1%	21%
HENRY	44825	900	9851	2.0%	24%
PIKE	17419	345	3374	2.0%	21%
DEWITT	24643	485	6685	2.0%	29%
RICHLAND	22713	433	5369	1.9%	26%
SALINE	23980	450	4985	1.9%	23%
SHELBY	35706	662	7542	1.9%	23%
SCHUYLER	13539	249	3380	1.8%	27%
EDWARDS	11207	205	3757	1.8%	35%
GRUNDY	47428	864	8621	1.8%	20%
MOULTRIE	21509	379	5107	1.8%	26%
BOND	18014	316	3377	1.8%	21%
MARSHALL	23933	416	8292	1.7%	36%
FORD	31228	542	8521	1.7%	29%
OGLE	50856	880	9217	1.7%	20%
EFFINGHAM	24835	421	3340	1.7%	15%
MCHENRY	182209	3063	25037	1.7%	15%
WILL	348033	5774	39868	1.7%	13%
HANCOCK	17285	281	4527	1.6%	28%

MASON	22158	357	6129	1.6%	29%
UNION	19069	299	4303	1.6%	24%
WOODFORD	50217	786	11158	1.6%	24%
DEKALB	85526	1314	15286	1.5%	19%
JERSEY	26414	381	3680	1.4%	15%
KANKAKEE	65935	949	13293	1.4%	22%
CUMBERLAND	16889	240	2512	1.4%	16%
JASPER	20015	278	3152	1.4%	17%
BROWN	11354	143	2847	1.3%	26%
WAYNE	25011	314	7894	1.3%	33%
PIATT	29421	367	7154	1.2%	26%
SCOTT	7141	84	1450	1.2%	21%
BOONE	53527	542	9348	1.0%	18%
KENDALL	104710	936	19070	0.9%	19%
CLAY	21187	176	5522	0.8%	27%
MERCER	17378	123	4368	0.7%	26%
MENARD	18008	124	4875	0.7%	28%
HAMILTON	16317	105	4380	0.6%	27%
HARDIN	4764	17	1167	0.4%	25%
CALHOUN	6798	21	1964	0.3%	29%
GALLATIN	8551	23	2052	0.3%	24%
JOHNSON	20117	43	5762	0.2%	29%
POPE	13792	7	4206	0.1%	31%
HENDERSON	10581	5	3706	0.0%	35%

Grand Total	7598999	248140	980574	3.3%	16%
--------------------	----------------	---------------	---------------	-------------	------------

^[1] AMS_RES – Residential Housing Units

^[2] RES_VAC – Vacant Residential Housing Units

^[3] NOSTAT_RES – Residential Housing Units that have not accepted mail in over six months (and may be vacant)

Chapter 5 - Roles

5.1 Applicants

Units of Local Government (“Applicants”), which can include counties, municipalities, cities, townships, etc., are eligible to apply for BRP funds. The processes for demolition vary across the state and even within counties as dictated by municipal codes, budgets, market conditions, construction trends, and other factors. Some municipalities simply take “control” over blighted properties they plan to demolish whereas other municipalities work through the judicial process to foreclosure and acquire title (ownership) of the Unit before performing any work. Units of Local Government in Illinois are typically familiar with demolition work and have processes in place to demolish blighted homes with due consideration for all laws, regulations, and ordinances that apply to the work of demolition. In addition, Units of Local Government have plans (formal and informal) for reuse or repurpose of the Unit.

BRP program guidelines do not dictate the form of control that a Unit of Local Government uses to take a blighted property through the demolition and greening process. The Unit of Local Government must have ownership or be able to take ownership and be able to transfer the property to the Not-for-Profit Partner without liens. BRP relies on local standards, codes, and practices that municipalities have formed, enforce, and abide by as the measure for appropriate demolition procedures with due consideration for regulatory compliance.

5.2 Partners: Not-for-Profits

Each Applicant must partner with a not-for-profit developer or agency in order to have a property funded under the BRP program. The Not-For-Profit Partners will bring a non-governmental perspective and skillset to the process that may represent community interest and may expedite the redevelopment or reuse efforts of the Unit. Each individual Unit that the Applicant proposes for BRP funding must identify the Not-For-Profit Partner that will hold title, execute loan documents for financing, oversee post-demolition maintenance, and monitor interim uses and/or reuse during the three (3) year recapture period.

Not-For-Profit Partners must have the capacity to fulfill the tasks assigned to them in the BRP program. The Applicant should identify the non-profit’s experience in areas such as demolition, blight reduction programs, development, redevelopment, renovation, energy assistance programs, building maintenance, rental housing ownership, community greening efforts, community parks programs, IHDA programs, Neighborhood Stabilization Program, city programs, federal programs, etc.

Not-For-Profit Partners could include any kind of non-profit in Illinois with demonstrated experience applicable to demolition and greening of residential properties, with services provided and an office near the Applicant and the homes proposed for demolition.

BRP program guidelines do not dictate that the Not-For-Profit Partners must actually perform post demolition and greening duties. The specific work can be sub-contracted out to another not-for-profit, private company, or back to the Applicant. BRP relies on local standards, codes, and practices that municipalities have formed, enforce, and abide by as the measure for appropriate demolition procedures with due consideration for regulatory compliance.

Chapter 6 – Finance Structure

6.1 Financing

The U.S. Treasury requires that BRP funds are used to reimburse all costs associated with demolition and greening through a refinance process. This added step aligns the BRP process with the allowable use of funds designated by the Toxic Asset Relief Program (“TARP”) as enacted as a part of the Emergency Stabilization and Security Act.

6.2 BRP Lien

Funds provided to reimburse costs are secured through a lien to each Unit within the Program. The lien must replace/refinance an existing debt on the Unit that represents the eligible costs incurred. The lien period is for three (3) years. Following the execution of a Conditional Commitment Letter and Tri-Party Agreement, awardees will be required to provide all required documentation for individual unit closing. Upon receipt and approval of appropriate documentation confirming the completion of BRP activities, IHDA will fulfill its obligations under the agreement and forward funds (maximum limit \$35,000 per unit) to a title company of the not-for-profits choosing. The lien and notes will be structured as zero percent, non-amortizing loans, which expire three (3) years after their origination date, the “Expiration Date.” After execution by the Not-For-Profit Partner, the loan agreement, secured by the real estate and note in favor of IHDA, will be recorded in the public records. Releases will be conducted by IHDA.

In most cases, the outstanding loan balance will become due and payable if the Unit is sold, its title transferred, or it is used for an unauthorized purpose prior to the expiration date of the three (3) year lien. Repayment, if any, will be calculated based on a forgiveness rate of 33.3% per annum (1/36 per month) as long as covenants are met. The method for calculating the outstanding balance will be determined based upon the time and method of transfer and intended reuse. The outstanding balance may include any and all net sale proceeds and/or the full principal balance of the loan.

In certain cases, special considerations may be made by IHDA to release or subordinate its lien prior to the expiration date based upon the merit of the request and the proposed positive impact to the community as set forth in the program guidelines.

Examples of these reuses could be:

- Affordable housing development
- Community garden or orchard
- Permanent green space that will be maintained by the municipality
- Lot/lot extension for use by a school, non-profit agency, municipal office

6.3 BRP Debt Replacement/Refinance

BRP requires that the lien ‘replaces or refinances’ an existing debt on the Unit that represents the costs associated with demolition and greening. This means that when the Applicant transfers a Unit to their selected Not-For-Profit Partner, they must develop a debt instrument that is then eliminated in the process of BRP funding, closing, and loan document execution. The instrument of debt can take any form acceptable to the Unit of Local Government and the Not-For-Profit Partner, examples could include, but are not limited to: a demand note, mortgage, recapture agreement, any lien that is recorded with the county recorder of deeds and encumbers the Unit. Program guidelines do not require that the lien be any specific format. However, the debt must be in evidence at the time of Unit Closing or no funds can be disbursed.

Chapter 7 – Guide and Application

Blight Reduction Program Application Guide

Program Overview

The Blight Reduction Program (“BRP”) was created in 2014 by the Illinois Housing Development Authority (“IHDA”) under the Hardest Hit Fund Program funded through the Troubled Asset Relief Program (“TARP”), a U.S. Treasury managed resource dedicated to foreclosure prevention and neighborhood stabilization. BRP aims to decrease preventable foreclosures and stabilize neighborhoods, support partnerships between Illinois units of local government and their Not-For-Profit Partners, and provide funding to target blighted, vacant, residential properties in specific communities (“BRP Target Area”) for demolition, greening, and eventual reuse, repurpose and/or redevelopment (“Revitalization”).

