

## Public Notice

In accordance with the Statutes of the State of Illinois and the Ordinances of the City of Highland Park, a **Regular Meeting** of the City of Highland Park Housing Commission, the Peers Housing Association, Walnut Housing Association, Ravinia Housing Association and Sunset Woods Association will be held at the hour of **6:30 P.M. on Wednesday, June 1, 2016 at City Hall, 1707 St. Johns Avenue, Highland Park, Illinois**. The Meeting will be held in the **Pre-Session Room** on the second floor.

City of Highland Park  
Housing Commission  
Wednesday, June 1, 2016, at 6:30 p.m.

### AGENDA

- I. **Call to order**
- II. **Roll Call**
- III. **Business from the Public (Citizens Wishing to Be Heard Regarding Items not Listed on the Agenda)**
- IV. **Approval of Minutes – April 6, 2016**
- V. **Scheduled Business**
  1. Introduction of Senior Planner Charmain Later
  2. Items for Omnibus Vote Consideration
    - Payment of Invoices:  
None at present.
    - Ratification of Payment:  
Chicago Title Land Trust Company for Annual Land Trust fee of \$295.00
  3. Housing Commission Peers, Walnut, Ravinia, and Sunset Woods
    - Consideration of Management Agreement Extensions with Housing Opportunity Development Corporation for Sunset Woods rentals to August 31, 2018
    - Management Reports including financial statements
    - Report: City Council approved Extension to Evergreen's management agreement to June 30, 2018
    - Consideration of Banking Resolutions to change signatory at Highland Park Bank and First Bank of Highland Park
    - Consideration of Corporate Resolutions to change signatories at Chicago Title Land Trust Company
    - Consideration of Extension to Trust Agreement with Chicago Title Land Trust for Peers Housing
    - Update on laundry equipment for Peers Housing
    - Update on Property Tax Exemption analysis

**Housing Commission Agenda**  
**June 1, 2016**

- Update on the Peers window and air conditioning project
- Sunset Woods:
  - Consideration of Revised Audit Engagement Letter with Manning Silverman & Company for the Sunset Woods audit and tax preparation services
  - Other Sunset Woods Business
- 4. Consideration of Budgets for Housing Commission and Housing Trust Fund
- 5. Update on Inclusionary Housing Task Force
- 6. Update on development proposals
- VI. Executive Session for Matters relating to Real Estate Acquisition, Litigation, and Personnel Matters**
- VII. Other Business**
- VIII. Adjournment**

Posted at City Hall on Friday May 27, 2016 before 5:00 p.m.

DRAFT

**MINUTES OF A REGULAR MEETING OF THE  
HOUSING COMMISSION OF THE CITY OF HIGHLAND PARK, ILLINOIS**

**MEETING DATE:** Wednesday April 6, 2016

**MEETING LOCATION:** Pre-Session Room, City Hall,  
1707 St. Johns Avenue, Highland Park, IL

**CALL TO ORDER**

At 6:33 p.m., Chair Charles Adler called to order the regular meeting of the Highland Park Housing Commission, the Peers Housing Association, the Ravinia Housing Association, the Walnut Housing Association, and the Sunset Woods Association. Each of the Commissioners also serves as Directors of each of the Housing Associations. The Chair asked Planner Smith to call the roll.

**ROLL CALL**

Commissioners Present: Charles Adler, Joseph Adler, Mary Kaltman, Lisa Oldham, Laura Saret, and Douglas Ross

Commissioners Absent: David Meek

Student Representative Present: Jack Foster

Student Representative Absent: Claire Powell

Chair Adler declared that there was a quorum.

Council Liaison Present: Michelle L. Holleman

Staff Liaison Present: Planner Mary Cele Smith

**BUSINESS FROM THE PUBLIC (Citizens Wishing to be Heard Regarding Items not Listed on the Agenda)**

There was no business from the public on items not listed on the Agenda.

**APPROVAL OF MINUTES**

Regular Meeting March 2, 2016

Commissioner Oldham moved approval of the minutes of the regular meeting of the Housing Commission, the Peers Housing Association, the Ravinia Housing Association, the Walnut Housing Association, and the Sunset Woods Association held on March 2, 2016. Commissioner Joseph Adler seconded the motion.

On a voice vote, Chair Charles Adler declared that the motion passed unanimously.

**SCHEDULED BUSINESS**

1. Items for Omnibus Vote Consideration

Payment of Invoices:

Manning Silverman & Co. for Invoice #200944280 for the Initial Retainer (1 of 2) for the Sunset Woods 2015 Audit for \$3,100.00

Chair Adler entertained a motion to approve payment of invoice #200944280 from Manning Silverman & Company for the initial retainer (1 of 2) for the Sunset Woods 2015 audit and tax return preparation. Commissioner Saret moved approval of payment of invoice #200944280 from Manning Silverman & Company for the initial retainer (1 of 2) for the Sunset Woods 2015 audit and tax return preparation. Commissioner Kaltman seconded the motion.

On a voice vote, Chair Adler declared that the motion passed unanimously.

2. Housing Commission Peers, Walnut, Ravinia, and Sunset Woods

Management Report including financial statements

Planner M. Smith said that she had some additional information for the Commissioners regarding the Management Report. With regard to Peers' expenses, the Misc. Admin. Expense of \$682.07 includes association dues for \$167 from the Chicagoland Apartment Association (CAA). The CAA conducts educational programs for members that Evergreen staff attend. Other miscellaneous expenses include \$103 for payroll software and petty cash for \$300.

Commissioner Ross said that the petty cash expenditures should be allocated to the appropriate line items. Planner Smith said that she would talk to Evergreen about this. With regard to the negative capital expenditure of \$14,000 at Peers, Evergreen staff explained to Planner Smith that this was a reversal of payment for the construction for the new Service Coordinator's office. The invoice was billed twice.

Planner Smith reported that the Peers and Ravinia audits were submitted by March 31<sup>st</sup>.

Commissioner Ross asked Planner Smith to forward the Ravinia mark-to-market Surplus Cash Analysis letters from MBI Consultants. MBI, under contract to U.S. Housing and Urban Development, review the annual financial audits, focusing on surplus cash. Planner Smith said that she would email them and that Evergreen staff were reviewing them and preparing a response.

Commissioner Ross also mentioned that U.S. Housing and Urban Development has a new policy regarding fair housing and tenant selection plans. The current policy permitted screening tenants for criminal backgrounds more broadly. Due to concerns about criminal justice disparities for minorities, the new policy requires that criminal convictions are considered on a case by case basis, with the exception of some crimes. For certain crimes, such as sexual violence, the management company can simply deny the application for housing. Planner M. Smith said that she would ask Evergreen how they are responding to HUD's new policy.

Update on laundry equipment for Peers Housing

Planner Smith reported that Evergreen staff raised the price to \$1.00 from \$.75 for each washing and drying cycle at Peers per the Commission's agreement. Following the Commissioners' direction at the last meeting, she checked the financial reports for Peers laundry revenue in past years. Laundry revenue for Peers declined substantially from 2010 to 2015, from \$2,301 to \$1583. According to the contract, the property receives half the revenue collected. This decline in Peers' revenue seems surprising given no change in occupancy of the 68 apartments at Peers.

Given this downward trend, the Commissioners agreed that Evergreen staff should verify a quarterly count with the vendor. The Commissioners also concurred that requesting that the vendor install counters on the machines or switch to a card system that provides a tally when the card is used would be worthwhile for the long term. Planner Smith said that she would talk to Evergreen Regional Supervisor Brent Norvik about these next steps.

#### Update on Property Tax Exemption analysis

Planner M. Smith said that she has begun collecting documents that Holland & Knight identified as needed to pursue property tax exemptions for the Commission properties. Attorney Hart Passman's preliminary opinion is that the Commission may be able to obtain them based on the Housing Commission's organization in the City's Housing Commission Ordinance that establishes the Housing Commission as a housing authority. Illinois statutes exempt housing authorities from payment of property taxes. This legal work is covered under the City's retainer.

#### Update on the Peers window and air conditioning project

Planner M. Smith said that she needs to finish reviewing the bid packet that architect Dan Baigelman sent her and then forward it to Holland & Knight for review of the contract included in the packet.

#### Sunset Woods

There was no Sunset Woods report.

#### 3. Update on development proposals

Planner M. Smith reported that the developer and City staff signed the Development Agreement for the McGovern Flats development. The Heritage, a 12-unit single-family development on Lake Cook Road, received final approval from City Council in March. The developer selected paying the fee-in-lieu payment for 2.4 units rather than building the affordable units, which would be a \$300,000 payment to the Affordable Housing Trust Fund. The developer requested paying the fee-in-lieu in three installments. The City Council granted this request. With regard to Oakwood Station, the City Council rejected the developer's request for rezoning for the proposed development, but was supportive of the overall project.

### **EXECUTIVE SESSION**

There was no Executive Session.

### **OTHER BUSINESS**

Draft Lease Agreement between the Ravinia Housing Association and the City of Highland Park  
Planner Smith reported that Evergreen staff submitted the additional information that U.S. Housing and Urban Development requested after their initial review of the draft lease agreement.

#### Reminder regarding Statement of Economic Interest

Planner Smith reminded the Commissioners that the Statement of Economic Interest form that Lake County requires is due May 1<sup>st</sup>.

### **ADJOURNMENT**

Chair Charles Adler entertained a motion to adjourn the meeting. Commissioner Ross moved to adjourn. Commissioner Oldham seconded the motion.

On a voice vote, Chair Adler declared that the motion passed unanimously.

The Housing Commission adjourned its meeting at 7:52 p.m.

Submitted respectfully:

Mary Cele Smith  
Housing Planner



**CHICAGO TITLE LAND TRUST COMPANY**  
 10 South LaSalle Street, Suite 2750  
 Chicago, Illinois 60603  
 (312) 223-4110 or toll free (888) 878-7856

**STATEMENT OF ACCOUNT**

STATEMENT DATE: 04/30/2016  
 PAYMENT DUE DATE: 05/25/2016  
 CUSTOMER NUMBER: A7711827300  
 TRUST REFERENCE: 400 CENTRAL AVE

SHOW AMOUNT PAID HERE: \$ \_\_\_\_\_  
 (for your records)

DATE	TRANSACTION NUMBER	DESCRIPTION	AMOUNT
04/30/2016	700976	ANNUAL FEE	295.00

**PEERS HOUSING ASSOCIATION** *trust reference: 400 Central Avenue* 1071  
 1150 HALF DAY ROAD  
 HIGHLAND PARK, IL 60035

DATE 5/25/16 70-2533-719

PAY TO THE ORDER OF Chicago Title Land Trust Company \$ 295.00  
Two hundred ninety five and 00/100 DOLLARS

HIGHLAND PARK BANK  
 & Trust Company  
 A Branch of Lake Forest Bank & Trust Co.  
 1949 St. Johns Avenue  
 Highland Park, IL 60035

Customer #: A7711827300

*Mary Cealin Smith*

⑈001071⑈ ⑆071925334⑆ ⑈8200011321⑈

OUR WHEATON LAND TRUST OFFICE HAS MOVED TO  
 LISLE - 2441 WARRENVILLE ROAD, SUITE 100.