Applicants

Applicants for BRP are Illinois units of local government (e.g. cities, municipalities, counties, or land banks) (“Applicant”). BRP requires that the Applicant control the permitting, inspection, and lien extinguishment process for all properties proposed. The Applicant will lead the identification of BRP Target Areas, sourcing the properties proposed for demolition and the title clearance process for blighted properties.

Not-For-Profit Partner

The Applicant must partner with a not-for-profit developer or agency (“Not-For-Profit Partner”) with demonstrated experience that pertains to BRP (demolition, greening, revitalization). Due to the structure of TARP funding and its unique requirements, the Not-For-Profit Partner must take ownership (title) of the properties identified for BRP assistance prior to any demolition work, execute HHF loan documents, and be the receiver of the BRP funds. The Not-For-Profit Partner will also provide compliance reports on each property and is liable should a recapture event occur during the 3 year compliance-recapture period.

Arrangement

The Applicant and Not-For-Profit Partner must create an agreement acceptable to both parties outlining their roles during the BRP process. This arrangement will ensure that BRP dollars are effectively used to reduce foreclosures, reduce blight, stimulate revitalization efforts, and promote municipal and non-profit interests.

Application

IHDA requires that each Applicant and the Not-For Profit Partner request no less than \$250,000 and/or identify no less than 10 proposed properties and at least 5 alternate properties to be assisted with BRP funding. Applications must be received by IHDA by 12/8/2014. Application that are submitted by this deadline, and determined to be acceptable to IHDA may be funded as BRP funds become available based upon scoring. No application is guaranteed funding and an application may receive only a portion of the requested amount.

Submit the completed application in DIGITAL FORM ONLY by 12/8/2014 at 3:00 p.m. CST. E-mail one copy of your complete BRP application to hhfbrpinfo@ihda.org and submit one flash drive copy to:

Community Affairs
c/o Illinois Housing Development Authority
401 North Michigan Avenue, Suite 700
Chicago, IL 60611

For more information regarding the program including the FAQ, programmatic updates, etc. please visit <http://www.ihda.org/government/hhf.htm>. Any questions you may have can be directed to hhfbrpinfo@ihda.org.

Properties

Properties assisted with BRP funds can be sourced from an existing municipal inventory, tax foreclosure list, be purchased, donated, or conveyed through condemnation or other means.

Eligible Properties

- 1-4 unit residential properties in the State of Illinois
- Properties deemed blighted and in need of demolition by the municipality
- Manufactured home taxed as real property with a foundation and no hitch or wheels
- Properties within census tracts of the proposed BRP Target Area
- Properties may have garages, outbuilding, and/or sheds (demolition/removal of these buildings is an eligible cost)

Ineligible Properties

- Residential properties knowingly occupied by a legal or non-legal residents
- Properties that have been demolished prior to BRP application approval
- Individual properties surrounded by non-residential land uses
- Historically registered properties
- Commercial, industrial, or agricultural properties
- Properties in adequate and safe condition to be currently occupied as deemed by the municipality
- Properties that can be repaired, rehabbed, for minimal cost as deemed by the municipality
- Mixed use properties with a residential unit component

Eligible Costs/Activities

The maximum per unit refinance/reimbursement is \$35,000. A legal residential dwelling or property eligible for BRP refinance assistance is considered a ("Unit"). For multifamily Units (up to 4) each Unit must qualify. BRP funds will reimburse/refinance the following eligible costs:

- Acquisition (purchase price, lien extinguishment, legal costs)
- Closing costs (if applicable, *i.e.*, title, recording and transfer fees)
- Demolition
- Greening
- Maintenance (\$3,000 per Unit)
- Administrative expenses (\$1,750 per Unit)

Disbursement of BRP funds follows completion of demolition and greening work. Acquisition costs, legal costs, closings costs, demolition costs, and greening costs are reimbursed at the Unit level, IHDA will front-

fund ongoing allowable administrative and maintenance costs. BRP funds are disbursed through a title company to the Not-For-Profit Partner as the sole owner of the Unit at the closing of BRP refinancing.

Ownership Transfer

The Department of the U.S. Treasury requires that BRP funds be structured as a refinance of debt incurred for eligible BRP costs through a lien. The Applicant and their Not-For-Profit Partner must develop an instrument of debt acceptable to both parties which can take the form of a mortgage, forgivable loan, recapture agreement, or demand note. The instrument of debt can be for all or a portion of the eligible costs or activities incurred at the Unit level and does not require a specific dollar amount to be eligible for refinance/reimbursement from IHDA through BRP. The Not-For-Profit Partner must take title to the Unit prior to demolition. The instrument of debt must be the sole lien encumbering the Unit prior to demolition.

Demolition and Greening

The demolition and greening of a BRP Unit must comply with all local, state, and federal laws and regulations. Demolition and/or greening work can be performed by the Applicant, Not-For-Profit Partner, or a third party contractor. Oversight of the demolition and greening work can be done by either the Applicant or Not-For-Profit Partner. BRP will not refinance demolition costs that include backfilling of basement cavities with demolition debris. BRP will not refinance greening costs that are limited to grading the lot unless immediate revitalization is underway. Demolition debris must be appropriately removed from the site and disposed of in accordance with local laws. IHDA supports demolition and greening work that is performed responsibly and comprehensively. Examples could include:

- deconstruction prior to demolition
- debris recycling and salvaging
- waste stream mitigation
- incorporating job training
- incorporating local youth initiatives
- incorporating ex-offender initiatives
- working with contractors that are certified business enterprises (i.e., minority-women-veteran-disabled person-owned businesses)
- incorporating landscaping features such as trees, flowers, benches, fencing, park features
- promoting property security and beautification through landscape design
- preparing the property for interim/end uses such as community gardens, pocket parks, tot lots