PLEASE RETURN THIS PORTION WITH YOUR PAYMENT AND REMEMBER TO INCLUDE YOUR CUSTOMER NUMBER ON YOUR CHECK.



**CHICAGO TITLE LAND TRUST COMPANY**  
 10 South LaSalle Street, Suite 2750  
 Chicago, Illinois 60603

IF PAYING BY DISCOVER, MASTERCARD OR VISA, FILL OUT BELOW.

CHECK CARD USING FOR PAYMENT  DISCOVER  MASTERCARD  VISA

CARD NUMBER \_\_\_\_\_ LAST 3 DIGITS FROM BACK OF CARD \_\_\_\_\_

SIGNATURE \_\_\_\_\_ EXP. DATE \_\_\_\_\_

PAYMENT DUE DATE	PAY THIS AMOUNT	CUSTOMER NUMBER
05/25/2016	\$ 295.00	A7711827300

SHOW AMOUNT PAID HERE \$ 295.00

PLEASE CHECK IF THE BELOW ADDRESS IS INCORRECT AND INDICATE CHANGE(S) ON REVERSE SIDE.

8054 8054 8049 CTT D8049 R1-4

ADDRESSEE:

MAKE CHECKS PAYABLE & REMIT TO:

PEERS HOUSING ASSOCIATION  
 C/O LEE SMITH  
 1150 HALF DAY ROAD  
 HIGHLAND PARK, IL 60035



CTLTC  
 4240 PAYSHERE  
 CHICAGO, IL 60674



**CHICAGO TITLE LAND TRUST COMPANY**  
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Customer #: A7711827300

*Mary Cecilia Smith*

⑈00107⑈ ⑆071925334⑆ ⑆8200011321⑈

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SIGNATURE \_\_\_\_\_ EXP. DATE \_\_\_\_\_

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05/25/2016	\$ 295.00	A7711827300

SHOW AMOUNT PAID HERE \$ 295.00

PLEASE CHECK IF THE BELOW ADDRESS IS INCORRECT AND INDICATE CHANGE(S) ON REVERSE SIDE.

8054 8054 8049 CTT D8049 R1-4

ADDRESSEE:

MAKE CHECKS PAYABLE & REMIT TO:

PEERS HOUSING ASSOCIATION  
 C/O LEE SMITH  
 1150 HALF DAY ROAD  
 HIGHLAND PARK, IL 60035

CTLTC  
 4240 PAYSPPHERE  
 CHICAGO, IL 60674



**CITY OF HIGHLAND PARK**  
DEPARTMENT OF COMMUNITY DEVELOPMENT  
1150 HALF DAY ROAD  
HIGHLAND PARK, ILLINOIS 60035  
(847) 432-0867

**MEMORANDUM**

To: Housing Commissioners

From: Mary Cele Smith, Housing Planner

Date: May 26, 2016

**SUBJECT: Extension to Management Agreements with Housing Opportunity Development Corporation**

The two Management Agreements for the rentals at Sunset Woods have two-year terms, each of which expires on August 31, 2016. The only change from the two previous agreements with Housing Opportunity Development Corporation (HODC), the management company, is the extension of the term from September 1, 2016 through August 31, 2018.

Attached are:

- The Extension and Amendment of Management Agreement for the twelve original rentals. This Agreement requires approval from the Illinois Housing Development Authority (IHDA).
- The Extension and Amendment of Management Agreement for the additional two rentals (Units #231 and #319) that the Housing Commission acquired in the resale process several years ago,
- The original July 1, 2002 Management Agreement for the twelve rentals that contains the full Agreement,
- The August 25, 2004 Extension and Amendment of Management Agreement for the twelve rentals that revises the management fee from 7.5% of gross receipts to the current fee of 6.5% of gross receipts, and
- The September 1, 2012 Extension and Amendment of Management Agreement for the two additional rentals (Units #231 and #319) that contains the full Agreement.

The Extension and Amendment of Management Agreement for the twelve rentals requires the approval of the Illinois Housing Development Authority (IHDA). IHDA has a subordinate mortgage on the original twelve rentals in the form of a forty-year, non-interest bearing loan. Monthly payments of \$100 began January 1, 2004 with the unpaid balance due in one payment on June 30, 2042. The Extension and Amendment of Management Agreement for Units #231 and #319 are between the Sunset Woods Association and HODC only.

**Recommendation:**

Given Housing Opportunity Development Corporation's (HODC) quality service and reasonable fees, staff respectfully recommends that the Housing Commission and the Sunset Woods

Association extend the two Management Agreements for the Sunset Woods rentals for the period from September 1, 2016 to August 31, 2018.

The balance of this memo will provide background on the management relationship, management fees, and HODC's performance.

**Background:**

HODC, formerly known as the Interfaith Housing Development Corporation, was one of the original development partners and has been the only management company for the rentals since the Sunset Woods development opened in 2002. Continuity in management services is important in affordable housing developments, because it provides stability for residents and builds an effective relationship with the Housing Commission and City staff. Prior to selecting HODC in 2002, the Housing Commission also considered a proposal from the Braeside Group, the initial manager for the condominium units at the Sunset Woods development. The Commission selected HODC over the Braeside Group for a number of reasons:

- HODC (then known as Interfaith Housing Development Corporation) had experience managing affordable rental developments;
- The project team's experience developing Sunset Woods with HODC was favorable;
- HODC's proposed fee of 7.5% was lower than Braeside's proposed fee of 9.5%; and
- There was a concern that there was a conflict of interest to have the same firm (Braeside) managing the rental and condominium units in the same development.

**Management Fees:**

The fees for all fourteen rentals are 6.5% of "gross collections." "Gross Collections" are all amounts actually collected by the Property Manager as rents or other payments, including, but not limited to, vending machine collections and parking fees, but excluding (1) income derived from interest or investments, (2) discounts and dividends on insurance, and (3) security deposits. The initial fee established in 2002 was 7.5%. It was reduced to 6.5% in 2004 and has been constant since.

**HODC's Performance**

**Resident satisfaction:**

Resident satisfaction is one of the Housing Commission's consistent goals each year. City staff and the Housing Commission representative to the Sunset Woods Condominium Association (SWCA) Board assess resident satisfaction through their interactions with the renters. Commissioner David Meek is the current Commission representative to the SWCA Board, and he meets with renters prior to each quarterly SWCA meeting in order to hear any concerns. The feedback that he and City staff receive is generally favorable. After these quarterly meetings, Commissioner Meek contacts City staff to forward any repair requests that haven't been made already to the HODC property manager and other questions from the renters. City staff then contacts the HODC property manager. City staff's experience is that the Property Manager responds quickly to service requests. Moreover, the Property Manager has handled sensitive situations that have arisen with a few renters with compassion, tact, and firmness.

**Maintenance and Capital Planning:**

Because the fourteen rentals reside in a newer building of sixty total units, there has been little need for extensive capital planning for the fourteen units. HODC staff does cycle painting and carpet-cleaning on a regular schedule and does refurbishing, including painting, as needed at turnover.

**Documents included in the Housing Commission packet:**

- 9.1.16 Extension and Amendment of Management Agreement that IHDA also approves
- 9.1.16 Extension and Amendment of Management Agreement for two additional units
- 7.1.02 Management Agreement
- 8.25.04 Extension and Amendment of Management Agreement
- 9.1.12 Extension and Amendment of Management Agreement for the two additional rentals

## EXTENSION AND AMENDMENT OF MANAGEMENT AGREEMENT

**THIS EXTENSION AND AMENDMENT OF MANAGEMENT AGREEMENT** (this "Amendment") is made as of the 1 day of September, 2016, by and between Sunset Woods Association (the "Owner") and Housing Opportunity Development Corp. (the "Property Manager").

### RECITALS

**A.** The Owner and the Property Manager have previously entered into that certain Management Agreement dated as of September 1, 2014 (the "Management Agreement") and approved by the Illinois Housing Development Authority. The Management Agreement has expired and the parties wish to amend it and extend its term.

**NOW, THEREFORE**, in consideration of the mutual agreements contained below and other good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties agree as follows:

1. **Definitions.** All capitalized terms in this Amendment that are not defined herein shall have the meanings provided in the Management Agreement.
2. **Extension of Term.** The term of the Management Agreement is extended for a period of 2 year(s), beginning on September 1, 2016 and ending on August 31, 2018, unless terminated earlier as provided in the Management Agreement.
3. **Warranties and Representations.** Owner and Property Manager each warrants that it has not executed, and represents that it will not execute, any other agreement with provisions contradictory to or in opposition to the provisions of the Management Agreement, as amended by this Amendment (the "Amended Management Agreement") and that, in any event, the requirements of the Amended Management Agreement are (i) paramount and controlling as to the rights and obligations set forth in any other agreement and (ii) supersede any other requirements in conflict with the Amended Management Agreement.

**IN WITNESS WHEREOF**, the parties have caused this Amendment to be executed by their authorized representatives.

**OWNER:** Sunset Woods Association

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

FEIN # 01-0628727

**PROPERTY MANAGER:** Housing Opportunity Development Corporation

By: \_\_\_\_\_

Print Name: Richard Koenig

Title: Executive Director

FEIN # 36-3237455

This Amendment is approved this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

**ILLINOIS HOUSING DEVELOPMENT  
AUTHORITY:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

## EXTENSION AND AMENDMENT OF MANAGEMENT AGREEMENT

**THIS EXTENSION AND AMENDMENT OF MANAGEMENT AGREEMENT** (this "Amendment") is made as of the 1 day of September, 2016, by and between Sunset Woods Association (the "Owner") and Housing Opportunity Development Corp. (the "Property Manager").

### RECITALS

**A.** The Owner and the Property Manager have previously entered into that certain Management Agreement originally dated as of January 7, 2010 (the "Management Agreement") for the two additional units defined in Exhibit A. The Management Agreement has expired and the parties wish to amend it and extend its term.

**NOW, THEREFORE**, in consideration of the mutual agreements contained below and other good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties agree as follows:

1. **Definitions.** All capitalized terms in this Amendment that are not defined herein shall have the meanings provided in the Management Agreement.
2. **Extension of Term.** The term of the Management Agreement is extended for a period of 2 year(s), beginning on September 1, 2016 and ending on August 31, 2018, unless terminated earlier as provided in the Management Agreement.
3. **Warranties and Representations.** Owner and Property Manager each warrants that it has not executed, and represents that it will not execute, any other agreement with provisions contradictory to or in opposition to the provisions of the Management Agreement, as amended by this Amendment (the "Amended Management Agreement") and that, in any event, the requirements of the Amended Management Agreement are (i) paramount and controlling as to the rights and obligations set forth in any other agreement and (ii) supersede any other requirements in conflict with the Amended Management Agreement.

**IN WITNESS WHEREOF**, the parties have caused this Amendment to be executed by their authorized representatives.

**OWNER:** Sunset Woods Association

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

FEIN # 01-0628727

**PROPERTY MANAGER:** Housing Opportunity  
Development Corporation

By: \_\_\_\_\_

Print Name: Richard Koenig

Title: Executive Director

FEIN # 36-3237455

**Exhibit A**  
Rental Units

<u>Units</u>	<u>Bedroom Count</u>	<u>Income Threshold</u>
#231	two-bedroom	up to 80% Chicago Area Median Income
#319	two-bedroom	up to 115% Chicago Area Median Income

MANAGEMENT AGREEMENT  
(Trust Fund--Initial Rent-up)

THIS MANAGEMENT AGREEMENT (this "Agreement"), made as of the day of July, 2002, by and between Sunset Woods Association ("Owner"), an Illinois not-for-profit, having its principal office at 1707 St. Johns St, Highland Park, Illinois, and Housing Opportunity Development Corporation ("Property Manager"), an Illinois not-for-profit, having its principal office at 1000 Skokie Blvd, Suite 570, Wilmette, Illinois;

W I T N E S S E T H:

**WHEREAS**, Authority has made the Loan to Owner from the Affordable Housing Trust Fund for the acquisition, construction and permanent financing of the Development; and

**WHEREAS**, Owner is required to comply with the Act, the Trust Fund Act, the Regulatory and Land Use Restriction Agreement and all applicable rules and regulations of Authority; and

**WHEREAS**, Property Manager is experienced in the operation, maintenance, marketing, management and leasing of multifamily housing developments similar to the Development; and

**WHEREAS**, Owner desires to retain the services of Property Manager for the operation, maintenance, marketing, management and leasing of the Development and Property Manager desires to provide such services.

**NOW THEREFORE**, in consideration of the mutual agreements contained in this Agreement, Owner and Property Manager agree as follows:

1. **Recitals.** The Recitals set forth above are incorporated in this Agreement by this reference.

2. **Definitions.** As used in this Agreement, the following terms shall have the meanings indicated below:

(a) "Act": the Illinois Housing Development Act, 20 ILCS 3805/1 et seq. (1996), as amended from time to time.

(b) "Affirmative Fair Housing Marketing Plan": the Affirmative Fair Housing Marketing Plan for the Development, as approved by Authority.

(c) "Authority": the Illinois Housing Development Authority, a body politic and corporate of the State of Illinois created by and existing pursuant to the Act.

(d) "Development": the real property legally described on **Exhibit A** attached to this Agreement and made a part of it, commonly known as Sunset Woods Apartments, located in Highland Park, Illinois; and the improvements, buildings, appurtenances, equipment and personal property located on it. The Development includes 60 Units, 60 parking spaces and 0 square feet of commercial space. *Throughout this agreement "Development" shall mean only the 12 rental units owned as condominiums by the Owner.* <sup>12 rental units,</sup>

(e) "Development Bank Account": the bank account into which all Development funds, including, but not limited to, rents, charges and other amounts receivable by Owner in connection with the management and operation of the Development, are deposited. The Development Bank Account shall be established in a bank in the State of Illinois whose deposits are insured by the Federal Deposit Insurance Corporation. The funds in the Development Bank Account shall not be commingled with any other funds.

(f) "Fiscal Year" shall mean calendar year unless specifically provided to the contrary in this Agreement.

(g) "Gross Collections": all amounts actually collected by Property Manager as rents or other payments, including, but not limited to, vending machine collections and parking fees, but excluding (1) income derived from interest or investments, (2) discounts and dividends on insurance and (3) security deposits.

(h) "Initial Closing Date" shall mean the date the Authority issues its initial closing memorandum.

(i) "Initial Rent-up" shall mean the period from the Initial Closing Date to the date when occupancy of dwelling units in the Development first reached ninety-five percent (95%).

(j) "Lease": the Model Lease (IHDA Form No. PD-301A), or such other form of lease as may be approved in writing by Authority.

(k) "Loan": the mortgage loan made by Authority to Owner for the acquisition, construction and permanent financing of the Development, evidenced by the Note, secured by the Mortgage and governed by the Regulatory Agreement.

(l) "Loan Documents": the Note, the Mortgage, the Regulatory Agreement and all other documents evidencing, securing or governing the Loan.

(m) "Management Plan": the Management Plan for the Development, as approved by Authority, attached to this Agreement as **Exhibit B**; the Management Plan is incorporated in this Agreement by this reference.

(n) "Mortgage": that certain mortgage, security agreement and assignment of rents and leases, including any amendments to it, on the Development under which Authority is the mortgagee and Owner is the mortgagor, and which secures the Loan.

(o) "Note": that certain mortgage note executed by Owner evidencing the Loan.

(p) "Regulatory Agreement": that certain Regulatory and Land Use Restriction Agreement dated as of May 3, 2001, and any amendments to it, by and between Owner and Authority, governing the Development.

(q) "Tenant": an individual or family occupying a Unit pursuant to a Lease.

(r) "Tenant Selection Plan": the Tenant Selection Plan for the Development approved by Authority, as amended.

(s) "Trust Fund Act" shall mean the Illinois Affordable Housing Act, 310 ILCS 65/1 et seq. (1996), as amended from time to time.

(t) "Unit": a unit in the Development intended for use as a private dwelling.

3. **Expertise of Property Manager.** Property Manager represents and warrants to Owner that it possesses the necessary skills, experience and expertise to properly manage the Development and to comply with the terms and conditions imposed upon it by this Agreement.

4. Compliance with Laws. Property Manager represents and warrants to Owner that it is familiar with, and represents that it shall act in compliance with, all applicable federal, state and local laws, ordinances and regulations when managing and maintaining the Development, including, but not limited, to issues involving equal employment opportunity, fair housing, eviction proceedings, security deposits, non-discrimination in connection with disabled persons, utility services and criminal activities that may result in property forfeiture. Property Manager further represents and warrants to Owner that it will keep informed of, and act in compliance with, all applicable new laws, ordinances and regulations that may be enacted during the term of this Agreement as they pertain to the management of the Development.

5. Appointment of Property Manager. Subject to Authority's written approval of this Agreement, Owner appoints Property Manager, and Property Manager accepts such appointment, as Owner's exclusive property manager for the management and leasing of the Development, subject to the terms and conditions of this Agreement. In making and performing this Agreement Property Manager acts, and shall at all times act, as an agent of Owner or Authority.

6. Regulation of the Development. Property Manager acknowledges its receipt of the Regulatory Agreement, certifies that it has reviewed it and is thoroughly familiar with all other applicable rules and regulations of Authority and covenants with Owner and Authority that it shall undertake and perform all of Owner's management duties and responsibilities in compliance with the Act, the Trust Fund Act, the rules and regulations of Authority, the Regulatory Agreement and the other Loan Documents.

7. Meetings with Owner and Authority. Property Manager agrees to cause a representative of Property Manager to confer with Owner and Authority and to attend meetings with Owner and/or Authority at any reasonable time or times requested by Owner or Authority.

8. Provision of Information. As soon as practicable, but not later than final completion of the Development, Owner shall furnish Property Manager with a complete set of "as built" plans and detailed specifications for the Development, as finally approved by Authority, and copies of all guaranties and warranties pertinent to construction, fixtures and equipment of

the Development. With the aid of this information and inspection by competent personnel, Property Manager shall thoroughly familiarize itself with the character, location, construction, layout, plan and operation of the Development, and especially the electrical, heating, plumbing, air conditioning and ventilating systems, elevators, and all other mechanical equipment in the Development.

9. Liaison with Architect and General Contractor. During the planning and construction phases, Property Manager shall consult with the design architect, supervising architect and general contractor, in order to coordinate management concerns with the design and construction of the Development; facilitate completion of any corrective work; discharge Property Manager's responsibilities for arranging utilities and services pursuant to **Paragraph 19** of this Agreement; and advise Owner of all significant matters pertaining to the above matters.

10. Initial Rent-up Period. During the Initial Rent-up Period, Property Manager shall advise and assist Owner in the rental of Units and the management of the Development. The duties and responsibilities of Property Manager shall include, but not be limited to, the following:

(a) Preparation of and submission to Owner and Authority, at least ninety (90) days prior to initial rental of Units, a rent-up budget for the Initial Rent-up Period;

(b) Participation in a pre-occupancy conference with Authority and Owner;

(c) Preparation and submission to Owner (for submission to Authority) of monthly financial statements of income and expenses and cash receipts and disbursements, as required by Authority, throughout the Initial Rent-up Period;

(d) Participation in on-site inspection of the Development, as required by Authority, including, but not limited to inspection of each Unit upon completion; and participation with each new Tenant in the inspection of the Unit identified in such Tenant's Lease prior to occupancy; and

(e) Continuing review (for submission to and approval by the Authority) of the Management Plan, for the purpose of keeping Owner advised of necessary or desirable changes.

11. Disclosure. Property Manager shall not disclose to third parties any information pertaining to the Development except when necessary to carry out Property Manager's duties under the terms of this Agreement or in response to written requests from Authority.

12. Waiver of Lien Rights. To the extent permitted by law, and provided that the Loan has not been repaid, Property Manager subordinates any and all lien rights it may be able to assert, during the term of this Agreement or thereafter, on or against the Development arising from the services to be provided under this Agreement to the lien of the Mortgage and the lien of the senior mortgage. Property Manager shall provide whatever documentation may be requested by Owner and Authority to evidence Property Manager's subordination of its lien rights.

13. Compliance. Property Manager shall furnish whatever information is requested by Owner or Authority that would be necessary for Owner or Authority to determine whether Property Manager is acting in compliance with the terms and conditions of this Agreement.

14. Marketing. After Initial Rent-up, Property Manager, with the marketing agent, if applicable, shall carry out the marketing activities prescribed in the Management Plan, observing all requirements of the Regulatory Agreement and the Affirmative Fair Housing Marketing Plan. Subject to the prior approval of Owner and Authority, advertising expenses incurred by Property Manager on behalf of Owner shall be paid out of the Development Bank Account as expenses of the Development.