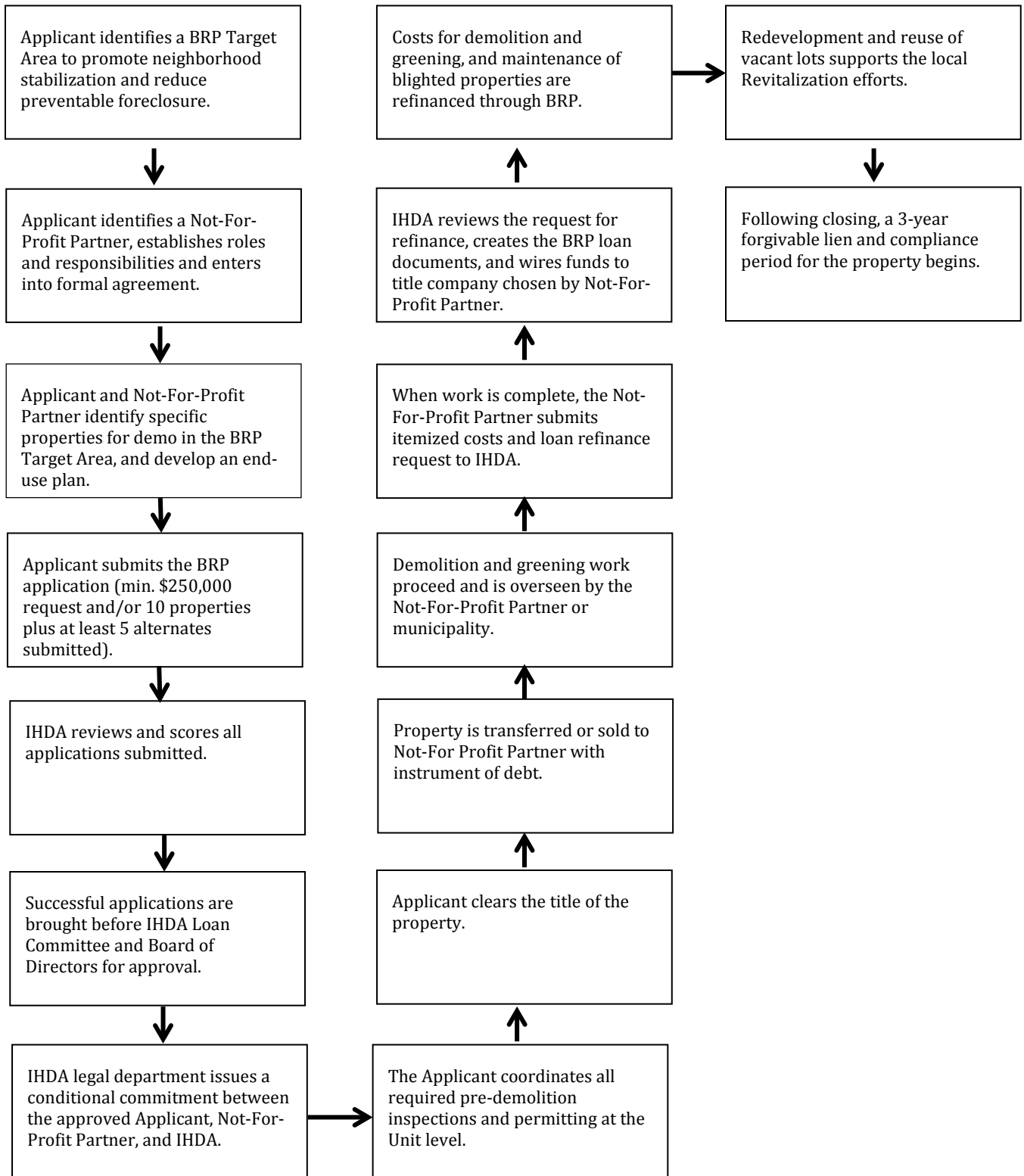
Loan Terms

BRP funds are secured through a note for each Unit, structured as a zero percent (0%), non-amortizing loan, secured by a recorded lien. The loan will be subject to a three (3) year recapture period, during which the Not-For-Profit Partner agrees to repay the loan if a recapture event occurs. The loan will be forgiven (and the outstanding loan amount reduced) at a rate of 33.3% per annum as long as certain covenants are met.

Revitalization

The proposed end-use should support the revitalization efforts within the BRP Target Area. Revitalization initiatives can vary and may include such strategies as neighbor side lot purchase programs, community garden initiatives, redevelopment plans for affordable housing, market rate purchase and reuse. IHDA supports any interim use activities for the vacant lots while revitalization plans are being implemented. Highest scoring applications will demonstrate a revitalization plan already in progress.

BRP Process Flow



BRP Application Attachments

This checklist is for the application that follows. Because applications are submitted **electronically** as PDF files please follow labeling instructions carefully.

- Map for each proposed BRP Target Area with:
 - a clear perimeter or outline of the BRP Target Area
 - marked addresses proposed for demolition
 - any significant community locations, amenities, or infrastructure that have applicability to the overall plan and revitalization efforts (e.g. schools, churches, transit hubs, parks, or employment centers.)
 - clear labels and a legend that explain the map and the identified elements

Label: BRP Target Area Map For <insert community name>
- Executive summary of Community Revitalization Plan(s) covering BRP Target Area(s)
Label: Executive Summary Community Revitalization Plan For <insert community name>
- Community Revitalization Plan(s) covering BRP Target Area(s)
Label: Community Revitalization Plan For <insert community name>
- Agreement with Not-For-Profit Partner
Label: Applicant Not for Profit Agreement
- Applicant's certification of status as a Unit of Local Government
Label: Certification of Local Government
- Applicant's Management Letter or Summary Page from their most recent Fiscal Audit performed by an independent third party. NOTE: Management Response and/or Corrective Action Plan MUST be on Applicant's letterhead and be signed by the Mayor, or City Manager. IHDA reserves the right to use lack of corrective action or findings to determine funding.
Label: Executive Summary Applicant Audit
- Applicant's most recent Fiscal Audit performed by an independent third party
Label: Applicant Audit
- Not-For-Profit Partner's certification of Good Standing with the State of Illinois
Label: Certification of Good Standing
- Not-For-Profit Partner's Management Letter or Summary Page from their most recent Fiscal Audit performed by an independent third party. Management Response and/or Corrective Action Plan MUST be on Applicant's letterhead and be signed by the Chief Executive Officer, President, or Executive Director. IHDA reserves the right to use lack of corrective action or findings to determine funding.
Label: Executive Summary Not For Profit Partner Audit
- Not-For-Profit Partner's most recent Fiscal Audit performed by an independent third party
Label: Not-For Profit Audit

Blight Reduction Program Application

Unit of Local Government Name:			
Main Office Street Address	City	State	Zip Code
Website	Primary Contact's Name	Title	
Phone Number	E-Mail Address		
Secondary Contact Person		Title	
Phone Number	E-Mail Address		

1. What is the population of your county/municipality (based on the 2010 U.S. Census)?

2. Approximately how many properties are in need of demolition throughout your community?

3. Please fill out the table below:

BRP Target Area Name*	Census Tract(s)	Not-For-Profit Partner	Funds Requested

***NOTE: If proposing more than one BRP Target Area for each BRP Target Area you must complete Scoring Categories 1, 4, and 5 of the application. The Applicant completes scoring Category 2 and Scoring Category 3 is completed by IHDA.**

Not-for-Profit Partner(s) information

Not-for-Profit Name:			
Main Office Street Address	City	State	Zip Code
Website	Primary Contact's Name	Title	
Phone Number	E-Mail Address		
Secondary Contact Person	Title		
Phone Number	E-Mail Address		

Not-for-Profit Name:			
Main Office Street Address	City	State	Zip Code
Website	Primary Contact's Name	Title	
Phone Number	E-Mail Address		
Secondary Contact Person	Title		
Phone Number	E-Mail Address		

***Note: You may duplicate this page for additional Not-for-Profit Partners proposed.**

Scoring Category 1: Partnership and Capacity – Maximum 25 Points

Up to six (6) points will be awarded to Applicants that effectively identify municipal processes for dealing with blight, vacant and abandoned homes, and demolition. Specific reference should be made for lien extinguishment processes, title change processes (ownership or control by municipality), and demolition timelines. (Q. 5-6)

Up to four (4) points will be awarded for the Applicants that demonstrate experience managing housing related programs or grants. (Q. 7-8)

Up to six (6) points will be awarded for Not-For-Profit Partners selected with demonstrated experience working in demolition, greening, blight reduction programs or initiatives applicable to BRP such as involvement with the Neighborhood Stabilization Program. Applicable experience may include experience in construction, deconstruction, demolition, property management, and property rehab. (Q. 9-11)

Up to nine (9) points will be awarded to applications that demonstrate how the Applicant and Not-For-Profit Partner have worked together previously, have appropriately divided the roles for BRP, and are invested in the BRP Target Area proposed. (Q. 12-14)

4. Describe the Applicant's experience managing demolition and blight previously, currently, and looking forward. (3 points)

5. Please describe Applicant's approach to lien extinguishment, title transfer, permitting, historic preservation, and environmental practices with regard to demolition. (3 points)

6. What department and staff person(s) will be responsible for the administration of this program from the Applicant's office? (1 point)

7. Complete the chart below; including housing related programs and funds the Applicant has been involved in during the last 2 years such as HOME, CDBG, Trust Fund, NSP, or locally funded programs similar and pertinent to BRP. (3 points)

Grant Name	Source	Amount	Activities Undertaken	Successfully Completed? Y / N	Staff Responsible

8. Describe the Not-For-Profit Partner's experience with construction, demolition, property management, residential rehab, deconstruction, or other development activities that are similar and pertinent to BRP. (3 points)

9. Which staff person(s) will be responsible for the administration of this program from the Not-For-Profit's office? Please detail their experience with demolition efforts. (1 point)

10. Complete the chart below; including any housing-related programs the Not-For-Profit Partner has been involved in during the last 2 years such as HOME, CDBG, Trust Fund, NSP, or locally funded programs similar and pertinent to BRP. (2 points)

Grant Name	Source	Amount	Activities Undertaken	Completed? Y/ N	Staff Responsible

11. Describe how the Applicant and Not-For-Profit Partner have worked collaboratively in the past with focus on project objectives, division of roles, and outcomes. (3 points)