15. Rentals. Property Manager shall offer for rent and shall rent the Units, parking spaces, commercial space and other rental facilities and concessions in the Development in accordance with the rules and regulations of Owner and Authority, as amended from time to time. Owner authorizes Property Manager to execute, on Owner's behalf, Leases and commercial leases in connection with such rentals. In connection with such rentals, the following provisions shall apply:

(a) Property Manager shall comply with the requirements of the Affirmative Fair Housing Marketing Plan and the Tenant Selection Plan. A copy of the Affirmative Fair Housing Marketing Plan and the Tenant Selection Plan shall at all times be kept at the Development, and shall be made available to any Tenant or prospective Tenant upon request. Property Manager

shall cause all rental agents, on-site managers and property supervisors for the Development, and all other employees, to extent applicable, to be familiar with the contents of such Plans.

(b) During the Initial Rent-up Period, Property Manager shall cooperate with the marketing agent for the Development in making preparations for the rental of the Units.

(c) Property Manager shall show Units to all prospective Tenants.

(d) Property Manager shall take and process applications for rental of Units. If an application is rejected, the applicant shall be promptly advised in writing in the manner provided in the Tenant Selection Plan.

(e) Property Manager shall prepare all Leases and parking permits, and shall execute them in its name as agent for Owner. The terms of all Leases shall comply with the pertinent provisions of the Regulatory Agreement and the directives of Authority. All Leases shall be in a form approved by Authority.

(f) Owner, from time to time, shall furnish Property Manager with rent schedules which shall show rents for Units and other charges for facilities and services approved by Authority. In no event shall such rents and other charges be exceeded or reduced without the prior written approval of Authority. Tenant eligibility for Units that are rented at less than market rents, and the amount of such lesser rents, shall be determined in accordance with the Regulatory Agreement and/or the directives of Authority.

(g) Property Manager shall collect, deposit and disburse security deposits, if required, in accordance with all applicable state and local laws and the terms of each of Tenant's Lease. The amount of each security deposit shall be as specified in the Management Plan, or if not so specified as approved by Authority. Security deposits shall be held by Property Manager in a trust account, separate from all other accounts and funds, in a bank or other financial institution whose office is in the State of Illinois and whose deposits are insured by an agent of the United States Government, all in accordance with the terms of the Regulatory Agreement. This account shall be controlled and managed by Property Manager and designated of record as

the "Sunset Woods Security Deposit Trust Account". Interest on security deposits shall be paid in accordance with all applicable State and local laws.

(h) Property Manager shall maintain a current list of prospective Tenants and undertake all arrangements necessary and incidental to the acceptance or rejection of rental applications and the execution of Leases, all as provided in the Tenant Selection Plan. Property Manager shall exercise its best efforts (including, but not limited to, placement of advertising; assistance in completion of rental applications and execution of Leases; processing of documents and credit and employment verifications; and explanation of the rules of the Development), to effect the leasing of Units, renewal of Leases and, in accordance with the terms of the Lease, subleasing of Units.

(i) Property Manager shall perform such other acts as requested by Owner or Authority that are reasonable, necessary and proper in the discharge of Property Manager's duties under this Agreement.

(j) Property Manager shall prorate the first month's rent collected from a Tenant should such Tenant move into a Unit on any day other than the first day of the month. If the Tenant's occupancy of the Unit occurs after the twentieth (20th) day of the month, the prorated amount, plus the next month's rent, shall be collected on or before the first day of occupancy.

(k) Property Manager shall participate in such on-site inspections of the Development as may be required by Authority or Owner, including, but not limited to, (i) participation with each new Tenant in the inspection prior to occupancy of the Unit identified in the Lease with the Tenant and (ii) participation with the Tenant in the inspection of that Unit at least once each year thereafter.

(l) Property Manager shall immediately notify Owner and Authority in writing of all claims asserted against Property Manager or the Development, or of any lawsuit served upon Property Manager in connection with the management of the Development.

(m) Property Manager shall counsel all prospective Tenants concerning eligibility for Units, shall be responsible for determining the eligibility of prospective Tenants for Units and shall provide income certification and recertification forms for execution for each Tenant.

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(n) *Owner shall participate as a member of the condominium association, although Property Manager may be requested for assistance from time to time.*

16. Collection of Rents and Other Receipts. Property Manager shall collect when due all rents, charges and other amounts receivable by Owner in connection with the management and operation of the Development. Such receipts (except for Tenants' security deposits, which shall be handled as specified in **Paragraph 15(g)** above) shall be held in the Development Bank Account, separate from all other accounts and funds. The Development Bank Account shall be carried in Property Manager's name and designated of record as "Sunset Woods Development Bank Account".

17. Enforcement of Leases.

(a) Property Manager shall secure full compliance by each Tenant with the terms of such Tenant's Lease. Voluntary compliance shall be emphasized, and Property Manager shall counsel Tenants and make referrals to community agencies in cases of financial hardship or other circumstances deemed appropriate by Property Manager, all to the end that involuntary termination of tenancies shall be avoided to the maximum extent, consistent with sound management of the Development. Nevertheless, subject to the procedures prescribed in the Management Plan and the Regulatory Agreement, Property Manager may lawfully terminate any tenancy when, in Property Manager's judgment, sufficient cause for such termination occurs under the terms of the Tenant's Lease, including, but not limited to, nonpayment of rent. For this purpose, Property Manager is authorized to consult with legal counsel to be designated by Owner; to bring actions for eviction; to execute notices to vacate; and to initiate judicial pleadings incident to such actions. Property Manager shall keep Owner informed of such actions and shall follow such instructions as Owner may prescribe for the conduct of any such action. Reasonable attorneys' fees and other necessary costs incurred in connection with such actions, as determined by Owner, shall be paid out of the Development Bank Account as expenses of the Development.

(b) Property Manager shall consult with and make recommendations to Owner regarding security for the Development and take all steps reasonably necessary to implement the security program authorized by Owner at the Development. Property Manager shall promptly report any suspicious or illegal activities to the appropriate police authority, and shall strictly enforce the terms of the Leases regarding criminal activities by Tenants or their authorized guests.

(c) Property Manager shall use its best efforts to prevent unauthorized persons from being present at the Development. If Tenants fail to control the improper behavior of their guests while on Development property, or if Tenants assist unauthorized persons in remaining on the Development property, Property Manager shall strictly enforce the terms of the Leases of such Tenants.

~~[(for tax credit projects) (d) Property Manager shall fully comply with all federal laws and regulations concerning termination of Leases and evictions of Tenants receiving the benefits of any federal rent subsidy program.]~~

*of the units within*  
18. **Maintenance and Repair.** Property Manager shall cause *the interior* the Development to be maintained in a decent, safe and sanitary condition and in a rentable and tenantable state of repair, all in accordance with the Management Plan, the budget approved by Authority, the Regulatory Agreement and local laws, codes and ordinances. Property Manager otherwise shall maintain the Development at all times in a condition acceptable to Owner and Authority, including, but not limited to, performance of cleaning, painting, ~~decorating, plumbing, carpentry, grounds care~~ and such other maintenance and repair work as may be necessary. In connection with such maintenance, the following provisions shall apply:

*of vacant units*  
(a) Property Manager shall give special attention to preventive maintenance.

(b) Subject to Owner's prior approval, Property Manager shall contract with qualified independent contractors for the maintenance and repair of ~~major mechanical systems~~, *unit interior components* including, but not limited to, ~~air conditioning systems and elevators~~, and for the performance of extraordinary repairs beyond the capability of regular maintenance employees.

(c) Property Manager shall systematically and promptly receive and investigate all service requests from Tenants, take such action in connection with them, as may be justified, and keep records of such actions. Emergency requests shall be received and serviced on a twenty-four (24) hour basis. Property Manager shall report complaints of a serious nature to Owner after investigation. Owner and Authority shall have the right to receive copies of all service requests and the reports of action taken on them.

(d) Property Manager shall use its best efforts to take such action as may be necessary to comply promptly with any and all orders or requirements of federal, state or local authorities having jurisdiction over the Development, including orders of the Board of Fire Underwriters or other similar bodies. Property Manager shall not take any action under this **Paragraph 18(d)** so long as Owner contests, or has affirmed its intention to contest, any such order or requirement and promptly institutes proceedings contesting any such order or requirement. Property Manager shall notify Owner in writing promptly, and in no event later than seventy-two (72) hours from the time of receipt, of all such orders and notices.

(e) Subject to the provisions of **Paragraph 24** hereof, Property Manager is authorized to purchase all materials, equipment, tools, appliances, supplies and services necessary for proper maintenance or repair of the Development.

(f) Notwithstanding any <sup>One</sup> of the foregoing provisions, the prior approval of Owner and Authority shall be required for any expenditure that exceeds ~~Five Thousand and No/100 Dollars~~ <sup>\$1,000</sup> (~~\$5,000.00~~) in any one instance for labor, materials, or otherwise, in connection with the maintenance and repair of the Development, except for recurring expenses and emergency repairs involving manifest danger to persons or property, or required to avoid suspension of any necessary service to the Development. If any emergency repairs are necessary, Property Manager shall notify Owner and Authority in writing of the fact promptly, and in no event later than seventy-two (72) hours from the occurrence of such event.

19. **Utilities and Services.** ~~Property Manager shall make arrangements for water, electricity, gas, fuel oil, sewage and trash disposal, vermin extermination, decorating, laundry facilities and telephone service.~~ Subject to Owner's prior approval, Property Manager shall enter into such contracts as may be necessary to secure such utilities and services.

20. **Employees.** <sup>Maintenance</sup> ~~All on site personnel shall be employees of the Property Manager and paid from the Development Bank Account as an expense of the Development. Such employees shall be hired, supervised and discharged exclusively by the Property Manager. Property Manager shall at all times have sufficient personnel physically present at the Development for the full and efficient performance of its duties under this Agreement, including physical presence of responsible persons at such times as may~~

reasonably be requested by Owner or Authority. If Authority, in its sole discretion, notifies Property Manager of specific staffing or scheduling requirements, Property Manager shall conform to such requirements within ten (10) days after written notice from Authority.

21. Disbursements from Development Bank Account.

(a) From the funds collected and held by Property Manager in the Development Bank Account pursuant to **Paragraph 16** above, Property Manager shall, unless otherwise directed by Authority in writing, make the following disbursements from the Development Bank Account promptly when payable and in the following priority: (1) salaries and any other compensation due and payable to the employees referred to in **Paragraph 20** above, and the withholding taxes, insurance premiums, and Social Security and other payments required in conjunction with the payroll of such employees; (2) the monthly escrow payments for taxes and assessments, fire and other hazard insurance premiums; utilities; interest on the Mortgage and the senior mortgage, amortization of the principal of the Mortgage and the senior mortgage, fees, and charges of Authority; and (3) other payments due and payable by Owner as operating expenses incurred in accordance with this Agreement, including Property Manager's compensation.