12. Describe the proposed roles in the BRP program for the Applicant and the Not-For-Profit Partner. (3 points)

13. How has the Applicant and the Not-For-Profit Partner been involved in the BRP Target Area previously? (3 points)

Scoring Category 2: Plan and Programmatic Impact – Maximum 20 Points

Up to twelve (12) points may be awarded to applications that effectively summarize and cite any community revitalization plans or initiatives underway that align with the aims of BRP. Evidence of other funding applied for and/or resources utilized for local revitalization to combat the ill effects of foreclosure and blight is preferred. Highest scoring will be for applications that demonstrate a revitalization plan already in progress. (Q.15-17)

Up to four (4) points may be awarded to Applicants and their Non-Profit Partners that plan to engage with community programs that are referenced under Demolition and Greening on page 3 of the application (Q. 18)

Up to four (4) points may be awarded to applicants that detail how their demolition and greening processes will be specifically environmentally sensitive that are referenced under Demolition and Greening on page 3 of the application (Q. 19)

14. Describe/Summarize your community's revitalization plan(s), any progress that is currently underway, and how it references abandoned and vacant homes or blight. (4 points)

15. Describe how BRP funding will assist in carrying out the whole community's revitalization plans. What other partners and resources outside of BRP will assist in carrying out the revitalization plans? (4 points)

16. Have you applied for any federal or state demolition or blight reduction assistance programs, or dedicated any local resources? Were you awarded the funding you requested? (4 points)

17. Please describe how you will engage with community programs to perform any demolition, acquisition, and greening process for BRP as comprehensively as possible. Examples could be ex-offender programs, youth training and hiring, veteran hiring, police and fire safety training, or unemployment/under employment training. (4 points)

18. Please describe how your demolition and greening processes will be specifically environmentally sensitive to provide a positive programmatic impact beyond applicable federal, state and local environmental laws. Examples could include deconstruction, storm water management focus, community gardens, park, or open green space. (4 points)

Scoring Category 3: Target Area Market Score - Maximum 10 Points

Up to ten (10) points are based on community need determined by the Strategic Planning and Research Department (SPAR) at IHDA which will perform a BRP Target Area Market Score. Scoring Category 3 is designed to give an edge to communities with: moderately high vacancy rates (but not extremely high); decreasing number of vacant units; increasing home buyer activity; increasing home values; and decreasing foreclosure activity. This same data will later be measured on a periodic basis for funded Applicants to determine program impact post-BRP assistance. The following will be measured:

- Vacancy Rate (American Community Survey 2012 5-Year Estimates)

10% - 25% = 2 Point

- Vacant Unit Trending (Total vacant residential units from ACS 5-Year Est. in 2010 and 2012)

Decrease over time = 2 Point

- Home Lending Trending (home purchase loans from Home Mortgage Disclosure Act reports in 2010, and 2012)

Increase over time = 2 Point

- Purchase Price Trending (median loan amount from Home Mortgage Disclosure Act reports in 2010, and 2012)

Increase over time = 2 Point

- Foreclosure Trending (foreclosures in the BRP Target Area or applicable zip code/s in 2010 and in 2012)

Decrease over time = 2 Point

*NOTE: all analysis outlined above, with the exception of 'Foreclosure Trending,' will be conducted based on an approximation of the BRP Target Area using 2010 Census Tracts. If the BRP Target Area has boundaries that precisely follow 2010 Census Tract boundaries than the area of analysis will be the same. When the boundaries differ, SPAR will determine the best possible fit. Also, for 'Purchase Price Trending' SPAR will select the median census tract purchase price value in that year.

Scoring Category 4: BRP Target Areas – Maximum 15 Points

Up to nine (9) points may be awarded for applications that effectively describe why a BRP Target Area(s) was selected, the historical context, and the housing market condition that imply a chance for Revitalization. (Q. 20-21)

Up to six (6) points may be awarded for applications that effectively describe other resources, other partners, and potential future activities or changes in the BRP Target Area. This section is the community vision for the BRP Target Area. (Q. 22-24)

19. Please describe why you have chosen this specific BRP Target Area. Reference the historical context of the neighborhood (times of prosperity, stability, and decline). (6 points)

20. What physical elements of the BRP Target Area, including its housing stock, make it a good programmatic investment and why? (3 points)

21. What current activities in the BRP Target Area indicate that Revitalization or reinvestment that is in process? (3 points)

22. Are there other agencies or organizations involved in making the Revitalization and reinvestment in the BRP Target Area a reality? If so, how are they involved? Please include their contact information. (3 points)

Scoring Category 5: Readiness to Proceed – Maximum 30 Points

Up to three (3) points will be awarded for each property proposed in filling out the table below for a maximum of 30 points. A minimum of 10 properties must be proposed and each will be scored. Properties can be proposed beyond the 10 mandatory but will not impact score in this section. (Q. 25)

Properties registered as historic are ineligible for BRP assistance. A letter of confirmation from the Illinois Historic Preservation Agency will be needed for compliance purposes for approved Applicants but NOT for the application submission.

One (1) point will be awarded for a property with a proposed purchase/transfer date in less than six (6) months from the application deadline.

One (1) point will be awarded for a property with a proposed demolition and greening completion date in less than twelve (12) months from the application deadline.

One (1) point will be awarded for a property that has an end use goal that aligns with the BRP Target Area plan. Potential interim use plans should be identified in this section but does not impact score.

23. Complete the following table of potential Units you have identified as viable for BRP assistance that align with your BRP Target Area plan (minimum of 10 Units and at least 5 alternates). Submit a completed table for each BRP Target Area proposed.

Applicant Standard Requirements and Certifications

Every awarded Applicant under the program will be required to comply with these certifications and requirements:

1. Applicant certifies that all statements and representations herein are true, accurate and complete;
2. Applicant has entered into an agreement acceptable to both parties with the Not-For-Profit Partner outlining its roles and responsibilities concerning its participation in the Hardest Hit Fund Blight Reduction Program;
3. Applicant has obtained all of the applicable resolutions, ordinances or other approvals necessary to participate in the Program, to utilize the proposed Units in the Program, and to partner with the Not-For-Profit Partner in connection with Program;
4. Applicant is an eligible recipient of BRP funds based on Illinois Hardest Hit Fund Blight Reduction Program Term Sheet as approved by U.S. Treasury;
5. Applicant will not permit any discrimination against on the basis of their gender, race, religion, national origin, ancestry, creed, pregnancy, marital or parental status, sexual orientation, or physical, mental, emotional or learning disability in connection with its participation in the BRP program;
6. Applicant will ensure expenditures of BRP funds are for eligible uses under the Program;
7. Applicant will maintain records in connection with administration of the Program for five years after the maturity date of the loan;
8. Applicant will comply with the terms and conditions of the Program;
9. Applicant will comply with monitoring and evaluation of the Program for five years after the maturity date of the loan;
10. Applicant will comply with all federal/state/local laws and regulations, including, but not limited to historical preservation, environmental, demolition and lead based paint laws; Applicant agrees and acknowledges that it is its responsibility to determine which laws and regulations apply;
11. Applicant certifies that for all properties proposed for demolition the Applicant has legal authority and rights to complete the demolition;
12. Applicant certifies that all procurements/vendor contracts have been and will comply with all applicable laws and regulations, including applicable municipal procurement policies and procedures; and

On behalf of _____, the Applicant, I certify that the information contained herein accurately reflects my organization's commitment and ability to participate fully in the Blight Reduction Program.

Name

Title

Date

Not-for-Profit Partner Standard Requirements and Certifications

Every identified Not-For-Profit Partner for an awarded application will be required to comply with these certifications and requirements:

1. Not-For-Profit Partner certifies that all statements and representations herein are true, accurate, and complete;
2. Not-For-Profit Partner has entered into an agreement acceptable to both parties with the Applicant outlining its roles and responsibilities concerning its participation in the Hardest Hit Fund Blight Reduction Program;
3. Not-For-Profit Partner is an eligible recipient of BRP funds based on Illinois Hardest Hit Fund Blight Reduction Program Term Sheet as approved by U.S. Treasury;
4. Not-For-Profit Partner is not barred from participating in or receiving funds under any federal program or any program of the state;
5. Not-For-Profit Partner is not delinquent in the payment of any debt to the State of Illinois (or if delinquent has entered into a deferred payment plan to pay the debt);
6. Not-For-Profit Partner will not permit any discrimination on the basis of their gender, race, religion, national origin, ancestry, creed, pregnancy, marital or parental status, sexual orientation, or physical, mental, emotional or learning disability in connection with its participation in the Program ;
7. Not-For-Profit Partner will ensure expenditures of BRP funds are for eligible uses under the Program;
8. Not-For-Profit Partner acknowledges and agrees to ensure the promotion of the goals of the Program, including, but not limited to the Revitalization of the Units;
9. Not-For-Profit Partner will maintain records in connection with administration of the Program for five years after the maturity date of the loan;
10. Not-For-Profit Partner will comply with the terms and conditions of the Program;
11. Not-For-Profit Partner will comply with monitoring and evaluation of the Program for five years after the maturity date of the loan;
12. Not-For-Profit Partner will comply with all federal/state/local laws and regulations, including but not limited to historical preservation, demolition, and environmental and lead based paint laws; Not-For-Profit Partner agrees and acknowledges that it is its responsibility to determine which laws and regulations apply;
13. Not-For-Profit Partner certifies that it has satisfied and will continue to satisfy all applicable laws and regulations, including any applicable municipal procurement policies and procedures for all procurements/vendor contracts it has entered into in connection with the proposed Units.

On behalf of _____, the Not-For-Profit Partner, I certify that the information contained herein accurately reflects my organization's commitment and ability to participate fully in the Blight Reduction Program.

Name

Title

Date

Congratulations! You have completed the application. Best wishes for a successful BRP application.

Chapter 8 – Process and Project Selection

8.1 Application Process

IHDA staff collaborates to prepare IHDA's participant application using guidance from experience with other programs and any documents containing Program requirements (i.e. Service Schedule B-4). In this instance, the collaboration occurred with the Community Affairs, Hardest Hit Fund, and Legal Departments with additional input from the Policy Coordinator and the Legislative Liaison.

IHDA-BRP staff works with the Marketing and Communications Department to release the application. The application for BRP funds is posted on the IHDA website (www.ihda.org), sent to the Illinois Municipal League, the Metropolitan Mayors' Caucus, the Government Finance Officers Association, the elected officials statewide (including mayors, representatives, senators), and previous Applicants of other IHDA programs. Applications and all supporting documentation must be submitted to hhfbrpinfo@ihda.org.

8.2 Application Attachments

IHDA will review the following items when selecting participants:

- Map for each proposed BRP Target Area with a clear perimeter or outline of the BRP Target Area, marked addresses proposed for demolition, any significant community locations, amenities, or infrastructure that have applicability to the overall plan and revitalization efforts (e.g. schools, churches, transit hubs, parks, or employment centers), and clear labels and a legend that explain the map and the identified elements
- Executive summary of Community Revitalization Plan(s) covering BRP Target Area(s)
- Community Revitalization Plan(s) covering BRP Target Area(s)
- Agreement with Not-For-Profit Partner
- Applicant's certification of status as a Unit of Local Government
- Applicant's Management Letter or Summary Page from their most recent Fiscal Audit performed by an independent third party. NOTE: Management Response and/or Corrective Action Plan MUST be on Applicant's letterhead and be signed by the Mayor, or City Manager. IHDA reserves the right to use lack of corrective action or findings to determine funding
- Applicant's most recent Fiscal Audit performed by an independent third party
- Not-For-Profit Partner's certification of Good Standing with the State of Illinois
- Not-For-Profit Partner's Management Letter or Summary Page from their most recent Fiscal Audit performed by an independent third party. Management Response and/or Corrective Action Plan MUST be on Applicant's letterhead and be signed by the Chief Executive Officer, President, or Executive Director. IHDA reserves the right to use lack of corrective action or findings to determine funding
- Not-For-Profit Partner's most recent Fiscal Audit performed by an independent third party

8.3 Partnership and Capacity

Applicants are required to describe their experience managing demolition and blight previously, currently, and looking forward. They must detail their approach to lien extinguishment, title transfer, permitting, historic preservation, and environmental practices with regard to demolition. IHDA will look for identification of the staff person and department that will be working on the administration of the Program at the municipality level as well as their previous experience with housing related programs in the last two years (funding amounts, activities, and whether it was successfully completed).

The Not-For-Profit Partner must identify their experience with construction, demolition, property management, residential rehab, deconstruction, or other development activities that are similar and pertinent to BRP. IHDA will look for identification of the staff person and department that will be working on the administration of the Program at the not-for-profit level as well as their previous experience with demolition efforts. They will also have to explain their previous experience with housing related programs in the last two years (funding amounts, activities, and whether it was successfully completed).

The Applicant and Not-For-Profit Partner will have to describe their previous collaborations with focus on project objectives, division of roles, and outcomes. They will have to clearly describe the proposed role of each entity and fully explain their previous involvement in their proposed BRP Target Area.

8.4 Plan and Programmatic Impact

IHDA will request a description/summary of the community's revitalization plan(s), any current progress, and how it references abandoned and vacant homes or blight. They must describe how BRP funding will assist in carrying out the whole community's revitalization plans. They will need to express fully the other partners and resources outside of BRP that will assist in carrying out the revitalization plans as well as any federal or state demolition or blight reduction assistance programs, or any dedicated local resources.

Full explanation of how they will engage with existing community programs to perform any demolition, acquisition, and greening process for BRP as comprehensively as possible is required (examples could be ex-offender programs, youth training and hiring, veteran hiring, police and fire safety training, or unemployment/under employment training). Detailed description of how the demolition and greening processes will be specifically environmentally sensitive to provide a positive programmatic impact beyond applicable federal, state, and local environmental laws (examples could include deconstruction, storm water management focus, community gardens, park, or open green space) will be reviewed.

8.5 Target Area Market Score

The IHDA department of Strategic Planning and Research (SPAR) will score this section. It is designed to give an edge to communities with moderately high vacancy rates (but not extremely high); decreasing number of vacant units; increasing homebuyer activity; increasing home values; and decreasing foreclosure activity. This same data will be measured on a periodic basis for funded Applicants to determine program impact post-BRP assistance. The following will be measured:

- Vacancy Rate (American Community Survey 2012 5-Year Estimates)
- Vacant Unit Trending (Total vacant residential units from ACS 5-Year Est. in 2010 and 2012)
- Home Lending Trending (home purchase loans from Home Mortgage Disclosure Act reports in 2010, and 2012)
- Purchase Price Trending (median loan amount from Home Mortgage Disclosure Act reports in 2010, and 2012)
- Foreclosure Trending (foreclosures in the BRP Target Area or applicable zip code/s in 2010 and in 2012)

NOTE: all analysis outlined above, with the exception of 'Foreclosure Trending' (which will be measured at the zip code level), will be conducted based on an approximation of the BRP Target Area using 2010 Census Tracts.

If the BRP Target Area has boundaries that precisely follow 2010 Census Tract boundaries than the area of analysis will be the same. When the boundaries differ, SPAR will determine the best possible fit. In addition, for 'Purchase Price Trending' SPAR will select the median census tract purchase price value in that year.

8.6 BRP Target Areas

Applicants must provide a description of why the specific BRP Target area was chosen along with a full historical context of the neighborhood (times of prosperity, stability, and decline) and the physical elements that make it a good programmatic investment. The current activities in the BRP Target Area must indicate that revitalization or reinvestment are in process, including a full description and listing of any other agencies and/or organizations involved in making these reinvestment activities a reality.

8.7 Readiness to Proceed

In Round 1, Applicants will be required to provide a table with a minimum of 10 (ten) properties and a minimum of 5 (five) alternate properties. For each property, they will have to provide the address, current title holder/owner, information on the status of pre-demolition inspections, historic registry status, when the Not-For-Profit Partner will take title, and the dates of demolition and greening. Detail of the expected costs of acquisition, demolition, greening, and closing costs per address must also be included. Applicants will have to explain the interim and end uses of the Units.

8.8 BRP Application Review

IHDA-BRP staff creates a scoring process for the Application using guidance from scoring categories in the application, the Program documents, and other similar programs. Once IHDA receives all applications, a review team of five IHDA employees from the Community Affairs department and the Hardest Hit Fund department will each individually review each Application and collectively determine Application scores. The review team will use a spreadsheet to track their individual scores per question.