(b) If the balance in the Development Bank Account is at any time insufficient to pay disbursements due and payable under **Paragraph 21(a)** above, Property Manager shall immediately inform Owner and Authority of such deficiency and Owner shall then remit to Property Manager sufficient funds to cover such deficiency, but only to the extent that funds of the Development are available. If the Owner fails to remit to Property Manager sufficient funds within five (5) days after written notice by Property Manager, Property Manager shall promptly notify Authority in writing. In no event shall Property Manager be required to use its own funds to pay such disbursements.

22. Records and Reports. In addition to any requirements specified in the Management Plan or other provisions of this Agreement, Property Manager shall have the following responsibilities with respect to records and reports.

(a) Property Manager shall establish and maintain a comprehensive system of records, books and accounts, including computerized systems, in a manner conforming with the directives

of Authority and otherwise satisfactory to Owner. All records, books and accounts shall be subject to examination and reproduction at reasonable hours by any authorized representative of Owner or Authority.

(b) In accordance with the terms of the Regulatory Agreement, and with respect to each Fiscal Year ending during the term of this Agreement, Property Manager shall cause an annual financial report for the Development, based upon the preparer's examination of the books and records of Owner and the Development, to be prepared by an independent certified public accountant licensed in the State of Illinois selected by Owner and acceptable to Authority. The report shall be prepared in accordance with generally accepted accounting principles and the directives of Authority, shall be certified by the preparer and shall be submitted to Owner for Owner's further certification and submission to Authority within sixty (60) days after the end of the Fiscal Year. Compensation for the preparer's services may be paid out of the Development Bank Account as an expense of the Development.

(c) Property Manager shall promptly furnish such information (including monthly occupancy reports) in connection with the Development as may be requested from time to time by Owner or Authority.

(d) By the fifteenth (15th) day of each month, Property Manager shall furnish to Owner an aged, itemized list of all delinquent accounts, including rental accounts, as of the tenth (10th) day of such month, as well as a report on the action Property Manager has taken in connection with such delinquent accounts.

(e) By the fifteenth (15th) day of each month, Property Manager shall furnish to Owner ~~and Authority~~ a statement of receipts and disbursements during the previous month, with a schedule of accounts receivable and payable, and reconciled bank statements for the Development Bank Account and Security Deposit Trust Account, all as of the end of the previous month.

(f) Except as otherwise permitted in writing by Authority, all bookkeeping, data processing services, and management overhead expenses shall be borne by Property Manager out of its funds and shall not be treated as Development expenses.

(g) Property Manager shall prepare, execute and file all forms, reports and returns required by law in connection with

the employment of personnel, unemployment insurance, workmen's compensation insurance, disability benefits, Social Security and other similar insurance, and all other benefits or taxes now in effect or hereafter imposed.

23. Fidelity Bond. Property Manager shall furnish and maintain, at the expense of the Development, for the duration of this Agreement and any renewals or extensions of it, plus thirty (30) days after its expiration or termination, a commercial blanket bond (the "Fidelity Bond") in favor of Owner and Authority, jointly and severally, both in an amount not less than two (2) months gross potential rents for the Development plus Tenant security deposits and in a form and with a company or companies acceptable to Authority. The Fidelity Bond shall cover Property Manager and all employees hired by Property Manager in connection with this Agreement. The Fidelity Bond shall cover losses discovered by Owner or Authority for the period of two (2) years after the occurrence of such losses.

24. Bids, Discounts and Rebates. Property Manager shall obtain contracts, materials, supplies, utilities and services on the most advantageous terms to the Development, and shall solicit three (3) formal, written bids on all contracts or purchases exceeding Five Thousand and No/100 Dollars (\$5,000.00) for those items that can be obtained from more than one source. Property Manager shall secure and credit to Owner all discounts, rebates or commissions obtainable with respect to purchases, service contracts and all other transactions on Owner's behalf. Property Manager shall not purchase services or materials from an entity in which Property Manager has an interest unless such purchase is approved in writing by Owner and Authority.

25. Social Services Program. Property Manager shall be responsible to Owner for carrying out the social services program described in the Management Plan.

26. On-Site Management Facilities. Owner shall furnish Property Manager with suitable furnished office space on the site of the Development, including electricity, heat, water, janitorial service, telephone, postage, stationery, office equipment and supplies.

27. Indemnification.

(a) Owner agrees to indemnify, defend and hold Property Manager harmless from liability arising out of or in

connection with the management of the Development, unless such liability is a result of the negligence or willful misconduct of Property Manager.

(b) Property Manager shall indemnify, defend and hold Owner harmless from and against any and all claims, causes of action, liabilities, losses or damages that may be asserted against Owner as a result of Property Manager's failure to act in accordance with the terms of this Agreement. Owner shall be entitled to recover from Property Manager its costs of litigation and reasonable attorney's fees if Owner incurs such costs and fees due to Property Manager's failure to act in accordance with the terms of this Agreement.

28. **Insurance.** Property Manager shall cause the insurance coverage required under the Mortgage to be placed and kept in effect at all times with insurance companies approved by Owner and Authority, all in accordance with the terms of the Mortgage. Property Manager shall be designated as an insured under the public liability insurance policy in an amount acceptable to Property Manager, Owner and Authority. Property Manager shall promptly investigate and furnish to Owner and Authority full reports of all accidents, claims and potential claims for damages related to the Development and shall cooperate with Owner's insurers in connection with such accidents and claims.

In addition to the insurance coverage required under the Mortgage, Property Manager shall cause insurance coverage requested by Owner or Authority to be kept in effect to protect Property Manager and Owner against any and all claims, liabilities or damages arising from any social programs coordinated by Property Manager either on or off the Development property. Proof of all insurance coverage shall be forwarded to Owner or Authority at the request of either party.

29. **Escrow Payments.** Property Manager shall make from the Development Bank Account monthly escrow payments required under the Mortgage for insurance, tax and such other reserve or escrow accounts for the Development as may be required pursuant to the Mortgage and the Regulatory Agreement. Property Manager promptly shall present tax bills and insurance premium notices to the escrow agent for payment and shall furnish Authority with evidence of timely payment of such taxes and insurance premiums.

30. Property Manager's Compensation.

(a) During the Initial Rent-up, Property Manager shall be compensated as follows: \$45/hour.

(b) After the Initial Rent-up Period, Property Manager shall be compensated for its services under this Agreement by monthly fees, to be paid out of the Development Bank Account and treated as Development expenses. Such fees shall be payable on the 15<sup>th</sup> day of each month following the month in which the services were rendered. Each such monthly fee shall be a sum equal to seven and one half percent (7.5%) of Gross Collections.

31. Term of Management Agreement. This Agreement shall be in effect for a period of two (2) year(s), commencing on the 1<sup>st</sup> day of July, 2003 and ending on the 30 day of June, 2004, subject, to the following conditions:

(a) This Agreement may be terminated upon the mutual written consent of Owner, Property Manager and Authority.

(b) If Property Manager fails to perform any of its duties under this Agreement or to comply with any of its provisions, Owner shall notify Property Manager and Authority in writing. Property Manager shall have ten (10) days after such notice within which to cure such default to the reasonable satisfaction of Owner and Authority; if such default cannot be cured within such ten (10) day period, Property Manager shall have such additional time as may be necessary to cure such default, provided Property Manager demonstrates to the continuing satisfaction of Owner and Authority that it is diligently pursuing all necessary actions to cure it and that it will be cured within a reasonable time without damage or expense to Owner or Authority.

(c) Owner and Property Manager shall have the right to terminate this Agreement upon ~~sixty (60)~~ days advance written notice to the other party and Authority.

thirty (30)

(d) If a petition in bankruptcy is filed by or against Owner or Property Manager, or if Owner or Property Manager makes an assignment for the benefit of creditors or takes advantage of any insolvency act, the other party may terminate this Agreement without notice. The party invoking such termination shall give prompt notice of such action to Authority.

(e) Property Manager and Owner expressly agree that Authority shall have the right to terminate this Agreement, with or without cause, on ten (10) days advance written notice to Owner and Property Manager; in the event of such termination by Authority shall have the right, in its sole discretion, to appoint a property manager (the "New Manager") who shall manage the Development on the same terms and conditions as the Property Manager; provided, however, that Authority may determine the compensation to be provided to the New Manager. The term of the New Manager (the "Appointed Term") shall be for a period not to exceed eighteen (18) months. During the Appointed Term, Owner shall not have the right to appoint a new property manager, and the New Manager shall be subject to the direction of Authority, and not Owner. After the expiration of the Appointed Term, the Owner shall have the right to appoint a property manager, subject to the terms and conditions of a management agreement approved by Authority.

In the event of a financial default by the Mortgagor under the Mortgage, the Note or the Regulatory Agreement, Authority shall not be obligated give the aforesaid ten (10) days notice but shall have the right to terminate this Agreement immediately.

(f) Within thirty (30) days after the termination of this Agreement for any reason, Property Manager shall submit to Owner and Authority the financial statements required under **Paragraph 22** hereof to the date of such termination, and after Property Manager and Owner have accounted to each other with respect to all matters outstanding as of the date of termination. and Property Owner has fully complied with all terms and conditions of this Agreement, Owner shall furnish Property Manager security, in form and amount reasonably satisfactory to Property Manager, against any obligations or liabilities that Property Manager properly incurred pursuant to the terms of this Agreement on behalf of Owner.

32. Rights and Responsibilities Upon Termination. If this Agreement is terminated for any reason:

(a) No further or additional liability shall attach to Owner, Property Manager or Authority, except for Property Manager's compensation to the date of such termination, and except for such liability as may exist under this Agreement arising out of acts or obligations predating the date of such termination.

(b) Within ten (10) days after this Agreement expires or is terminated, Property Manager shall deliver to Owner all "as built" plans and surveys of the Development in its possession and all books and records concerning the Development.

(c) Within five (5) days after the termination of this Agreement, Property Manager shall close all accounts and pay the balance or assign all certificates of deposit regarding the Development as follows:

(1) if the termination is by Owner with consent of Authority, to Owner; and

(2) if the termination is by Authority, to Authority.

33. **Assignments.** his Agreement shall inure to the benefit of and constitute a binding obligation upon Owner and Property Manager and their respective successors and assigns; however, Property Manager shall not assign this Agreement, or any of its duties under it, without the prior written consent of Owner and Authority.

34. **Subordination of Agreement.** Owner and Property Manager each acknowledge that this Agreement is subject and subordinate to the Regulatory Agreement, including all exhibits attached to it. To the extent this Agreement conflicts with any of the provisions or requirements set forth in the Regulatory Agreement or the exhibits to it, the Regulatory Agreement and exhibits shall prevail and control.