8.9 Certifications

Every Applicant and Not-for-Profit Partner agrees in their application submission to comply with the following certifications and requirements:

- Applicant and Not-for-Profit Partner are eligible recipients of BRP funds based on Illinois Hardest Hit Fund Blight Reduction Program Term Sheet as approved by U.S. Treasury
- Applicant and Not-for-Profit Partner certify that all statements and representations herein are true, accurate and complete
- Applicant and Not-for-Profit Partner has entered into an agreement acceptable to both parties with both outlining its roles and responsibilities concerning its participation in the Hardest Hit Fund Blight Reduction Program
- Applicant and Not-for-Profit Partner will comply with all federal/state/local laws and regulations, including, but not limited to historical preservation, environmental, demolition and lead based paint laws; Applicant and Not-for-Profit agrees and acknowledges that it is its responsibility to determine which laws and regulations apply
- Applicant and Not-for-Profit Partner will comply with monitoring and evaluation of the Program for five years after the maturity date of the loan
- Applicant and Not-for-Profit Partner will comply with the terms and conditions of the Program

- Applicant and Not-for-Profit Partner will ensure expenditures of BRP funds are for eligible uses under the Program
- Applicant and Not-for-Profit Partner will maintain records in connection with administration of the Program for five years after the maturity date of the loan
- Applicant and Not-for-Profit Partner will not permit any discrimination against on the basis of their gender, race, religion, national origin, ancestry, creed, pregnancy, marital or parental status, sexual orientation, or physical, mental, emotional or learning disability in connection with its participation in the BRP program
- Applicant certifies that all procurements/vendor contracts have been and will comply with all applicable laws and regulations, including applicable municipal procurement policies and procedures
- Applicant certifies that for all properties proposed for demolition the Applicant has legal authority and rights to complete the demolition
- Applicant has obtained all of the applicable resolutions, ordinances or other approvals necessary to participate in the Program, to utilize the proposed Units in the Program, and to partner with the Not-For-Profit Partner in connection with Program
- Not-For-Profit Partner acknowledges and agrees to ensure the promotion of the goals of the Program, including, but not limited to the Revitalization of the Units
- Not-For-Profit Partner certify that it has satisfied and will continue to satisfy all applicable laws and regulations, including any applicable municipal procurement policies and procedures for all procurements/vendor contracts it has entered into in connection with the proposed Units
- Not-For-Profit Partner is not barred from participating in or receiving funds under any federal program or any program of the state
- Not-For-Profit Partner is not delinquent in the payment of any debt to the State of Illinois (or if delinquent has entered into a deferred payment plan to pay the debt)

8.10 BRP Participant Selection

Once the individual review is complete, the review team meets and averages all individual scores. There is thorough discussion regarding each application and each reviewer's scores. Each reviewer must justify points given and present their final scores to the group. Once completed, reviewers determine a baseline that Applicants must exceed to participate and select those above the line as participants. When participants have been agreed upon, the review team presents the recommendations to the IHDA Loan Committee and welcomes any discussion. The IHDA Loan Committee is comprised of senior staff members and offers a forum for internal vetting and discussion prior to board presentation. Once approved by Loan Committee, selections are presented to the IHDA board members for approval.

8.11 BRP Participant Award Amounts

IHDA-BRP staff will work with HHF staff and Executive to determine the amount of recycled HHF program funds available. This dollar amount will help determine the amount awarded to those selected. In addition, reviewers will also examine Target Market Scores, the need of the area, the capacity of the participant, the impact, the predicted costs, and the readiness to proceed when determining awards. Typically, there is a determination of a baseline amount for all chosen, followed by a tier system that rewards the highest scoring applications with additional funds.

Chapter 9 – Program Administration

9.1 Program Period

Funds will be reserved for successful Applicants after execution of a Conditional Commitment Letter. The deadline for executing the Tri-Party Agreement is June 30, 2015. All awardees will have 23 months from execution of the Tri-Party Agreement to complete activities. The demolition activities of BRP will close out with the submission of the final reimbursement/disbursement requests, which are due on or before May 30, 2017. The programmatic aspect of the Program will continue while the properties remain in control of the participants and until the BRP liens are released. Participants must submit regular reports updating the status of the Units and IHDA will continue compliance monitoring through lien release.

9.2 Agreements

All participants must execute a Conditional Commitment Letter within ten (10) days of receipt and a Tri-Party Agreement with IHDA no later than June 30, 2015. Initial Closing will occur upon the delivery and approval of all legal documents and executed agreements as required by IHDA and further specified in the Tri-Party Agreement and the closing checklist. The Unit Closings will occur quarterly as described in Section 9.4.

9.3 Loan Terms

BRP funds are secured through a note for each Unit, structured as a zero percent (0%), non-amortizing loan, secured by a recorded lien. The loan will be subject to a three (3) year recapture period, during which the Not-For-Profit Partner agrees to repay the loan if a recapture events occurs. The loan will be forgiven (and the outstanding loan amount reduced) at a rate of 33.3% per annum (1/36 per month) as long as certain covenants are met.

9.4 Reimbursement and Disbursement of Funds

The Not-For-Profit Partner must submit a quarterly Reimbursement Request for Unit Closings, on forms supplied by IHDA, itemizing all costs on a per Unit basis, via hhfbrpinfo@ihda.org. Attached to this Request must be all items and all supporting documentation required to verify activities completed on each Unit as shown on the BRP Reimbursement Checklist. This supporting documentation must include but is not limited to documentation of the instrument of debt, pictures before/during/after for Unit (times stamped and preserving perspective), proof of demolition/greening/acquisition expenses and payment, documentation of hazardous materials identification survey and disposal, documentation of insurance per property, site survey, property tax information, historical preservation documents, and authority for demolition (title, consent, court order, etc.). All reports must be submitted by Unit in individual PDFs. Incomplete reports will be returned to the participant. IHDA reserves the right to withhold or delay full or partial payment where additional documentation is requested to substantiate the funding request amount.

IHDA staff will review the Requests for Reimbursements and their attachments before authorizing payment to the title company on behalf of the Not-For-Profit Partner. No payments shall be issued prior to execution and/or recording of the mortgage and note. Payments will be made to a title company selected by the Not-For-Profit Partner. Questions regarding disbursements or Reimbursement Requests should be submitted to hhfbrpinfo@ihda.org. Reimbursements for partially completed items are prohibited.

Awardees must have a minimum of three successful Unit Closings within six months and at least half of the units successfully closed within 12 months from the execution of the tri-party agreement. Exceptions can be made at the Authority's sole discretion.

9.5 Eligible Uses of Funds

\$35,000 (per Unit maximum) which may include the following on a per Unit basis (if applicable):

- Acquisition (purchase price, lien extinguishment, legal costs)
- Closing costs (if applicable, i.e., title, recording and transfer fees)
- Demolition
- Lot treatment/greening
- Maintenance (\$3,000)
- Administrative expenses (\$1,750)

9.6 Unit Substitution

In consideration of facts outside of the control of the Applicants and their Not-For-Profit Partners, IHDA deems it in the best interest of the Program to allow for the substitution of Units under the following conditions:

- 1) Unit must be in a census tract stated in the Applicant's original application submitted as to not impact Scoring Category 3 – Target Area Market Score and Scoring Category 4 – BRP Target Areas.
- 2) Applicant and Not-For-Profit Partner provide a narrative indicating why there is a demonstrated need for substitution (i.e. property in court; funding awarded less than anticipated affecting a revitalization strategy of contiguous or closely located properties).
- 3) Unit PIN provided. IHDA reserves the right to confirm substitutions are eligible Units/properties.
- 4) Applicant provides property information for application Scoring Category 5 – Readiness to Proceed – Table Section I through VIII for each property. Scoring must be at least equal to the Applicants original per property score.
- 5) Applicant and Not-For-Profit Partner shall continue to abide by all program requirements including all standard requirements and certifications.

IHDA will provide a template (available at <http://www.ihda.org/government/BRP.htm>) for presenting the requirements above to be used in submitting any substitute Units. IHDA reserves the right to accept the substitution request(s) in whole or in part in its sole discretion. The Applicant and NFP cannot consider the Unit substituted until the proposed substitution is approved by IHDA in writing.