35. **Amendment.** This Agreement constitutes the entire agreement between Owner and Property Manager and no amendment or modification of it shall be valid or enforceable except by supplemental agreement in writing, executed by the parties hereto and approved by Authority.

36. **Remedies**

(a) **Equitable Relief.** Owner or Authority may apply to any court, state or federal, for specific performance of this agreement, for an injunction against any violation of this Agreement or for such other relief as may be appropriate, since the injury arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

(b) Venue. Owner and Property Manager agree that if Authority brings an action in connection with this Agreement or is a defendant in an action brought by Owner or Property Manager, venue shall be proper, at the option of Authority, either in the Circuit Court of Cook County, Illinois.

(c) Authority's Costs of Enforcing Agreement. Owner or Property Manager, as the case may be, shall pay to Authority any and all costs, expenses and reasonable attorneys' fees that Authority may suffer, incur or become liable for by reason of Authority enforcing, or attempting to enforce, the terms and provisions of this Agreement if the Authority prevails in its position.

(d) Remedies Cumulative. Authority's and Owner's remedies are cumulative and the exercise of one shall not be deemed an election of remedies, nor foreclose the exercise of Authority's or Owner's other remedies. No waiver by Authority or Owner of any breach of this Agreement shall be deemed to be a waiver of any other or subsequent breach. The failure or delay of Authority or Owner in exercising any of its rights under this Agreement in any one or more instances, or the exercise of less than all of their rights in any one or more instances, shall not be deemed or construed as a waiver of any such rights.

37. Survival. All representations, warranties and covenants to indemnify shall survive the termination of this Agreement if the basis for the claim or cause of action in connection with such representations, warranties and covenants arose during the term of this Agreement.

38. Notices. Any notice, demand, request or other communication that any party may desire or may be required to give to any other party under this Agreement shall be given in writing, at the addresses set forth below, by any of the following means: (a) personal service; (b) overnight courier; or (c) registered or certified United States mail, postage prepaid, return receipt requested.

(a) Property Manager:

Housing Opportunity Development Corporation  
1000 Skokie Blvd, Suite 570  
Wilmette, IL 60091

(b) Owner:

Sunset Woods Association

1707 St. Johns Street  
Highland Park, IL 60035

(c) Authority:  
Illinois Housing Development Authority  
401 N. Michigan Ave., Suite 900  
Chicago, Illinois 60611  
Attn: Asset Management Department

Such addresses may be changed by notice to the other party given in the same manner as provided in this **Paragraph 39**. Any notice, demand, request or other communication sent pursuant to subsection (a) shall be served and effective upon such personal service. Any notice, demand, request or other communication sent pursuant to subsection (b) shall be served and effective one (1) business day after deposit with the overnight courier. Any notice, demand, request or other communication sent pursuant to subsection (c) shall be served and effective three (3) business days after proper deposit with the United States Postal Service.

Except as otherwise specifically required this Agreement, notice of the exercise of any right or option granted to Property Manager by this Agreement is not required to be given.

39. **Authority As Third-Party Beneficiary.** Authority shall be a third-party beneficiary of this Agreement regarding the fulfillment of the duties and obligations imposed upon Owner and Property Manager under this Agreement.

40. **Interpretation of Agreement.**

(a) **Governing Law.** The laws of the State of Illinois, exclusive of its conflict of laws provisions, shall govern the interpretation and enforcement of this Agreement.

(b) **Captions.** The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of the intent of this Agreement.

(c) **Partial Invalidity.** If any term, covenant, condition or provision of this Agreement, or the application of it to any circumstance, shall, at any time or to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application of it to circumstances other than those as to which

it is held invalid or unenforceable, shall not be affected by \_ such determination and each term, covenant, condition and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(d) **Gender.** The use of the plural in this Agreement shall include the singular; the singular shall include the plural; and the use of any gender shall be deemed to include all genders.

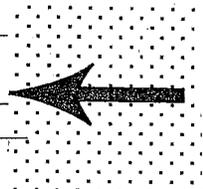
(e) **Counterparts.** This Agreement may be executed in counterparts, and each counterpart shall, for all purposes for which an original of this Agreement must be produced or exhibited, be the Agreement, but all such counterparts shall constitute one and the same instrument.

**IN WITNESS WHEREOF,** the parties have caused this Agreement to be executed by their authorized representatives.

**OWNER:**

Sunset Woods Association

By: \_\_\_\_\_  
Its \_\_\_\_\_



**PROPERTY MANAGER**

Housing Opportunity Development Corporation

By: Richard Koenig  
Its Executive Director  
Printed name: Richard Koenig

This Agreement and the Property Manager appointed in it are approved as of this \_\_\_\_ day of \_\_\_\_\_, 199\_.

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Its \_\_\_\_\_

## EXTENSION AND AMENDMENT OF MANAGEMENT AGREEMENT

THIS EXTENSION AND AMENDMENT OF MANAGEMENT AGREEMENT (this "Amendment") is made as of the 25 day of August, 2004, by and between Sunset Woods Association (the "Owner") and Housing Opportunity Development Corp (the "Property Manager").

### RECITALS

A. The Owner and the Property Manager have previously entered into that certain Management Agreement dated as of July 1, 2002 (the "Management Agreement") and approved by the Illinois Housing Development Authority. The Management Agreement has expired and the parties wish to amend it and extend its term.

**NOW, THEREFORE**, in consideration of the mutual agreements contained below and other good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties agree as follows:

1. **Definitions.** All capitalized terms in this Amendment that are not defined herein shall have the meanings provided in the Management Agreement.
2. **Extension of Term.** The term of the Management Agreement is extended for a period of 2 year(s), beginning on September 1, 2004 and ending on August 31, 2006, unless terminated earlier as provided in the Management Agreement.
3. **Fees.** Paragraph      of the Management Agreement is amended to provide that the monthly fee of the Property Manager shall be six and one half percent (6.5%) of gross collections.
4. **Termination.** Paragraphs 31 (a), (b) and (c) of the Management Agreement are deleted and replaced with the following Paragraphs 31 (a), (b) and (c):
  - (a) This Agreement may be terminated upon the mutual written consent of Owner, Property Manager and Authority, or for cause by either Property Manager or Owner.
  - (b) Property Manager shall have the right to terminate this Agreement upon sixty (60) days advance written notice to Owner and Authority.
  - (c) Owner shall have the right to terminate this Agreement upon sixty (60) days advance written notice to Property Manager and Authority, provided that Owner has identified another property manager, approved by Authority, for the Development.

- 5. **Representations and Warranties.** Owner and Property Manager each warrants that it has not executed, and represents that it will not execute, any other agreement with provisions contradictory to or in opposition to the provisions of the Management Agreement, as amended by this Amendment (the "Amended Management Agreement") and that, in any event, the requirements of the Amended Management Agreement are (i) paramount and controlling as to the rights and obligations set forth in any other agreement and (ii) supersede any other requirements in conflict with the Amended Management Agreement.

**IN WITNESS WHEREOF**, the parties have caused this Amendment to be executed by their authorized representatives.

**OWNER:**

By: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**PROPERTY MANAGER:**

By: Housing Opportunity Development Corp.  
 Print Name: Richard Keeney  
 Title: Executive Director

This Amendment is approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**ILLINOIS HOUSING DEVELOPMENT  
 AUTHORITY:**

By: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

## MANAGEMENT AGREEMENT

**THIS MANAGEMENT AGREEMENT** (this “Agreement”), is made as of the 1<sup>st</sup> day of September, 2012, by and between Sunset Woods Association (“Owner”), an Illinois corporation, having its principal office at 1150 Half Day Road, Highland Park, Illinois, and Housing Opportunity Development Corporation (“Property Manager”), an Illinois nonprofit having its principal office at 2001 Waukegan Road, PO Box 480, Techny, Illinois.

### WITNESSETH:

**WHEREAS**, Property Manager is experienced in the operation, maintenance, marketing, management and leasing of multifamily housing developments similar to the Development;

**WHEREAS**, Property Manager currently manages twelve rental units within the Development for the Owner to which Owner has added additional rental units within the Development; and

**WHEREAS**, Owner desires to retain the services of Property Manager for the operation, maintenance, marketing, management and leasing of the Development and Property Manager desires to provide such services.

**NOW THEREFORE**, in consideration of the mutual agreements contained in this Agreement, Owner and Property Manager agree as follows:

1. **Recitals.** The Recitals set forth above are incorporated in this Agreement by this reference.
2. **Definitions.** As used in the Agreement, the following terms shall have the meanings indicated below:
  - (a) “Development”: the property commonly known as Sunset Woods Apartments, located in Highland Park, Illinois. The Development includes 60 units with twelve rental units but this Agreement covers additional rental units as listed in Exhibit A.
  - (b) “Development Bank Account”: the bank account established for the rental units into which all Development funds will be deposited.
  - (c) “Fiscal Year”: the calendar year unless specifically provided to the contrary in this Agreement.
  - (d) “Operating Budget”: the annual operating budget for the additional Units.
  - (e) “Tenant”: and individual or family occupying a Unit pursuant to a Lease.

(f) "Unit": one of the rental units not included in the original twelve units in the Development covered by this Agreement.

3. **Expertise of Property Manager.** Property Manger represents warrants to Owner that is possesses the necessary skills, experience and expertise to properly manage the Developments and to comply with the terms and conditions imposed upon it by this Agreement.

4. **Rentals.** Property Manager shall offer for rent and shall rent the Units in the Development in accordance with the rules and regulations of Owner. These rules require the Property Manager to rent to households, which contain a person 62 years of age or older and which fall under the income threshold associated with each unit. Exhibit A indicates the income threshold associated with each unit. Owner authorizes Property Manger to execute, on Owner's behalf, Leases in connection with such rentals. Property Manager shall show Units to all prospective Tenants. Property Manager shall take and process applications for rental of Units. If an application is rejected, the applicant shall promptly be advised in writing in the manner provided in the Tenant Selection Plan. Property Manger shall prepare all Leases and shall execute them in its name as agent for Owner. Owner, from time to time, shall furnish Property Manager with rent schedules, which shall show rents for Units.

(a) Property Manager shall collect, deposit and disburse security deposits, if required, in accordance with all applicable state and local laws and the terms of each Tenant's Lease. Property Manager shall hold security deposits in a trust account, separate from all other accounts and funds, in a bank or other financial institution whose office is in the State of Illinois and whose deposits are insured by an agent of the United States Government. This account shall be controlled and managed by Property Manager and designated on records as the "Sunset Woods Security Deposit Account." Interest on security deposits shall be paid in accordance with all applicable State and local laws.

(b) Property Manager shall maintain a current list of prospective Tenants and undertake all arrangements necessary and incidental to the acceptance or rejection of rental applications and the execution of Leases. Property Manager shall exercise its best efforts (including, but not limited to, placement of advertising; assistance in completion of rental applications and execution of Leases; processing of documents and credit and employment verifications; and explanation of the rules of the Development), to effect the leasing of Units and renewal of Leases.

(c) Property Manger shall participate in such on-site inspections of the Development as may be required by Owner, including but not limited to participation with each new Tenant in the inspection prior to occupancy of the Unit identified in the Lease with the Tenant.

(d) Property Manager shall immediately notify Owner in writing of all claims asserted against Property Manager or the Development, or of any lawsuit served upon Property Manager in connection with the management of the Development.

(e) Property Manager shall counsel all prospective Tenants concerning eligibility for Units, shall be responsible for determining the eligibility of prospective Tenants for Units, and shall provide income certification forms for execution for each Tenant.

5. **Collection of Rents and Other Receipts.** Property Manager shall collect when due all rents, charges and other amounts receivable by Owner in connection with the management and operation of the Development. Such receipts (except for Tenants' security deposits) shall be held in the Development Bank Account, in an Illinois domiciled financial institution, separate from all other accounts and funds.

6. **Enforcement of Leases.** Property Manager shall secure full compliance by each Tenant with the terms of such Tenant's Lease. Voluntary compliance shall be emphasized, and Property Manager shall counsel Tenants and make referrals to community agencies in cases of financial hardship or other circumstances deemed appropriate by Property Manager, all to the end that involuntary termination of tenancies shall be avoided to the maximum extent, consistent with sound management of the Development. Nevertheless, subject to the procedures prescribed in the Management, Property Manager may lawfully terminate any tenancy when, in Property Manager's judgment, sufficient cause for such termination occurs under the terms of the Tenant's Lease, including, but not limited to, nonpayment of rent. For this purpose, Property Manager is authorized to consult with legal counsel to be designated by Owner; to bring actions for eviction; to execute notices to vacate; and to initiate judicial pleadings incident to such actions. Property Manager shall keep Owner informed of such actions and attorneys' fees and other necessary costs incurred in connection with such actions, as determined by Owner, shall be paid out of the Development Bank Account as expenses of the Development.

7. **Maintenance and Repair.** Property Manager shall cause the Development to be maintained in a decent, safe and sanitary condition and in a rentable and tenantable state of repair, in accordance with the budget, and local laws, codes and ordinances. Property Manager otherwise shall maintain the Development at all times in a condition acceptable to Owner, including, but not limited to, performance of cleaning, painting, decorating, plumbing, carpentry, grounds care and such other maintenance and repair work as may be necessary. In connection with such maintenance, the following provisions shall apply:

(a) Property Manager shall systematically and promptly receive and investigate all service requests from Tenants, take such action in connection with them, as may be justified, and keep records of such actions. Emergency requests shall be received and serviced on a twenty-four (24) hour basis. Property Manager shall report complaints of a serious nature to Owner after investigation. Owner shall have the right to receive copies of all service request and the reports of action taken on them.

(b) Property Manager is authorized to purchase all materials, equipment, tools, appliances, supplies and services necessary for proper maintenance or repair of the Development.

8. **Utilities and Services.** Property Manager shall make arrangements for water, electricity, gas, fuel oil, sewage and trash disposal, vermin extermination, decorating, laundry

facilities and telephone service, as applicable. Subject to Owner's prior approval, Property Manager shall enter into such contracts as may be necessary to secure such utilities and services.

9. **Operating Budget.** Property Manager shall prepare a proposed Operating Budget for each Fiscal year during the term of the Agreement, and shall submit it to Owner at least thirty (30) days before the beginning of such Fiscal Year. In preparing a proposed Operating Budget, Property Manager shall use its best efforts to take into account the anticipated increases in rents, real estate taxes, utility charges and other operating cost from the previous Fiscal Year. To the extent feasible, Property Manager shall support anticipated increases in real estate taxes and utility charges with written evidence or documentation. The proposed Operating Budget for each Fiscal Year shall be subject to approval by Owner. Owner shall promptly inform Property Manager of all changes, if any, incorporated in the Operating Budget, and Property Manager shall make no expenditures in excess of the amounts set forth in the Operating Budget for each line item of operation expense itemized without the prior written approval of Owner, except as permitted for emergency repairs involving manifest danger to persons or property, or that are required to avoid suspension of any services to the Development.

10. **Record and Reports.** Property Manager shall establish and maintain a comprehensive system of records, books and accounts, including computerized systems, in a manner satisfactory to Owner. All records, books and accounts shall be subject to examination and reproduction at reasonable hours by any authorized representative of Owner.

Property Manager shall prepare a monthly report containing, among other information, financial statements of income and expense for the Development. Property Manager shall submit each such report to Owner within fifteen (15) days after the end of each month.

All bookkeeping, data processing services, and management overhead expenses shall be borne by Property Manager out of its funds and shall not be treated as Development expenses.

11. **Bids, Discounts and Rebates.** Property Manager shall obtain contracts, materials, supplies, utilities and services on the most advantageous terms to the Development, and shall solicit three (3) formal, written bids on all contracts or purchases exceeding Five Thousand and No/100 Dollars (\$5,000.00) for those items that can be obtained from more than one source. Property Manager shall secure and credit to Owner all discounts, rebates or commissions obtainable with respect to purchases, service contracts and all other transactions on Owner's behalf.

12. **Indemnification.**

(a) Owner agrees to indemnify, defend and hold Property Manager harmless from liability arising out of or in connection with the management of the Development, unless such liability is a result of the negligence or willful misconduct of Property Manager.

(b) Property Manager shall indemnify, defend and hold Owner harmless from and against any and all claims, causes, liabilities, losses or damages that may be asserted against Owner as a result of Property Manager's failure to act in accordance with the terms of this

Agreement. Owner shall be entitled to recover from Property Managers its costs of litigation and reasonable attorney's fees if Owner incurs such costs and fees due to Property Manager's failure to act in accordance with the terms of this Agreement.

(c) It is expressly understood and agreed that the provisions contained in this paragraph shall survive the termination of the Agreement to the extent the cause arose prior to such a termination.

13. **Insurance.** Property Manager shall cause insurance coverage to be placed and kept in effect at all times with insurance companies approved by Owner. Property Manager shall be designated as an insured under the public liability insurance policy. Property Manager shall promptly investigate and furnish to Owner full of reports of all accidents, claims and potential claims for damages related to the Development and shall cooperate with Owner's insurers in connection with such accidents and claims.

14. **Property Manager's Compensation.** Property Manager shall be compensated for its services under this Agreement by monthly fees, to be paid out of the Development Bank Account and treated as Development expenses. Such fees shall be payable on the 15th day of each month following the month in which the services were rendered. Each such monthly fee shall be a sum equal to six and one half percent (6.5%) of Gross Collections.

15. **Term of Management Agreement.** This Agreement shall be in effect for a period of two (2) year(s), commencing on the 1<sup>st</sup> day of September, 2012, and ending on the 31st day of August, 2014, subject, to the following conditions:

(a) This Agreement may be terminated upon the mutual written consent of Owner or Property Manager, or for cause by either Property Manger or Owner.

(b) Property Manager shall have the right to terminate this Agreement upon sixty (60) days advance written notice to the Owner.

(c) Owner shall have the right to terminate this Agreement upon sixty (60) days advance written notice to Property Manager, provided that Owner has identified another Property Manager.

16. **Rights and Responsibilities Upon Termination.** If this Agreement is terminated for any reason no further or additional liability shall attach to Owner, or Property Manager, except for Property Manager's compensation to the date of such termination, and except for such liability as may exist under this Agreement arising out of acts or obligations predating the date of such termination. Within fifteen (15) days after the termination of this Agreement, Property Manager shall turnover all accounts to Owner.

17. **Amendment.** This Agreement constitutes the entire agreement between Owner and Property Manager and no amendment or modification of it shall be valid or enforceable except by supplemental agreement in writing, executed by the parties hereto.

18. **Notices.** Any notice, demand, request or other communication that any party may desire may be required to give to any other party under this Agreement shall be given in writing, at the addresses set forth below, by any of the following means: (a) personal service; (b) overnight courier; or (c) registered or certified United States mail, postage prepaid, return receipt requested.

(a) Property Manager:  
Housing Opportunity Development Corporation  
2001 Waukegan Road, PO Box 480  
Techy, IL 60082

(b) Owner:  
Sunset Woods Association  
1150 Half Day Road  
Highland Park, IL 60035

Such addresses may be changed by notice to the other party given in the same manner as provided in this paragraph.

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed by their authorized representatives.

**OWNER:**

Sunset Woods Association

By: \_\_\_\_\_



Print Name: David F. Wigdner

Title: President

**PROPERTY MANAGER:**

Housing Opportunity Development Corporation

By: \_\_\_\_\_

Name: Jessica Hotaling

Title: Associate Director

**Exhibit A**  
Rental Units

<u>Units</u>	<u>Bedroom Count</u>	<u>Income Threshold</u>
#231	two-bedroom	up to 80% Chicago Area Median Income
#319	two-bedroom	up to 115% Chicago Area Median Income



# EVERGREEN

## Real Estate Services, L.L.C.

566 West Lake Street, Suite 400  
Chicago, IL 60661-1414

www.evergreen-housing.com  
Phone: 312-234-9400  
Fax: 312-382-3220

### MEMORANDUM

TO: Highland Park Housing Commission

FROM: Polly Kuehl & Brent Norvik *P. Kuehl* *Brent Norvik*

RE: **April Management Report / March Financial Statements**

DATE: 4/25/2016

The IHDA conducted Management and Occupancy Review for Walnut and Peers, is currently taking place. It started April 26<sup>th</sup>, and will conclude on April 27<sup>th</sup>. The new service coordinator has started at Frank B. Peers. She will be working there on Wednesdays. She has been well received by the residents she has already met, and will be given a more formal introduction at the April luncheon. We have started the Spring maintenance on all sites. This includes the Spring clean up of the landscaping, and getting the Peers' sprinkler systems operational. We are also conducting seasonal preventative maintenance, such as cleaning out air conditioner filters in units, in preparation of turning them on. We have submitted the request for a parking lot lease with the City, for the Ravinia Pleasant Avenue location. We will be scheduling a meeting with HUD to discuss it.

#### **Frank B. Peers**

**Occupancy:** Peers currently has one vacant unit and is at 98.5% occupancy. This is a studio unit that became vacant after the resident left to move into a nursing home. We currently have an application being processed on it for a May move in.