9.7 Acquisition

Many Applicants may already control or hold title to the vacant and abandoned properties included in the application and there may be no acquisition costs associated. If there is a purchase price tied to the transfer or sale of the Unit to the Not-For-Profit Partner, BRP funds can reimburse these costs along with legal costs and lien extinguishment costs necessary to clear title.

BRP requires that the Not-For-Profit Partner own the properties receiving reimbursement at the time of demolition and greening. Program guidelines do not dictate how the transfer occurs. Properties submitted for demolition assistance can start under Applicant control and be transferred to the partner. Forms of transfer could include but are not limited to:

- transfer of ownership from the Applicant to the Not-for-Profit Partner
- Not-for-Profit Partner already owns the proposed Unit for demo
- Applicant purchases the Unit and sells the Unit to the Not-for-Profit Partner
- Not-for-Profit Partner may acquire/purchase the Unit from an entity other than the Applicant

Transfer of the Unit must include a debt that will be refinanced by BRP funds, which will be secured by a loan agreement with the Not-For-Profit Partner. In repurposing, reselling, and reusing properties that have been demolished, it is necessary for the Unit to be unencumbered by multiple liens. BRP Units should be free of all liens excluding the BRP lien. This will allow reuse of the Unit, resale, or redevelopment to happen quickly and effectively.

Delinquent property taxes, municipal fines, or a delinquent mortgage should not encumber the property preventing effective reuse in accordance with the application. The Applicant may consider checking the title on Units proposed in the application prior to submitting their Request for Application (“RFA”) or immediately upon receipt of the Conditional Commitment Letter. Legal requirements and the time needed to obtain “clean” title may vary by property. By the time of the closing, title issues and encumbrances need to be resolved as evident in the title policy that will be required for closing.

9.8 Closing Costs

Costs associated with the transfer of the Unit from Applicant to the Not-For-Profit Partner as well as closing costs such as recording charges, title policy, and other closing costs typical of real estate transactions should be itemized and supported to make them eligible for reimbursement. Applicants or Not-for-Profit Partners will be responsible for finding a title company to perform the closing. Upon satisfying all requirements of closing, IHDA will wire BRP funds and send loan documents to a licensed closing agent.

9.9 Demolition

Demolition for BRP means that the lot is cleared of all structures or improvements including the removal of any subsurface impediments. The site is backfilled, graded, and greened in preparation for reuse/redevelopment. If the proposed reuse dictates, the Applicant may request retention of the foundation and limit post demolition work to grading of the lot in preparation for construction and redevelopment. Timelines between demolition and redevelopment will be a factor for approving such requests. Per the U.S. Environmental Protection Agency, construction and demolition (C&D) materials consist of the debris generated during the construction, renovation, and demolition of buildings, roads, and bridges. C&D materials often contain bulky, heavy materials that include:

- concrete,
- wood (from buildings),
- asphalt (from roads and roofing shingles),
- gypsum (the main component of drywall),
- metals,
- bricks,
- glass,
- plastics,
- salvaged building components (doors, windows, and plumbing fixtures), and
- trees, stumps, earth, and rock from clearing sites. (Although we encourage greening, as it is a major component of the program, it is up to the discretion of the municipality whether removal of trees is in the best interest of the community’s revitalization efforts.)

Reducing and recycling C&D materials conserves landfill space, reduces the environmental impact of producing new materials, creates jobs, and can reduce overall building project expenses through avoided purchase/disposal costs.

Each awardee will receive amounts not to exceed a maximum of \$35,000 per Unit. The total costs associated with the demolition work must be reported, and would include:

- work performed
- equipment rental
- equipment use expenses
- permit costs
- clean up costs
- subcontracting costs
- debris removal and hauling
- fuel costs for equipment use
- Any efforts to reuse or repurpose the debris from the demolition are reimbursable costs and IHDA promotes any efforts to minimize construction debris from entering a landfill.

Eligible demolition hard costs would include:

- Clearance of pre-existing debris and garbage (illegal dumping, junk vehicles, etc.)
- Deconstruction expenses
- Removal of asbestos
- Removal of other hazardous materials
- Demolition of buildings
- Clearance of structures (poles, fences, walls, driveways, service walks, etc.)
- Removal of underground storage tanks and utility services
- Removal and/or filling/capping of septic systems and wells
- Regulatory permit and inspection fees
- Other expenses approved on a case-by-case basis by IHDA

9.10 Greening and Lot Treatment

Following demolition work and lot clearing, grading and lot treatment (greening) must be performed to enhance appearance, interim use, or to promote the end reuse consistent with the goal of preventing/discouraging foreclosure and abandonment among proximal occupied properties. The community impact of vacant homes is typically a negative one, and greening and lot treatment requirements reduce the unfavorable impacts of vacant lots during periods of transition. Communities will support greening efforts and concerns for new problems associated with vacant lots will be reduced if the lot is secure, clean, and appealing to the community. Greening activities may include but are not limited to the following:

- Planting
- Grading
- Laying sod
- Mulching
- Laying gravel in sections but not covering the entire lot
- Paving sections but not covering the entire lot
- Grass or plant seeding
- Installation of bioswales for water runoff management
- Fencing / barrier

Additional allowable but non-reimbursable expenses to consider

- Installation of lighting for security, functional, or decorative use

- Installation of seating
- Installation of park equipment

9.11 Maintenance

During the 3-year lien term, if the Unit is not reused, redeveloped, or sold, BRP requires maintenance of the Unit and provides \$3,000 per Unit for maintenance.

Maintenance costs may include:

- Shoveling sidewalks and walkways
- Fencing and securing the lot
- Cutting grass
- Maintaining plants and grass
- Garbage and debris removal
- Lighting
- Monitoring of the lot as required by IHDA compliance

A shortened lien term will not require that maintenance dollars be recaptured or returned. Although invoices will not be requested for maintenance work, they may be subject to compliance/reporting review. Failure to maintain program properties and comply with IHDA reporting requirements may result in a recapture event under the project loan agreement.

9.12 Administrative Costs

An administrative fee of \$1,750 is included per Unit funding to provide for the administrative costs associated with Unit maintenance and compliance activities. A shortened lien term will not require that administrative dollars be recaptured or returned. Although invoices will not be requested, administrative work may be subject to compliance/reporting review. Failure to maintain program properties and comply with IHDA reporting requirements may result in a recapture event under the project loan agreement.

9.13 Program Income

It is reasonable to anticipate that revenues may be generated during the BRP process. Program Income is any money that is received by a Not-for-Profit Partner and/or Applicant as a result of recycling, reclamation, leases, licenses, rental income, final disposition of vacant lots, or other income-generating activity earned from a Unit with an HHF/BRP mortgage. Program Income begins to accrue at the time the Loan is placed on the Unit and therefore specifically includes any reclamation income from the sale of a deconstructed Unit.

All receipts for Program Income must be supplied with the Request for Reimbursement at the time of Unit Closing. Program Income will offset expenses on total Unit cost and can be credited to the Applicant/Not-for-Profit Partner award for use toward additional eligible uses under the Program. If work on all Units funded in the application or in Unit Substitution is complete and additional funds remain, Program Income can be used to address additional Units not included in the original application. These Units must be approved as described in Section 9.6. Any funds not expensed by the end of the Tri-Party Agreement will be held by IHDA.

Chapter 10 - Glossary

10.1 What is blight?

There are references to blight in the Illinois Municipal Code Section 11-74.4-3 (<http://www.ilga.gov/legislation/publicacts/94/094-0268.htm>). This information defines blighted areas, not specifically properties, Units, or lots. For the purposes of BRP and in alignment with the municipal code referenced above, residential buildings that qualify could be characterized as:

- Dilapidated
- Obsolete
- Deteriorated
- Containing structures or elements below minimum code standards
- Vacant or abandoned property without a lawful occupant

BRP does not require a highest and best use analysis be performed by an appraiser to qualify a Unit. Code violations are not a requirement to define a property as blighted. A property may be characterized as blighted in one community and be deemed eligible for rehabilitation in another when factoring in surrounding land use, incidents of crime, concerns for safety, community building standards, and end use plans for that specific lot. Units of Local Government are responsible for demonstrating to IHDA how they determined the property to be blighted. This will include past activities, current condition, and plan for reuse. Justification for why a property is deemed blighted and in need of demolition will be substantiated in the application. IHDA will review the Unit submission in the application for funding and request further Unit information if the demolition proposed is questionable as the best use for the property.

10.2 What is vacant and abandoned?

The formal definitions of abandoned correspond with many elements of blight. Abandoned property is ‘not occupied by any mortgagor or lawful occupant as a principal residence, or contains an incomplete structure that is empty or otherwise uninhabited and is in need of maintenance, repair or securing’.

Conditions that support the property being vacant and abandoned might include:

- construction was initiated and was discontinued;
- multiple windows on the property are boarded up, closed off or smashed through, broken off or unhinged, or multiple window panes are broken and unrepaired;
- doors on the property are smashed through, broken off, unhinged, or continuously unlocked;
- property has been stripped of copper or other materials, or interior fixtures to the property have been removed;
- gas, electric or water services to the entire property have been terminated;
- one or more written statements of the mortgagor or the mortgagor’s personal representative or assigns, including documents of conveyance, indicate a clear intent to abandon the property;
- law enforcement officials have received at least one report of trespassing or vandalism or other illegal acts being committed at the property in the last 6 months;
- property has been declared unfit for occupancy and ordered to remain vacant and unoccupied under an order issued by a municipality or county authority or a court of competent jurisdiction;
- local police, fire or code enforcement authority has requested the owner or other interested or authorized party to secure or winterize the property due to the local authority declaring the property to be an imminent danger to the health, safety and welfare of the public;
- property is open and unprotected and in reasonable danger of significant damage due to exposure to the elements, vandalism or freezing; or
- other evidence indicates a clear intent to abandon the property, or the real estate is zoned for residential development and is a vacant lot that is in need of maintenance, repair, and securing.

Each Applicant submission by property should include details on the specific property and why they are deeming it vacant and abandoned. Other conditions not referenced in the above list may be included.

10.3 What defines a blighted property?

For the purposes of BRP, a blighted property is real estate that is either:

- 1) not occupied by any mortgagor or lawful occupant as a principal residence; or
- 2) contains an incomplete structure if the real estate is zoned for residential development, when the structure is empty or otherwise uninhabited and is in need demolition.

Two or more of the following conditions must be shown to exist in order for a property to be eligible:

- construction was initiated and was discontinued prior to completion leaving a building unsuitable for occupancy, and no construction has taken place in 6 months;
- multiple windows on the property are boarded up, closed off or smashed through, broken off or unhinged, or multiple windowpanes are broken and unrepaired;
- doors on the property are smashed through, broken off, unhinged, or continuously unlocked;
- the property has been stripped of copper or other materials, or interior fixtures to the property have been removed;
- gas, electric or water services to the entire property have been terminated;
- one or more written statements of the mortgagor or the mortgagor's personal representative or assigns, including documents of conveyance, indicate a clear intent to abandon the property;
- law enforcement officials have received at least one report of trespassing or vandalism or other illegal acts being committed at the property in the last 6 months;
- the property has been declared unfit for occupancy and ordered to remain vacant and unoccupied under an order issued by a municipality or county authority or a court of competent jurisdiction;
- the local police, fire or code enforcement authority has requested the owner or other interested or authorized party to secure or winterize the property due to the local authority declaring the property to be an imminent danger to the health, safety and welfare of the public;
- the property is open and unprotected and in reasonable danger of significant damage due to exposure to the elements, vandalism or freezing; or
- other evidence indicates a clear intent to abandon the property, or the real estate is zoned for residential development and is a vacant lot that is in need of maintenance, repair, and securing.

10.4 What is demolition?

Demolition for BRP means that the lot is cleared of all structures or improvements, removal of any subsurface impediments is done, and the site is backfilled and graded to prepare the way for reuse or redevelopment. Per the U.S. Environmental Protection Agency, construction and demolition (C&D) materials consist of the debris generated during the construction, renovation, and demolition of buildings, roads, and bridges. C&D materials often contain bulky, heavy materials that include:

- concrete,
- wood (from buildings),
- asphalt (from roads and roofing shingles),
- gypsum (the main component of drywall),
- metals,
- bricks,
- glass,
- plastics,
- salvaged building components (doors, windows, and plumbing fixtures), and
- trees, stumps, earth, and rock from clearing sites.

Reducing and recycling C&D materials conserves landfill space, reduces the environmental impact of producing new materials, creates jobs, and can reduce overall building project expenses through avoided purchase/disposal costs.

Each time an Applicant proposes a site for demolition, the itemized costs associated with the demolition work must be reported, such as:

- work performed
- equipment rental
- equipment use expenses
- permit costs
- clean up costs
- subcontracting costs
- debris removal and hauling
- fuel costs for equipment use
- Any efforts to reuse or repurpose the debris from the demolition can be reimbursed costs and IHDA promotes any efforts to minimize construction debris from entering the landfill.

10.5 What are Applicants?

Applicants for BRP are Illinois Units of Local Government (e.g. cities, municipalities, counties, or land banks) (“Applicant”). BRP requires that the Applicant control the permitting, inspection, and lien extinguishment process for all properties proposed. The Applicant will lead the identification of BRP Target Areas, sourcing the properties proposed for demolition and the title clearance process for blighted properties.

10.6 What is a Not-For-Profit Partner?

The Applicant must partner with a not-for-profit developer or agency (“Not-For-Profit Partner”) with demonstrated experience that pertains to BRP (demolition, greening, revitalization). Due to the structure of TARP funding and its unique requirements, the Not-For-Profit Partner must take ownership (title) of the properties identified for BRP assistance prior to any demolition work, execute HHF loan documents, and be the receiver of the BRP funds. The Not-For-Profit Partner will also provide compliance reports on each property and is liable should a recapture event occur during the 3 year compliance-recapture period.

10.7 What are eligible properties?

Properties assisted with BRP funds can be sourced from an existing municipal inventory, tax foreclosure list, be purchased, donated, or conveyed through condemnation or other means.

Eligible Properties

- 1-4 unit residential properties in the State of Illinois
- Properties deemed blighted and in need of demolition by the municipality
- Manufactured home taxed as real property with a foundation and no hitch or wheels
- Properties within census tracts of the proposed BRP Target Area
- Properties may have garages, outbuilding, and/or sheds (demolition/removal of these buildings is an eligible cost)

10.8 What are Ineligible Properties?

- Residential properties knowingly occupied by a legal or non-legal residents
- Properties that have been demolished prior to BRP application approval
- Individual properties surrounded by non-residential land uses
- Historically registered properties
- Commercial, industrial, or agricultural properties
- Properties in adequate and safe condition to be currently occupied as deemed by the municipality
- Properties that can be repaired, rehabbed, for minimal cost as deemed by the municipality
- Mixed use properties with a residential unit component

10.9 What are the eligible uses for funding under the Program?

BRP funds will reimburse/refinance the costs incurred by Applicants and their Not-For-Profit Partner at the property level for:

- Acquisition (purchase price, lien extinguishment, legal costs)
- Closing costs (if applicable, *i.e.*, title, recording and transfer fees)
- Demolition
- Lot treatment/greening
- Maintenance (\$3,000 per unit)
- Administrative expenses (\$1,750 per unit)

The maximum per unit financing is \$35,000. Costs may exceed \$35,000 for all eligible activities listed above, but BRP will only reimburse a maximum of \$35,000.

10.10 What is the definition of a Unit?

A Unit is a legal residential dwelling or property eligible for BRP refinance assistance is considered a (“Unit”). The Unit must have at least one unique Permanent Index Number (“PIN”) to be considered eligible for BRP.

10.11 What is an instrument of debt?

The BRP funds are being used to refinance an existing debt between the Unit of Local Government and the Not-For-Profit Partner. The BRP program guidelines leave it open and flexible to the Unit of Local Government and its Not-For-Profit Partner to determine how to structure the debt and what debt instrument (and other loan documents) will be used to evidence this debt. The debt finances the costs of acquisition, demolition etc.

10.12 What is reimbursement?

A reimbursement is a refinancing of a debt instrument and occurs after the Applicant and/or Not-For-Profit Partner submits a request for funding of costs incurred for Eligible Uses and the Authority approves a disbursement of funds.

10.13 What is a Unit of Local Government?

Units of Local Government are cities, municipalities, counties, or land banks located in the State of Illinois.