**Physical:** Regular maintenance work orders and preventative tasks were completed during the month of April.

**Social Programs:** Bingo occurred every Wednesday afternoon. Lily the therapy dog visited on 4/12. There was a scheduled "clean out your closet day", and the Epilepsy Foundation stationed a truck outside collecting donated clothes on 4/13. 150 pounds of items were donated. The monthly luncheon will be held on 4/27, and Brown's Chicken will be served.

**Financial:** Net Operating Income (NOI) for March was negative to budget at (\$5,681). This was a mainly a result of some major repairs that had to be done to the heating and cooling system, as well as unit turnover. YTD NOI is negative to budget at (\$3,994.) Cash carryover is \$59,163.31

**Income** – Income for the month of March was negative to budget at (\$23.68).

**Expenses** – Expense line items that were significantly negative to budget include:

- Office Supplies (#6311) – Reflects the cost of rewiring phone lines for the three offices, as well as a new desk for the Compliance Specialist (\$1,167).
- Tenant Retention (#6395) - Reflects a bill for resident parties for February and March paid in March. (\$326.15)
- Contingency (#6727)- Reflects payment for the staff’s annual bonus. (\$810)
- Plumbing Repairs (#6595) - Reflects costs associated with the burst pipe in unit 309, and 3 units that needed an outside contractor called to repair a backup. (\$3,736.81)
- Repairs Materials (general supplies) (#6541) – Reflects the cost of replacing a broken window (\$1,259) in unit 209. This was paid for out of operating, and not replacement reserves.
- Heating/Cooling Contractor (#6546) – Cost is a result of needing to install a new circulatory pump for the building. (\$2,135.73) This was paid for out of operating, and not replacement reserves.
- Decorating Tenant Pntg - Cycle / Turnover by contractor (#6560) – Reflects costs associated with turning over units 106, 305, and 111. (\$3,650)
- Boiler Repairs (#6592) – Reflects the costs associated with a new condensation pump and clamps for the building’s boilers. (\$1,148)

### **Walnut Place**

**Occupancy:** Walnut has two vacant units. One of the units is a one bedroom that is rented for the first week in May. The previous resident left to move into a nursing home. The other unit is a one bedroom with a unique floor plan, that makes it somewhat difficult to rent due to its size and configuration. This unit was vacated when the current resident transferred to another unit in the building. We are utilizing the waitlist to fill it. The staff will also be creating a “mini model” in the unit, with some light furnishings in order to attract interested renters.

**Physical:** Regular maintenance work orders and preventative tasks were performed during April.

**Social Programs:** Bingo was offered after the monthly luncheon on 4/19. Brown’s Chicken was served. Lily the therapy dog visited on 4/1, and will be back on 4/26. The “clean our your closet day” was held on 4/13. 300 pounds of items were donated.

**Financial:** **Net Operating Income (NOI) for March was negative to budget by (\$3,802). This YTD NOI is negative to budget by (\$1,941). Cash carryover is \$9,972.**

**Income** - Income for the month of March was negative to budget by (\$5,850). This reflects grant money that is paid in bulk, which we had yet to receive, as well as a higher than projected vacancy loss. We have since received the grant money, and it will be reflected on April’s statement. Vacancy is now down to 2 units.

**Expenses** – Expense line items that were significantly negative to budget include:

- Office Supplies (#6311) – Variance reflects the cost of Walnut’s portion of wiring new phone lines at Peers. Walnut also paid for a portion of the new desk for the Compliance Specialist. The previous one was broken down, and we needed a new desk for when she moved to her new office. (\$1,150.43)
- Misc. Admin Expenses (#6390) – Variance reflects the charge for rental registration for the Business Division of Highland Park.
- Telephone (#6360) - Reflects the cost of of a February bills paid in March. (\$445)
- Plumbing Repairs (#6541-0010) – Reflects the cost having to call a contractor to rod out a drain, and replace the cartridge in a rusted out faucet. (\$385)
- Training and Education Expense (#6365) – Reflects the cost of training for the Manager and Compliance Specialist regarding compliance.

### **Ravinia Housing**

**Occupancy:** Ravinia is 100% occupied.

**Physical:** Regular maintenance work orders and preventative tasks were performed during April.

**Financial:** Net Operating Income (NOI) for March was negative to budget by (\$5,633). YTD NOI is positive to budget by \$53.80. Cash carryover is \$3,246.77.

**Income** –Income is positive to budget at \$1,016.39

**Expenses** – Expense line items that were significantly negative to budget include:

- Office Supplies (#6311) – Variance reflects the cost of Ravinia’s portion of wiring new phone lines at Peers. Ravinia also paid for a portion of the new desk for the Compliance Specialist. The previous one was broken down, and we needed a new desk for when she moved to her new office. (\$755.24)
- Miscellaneous Admin Expenses (#6390) – Reflects the cost associated with Rental Registration Renewal for the Business Division of Highland Park.
- Audit Expense (#6350) – Reflects the cost of the annual audit (\$5,500). The audit was budgeted for later in the year and the variance will normalize. (\$5,500)
- Miscellaneous Repair Contractors (#6520) - Reflects the cost of having to replace a water heater in unit 741. (\$602.38)

## Accounts Receivable Up-Date

April 2016

### Frank B. Peers

Tenant A/R decreased from (\$24) at the end of March to (\$46) at the end of April. The breakdown is as follows:

Current	\$	0
30 Days	\$	0
60 Days	\$	0
90+ Days	\$	0
Prepaid	\$	(46)

Subsidy A/R decreased from (\$1,336) at the end of March to (\$2,269) at the end of April. The breakdown is as follows:

Current	\$	1,175
30 Days	\$	0
60 Days	\$	0
90+ Days	\$	0
Prepaid	\$	(3,444)

### Walnut Place

Tenant A/R increased from \$15,730 at the end of March to \$14,730 at the end of April. The breakdown is as follows:

Current	\$	1,446
30 Days	\$	2,165
60 Days	\$	1,439
90+ Days	\$	11,074
Prepaid	\$	(1,394)

Subsidy A/R decreased from (\$1,534) at the end of March to (\$8,111) at the end of April. The breakdown is as follows:

Current	\$	749
30 Days	\$	0
60 Days	\$	0
90+ Days	\$	44
Prepaid	\$	(8,904)

**Ravinia Housing**

Tenant A/R increased from \$22,182 at the end of March to \$23,339 at the end of April. The breakdown is as follows:

Current	\$ 2,431
30 Days	\$ 1,194
60 Days	\$ 1,141
90+ Days	\$ 22,672
Prepaid	\$ (4,099)

Subsidy A/R decreased from (\$1,254) at the end of March to (\$1,379) at the end of April. The breakdown is as follows:

Current	\$ 1,502
30 Days	\$ 0
60 Days	\$ 0
90+ Days	\$ 0
Prepaid	\$ (2,881)

Frank B. Peers Capital Improvements Up-Date 3/31/2016									
Task	Date for Bids	Date for Work	Estimated \$ Use of Reserves	Estimated \$ Use of Operating	Comments	FMCS Role Lead, Assist or None	\$ Actual Complete Operations	\$ Actual Reserves Spent	Replacment Reserve Request Date
Window updates		TBD	\$ 600,000.00		\$4,632 contributed				
Capital Expenditures		TBD	\$ 45,000.00						
A/C Replacements		TBD	\$ 3,000.00						
Carpet and tile		TBD	\$ 7,200.00				\$ 2,693.00		
Concrete Repairs		TBD							
Draperies and Blinds		TBD		\$ 12,000.00					
Windows from Partnership Funds									
<u>Reserves 2016 Cash Flow</u>									
Reserves Starting January 1, 2016	\$ 207,213								
2016 Annual Deposit to Reserves	\$ 20,400								
Expected Use of Reserves (\$) 2016	\$ (10,200)	Total	\$ 655,200.00	\$ 12,000.00			\$ 2,693.00	-	
IHDA Reserves									
Balance expected at the start of 2017	\$ 217,413								

Walnut Place Capital Improvements Up-Date 3/31/2016										
Task	Date for Bids	Date for Work	Estimated \$ Use of Reserves	Estimated \$ Use of Operating	Comments	FMCS Role Lead, Assist or None	\$ Actual Operating Spent	\$ Actual Reserves Spent	Replacement Reserve Request Date	
Appliance Replacement		TBD	\$ 3,000.00							
A/C Replacements		TBD	\$ 3,500.00							
Carpet and tile-unit turnover		TBD	\$ 14,400.00				2,818			
Other		TBD	\$ 8,000.00							
<u>Reserves 2016 Cash Flow</u>										
Reserves Starting January 2016	\$ 106,168									
2015 Annual Escrow Deposit	\$ 22,008									
Expected Use of Reserves \$ in 2016	\$ (28,900)	Total	28,900	-			2,818	-		
Balance expected at start of 2017	\$ 99,276									



## NOTES:

1. THE CURRENT EVERGREEN MONTHLY MANAGEMENT REPORT WILL BE SENT UNDER SEPARATE COVER ALONG WITH THE SUMMARY FINANCIAL SPREADSHEET WHEN I RECEIVE IT.
2. THE MONTHLY HOUSING TRUST FUND REPORT WILL BE SENT UNDER SEPARATE COVER.

Highland Park Housing Commission - Cash Fund Balances as of 3/31/16						
	Frank B. Peers	Walnut Place	Ravinia Housing	Sunset Woods Association		
Management Funds:				12 Rental Units	2 Rental Units	Total
Checking	59,163.00	9,972.00	3,247.00	67,923.00	40,686.00	108,609.00
Security Deposit	20,386.00	23,516.00	6,893.00	10,594.00	2,230.00	12,824.00
Replacement Reserve	207,282.00	109,870.00	391,558.00	-		
Residual Receipts	17,514.00	27,104.00	-	-		
Operating Reserve	-	-	-	9,196.00		9,196.00
Construction Escrow			16.00			
<b>Total Management Funds</b>	<b>304,345.00</b>	<b>170,462.00</b>	<b>401,714.00</b>	<b>87,713.00</b>	<b>42,916.00</b>	<b>130,629.00</b>
<b>Association Funds:</b>						
Assn Money Mkt Ckg		104,766.00	81,974.00	104,885.00		104,885.00
Assn MaxSafe Money Market	1,035,943.00					
Assn Small Business Ckg	46,763.00			19,529.00		19,529.00
Association CDs						
CD # 1- matures 1/7/2016	508,273.00					
CD # 2 - matures 10/7/2015	508,300.00					
<b>Total Association Funds</b>	<b>2,099,279.00</b>	<b>104,766.00</b>	<b>81,974.00</b>	<b>124,414.00</b>		<b>124,414.00</b>
<b>Total Mgmt &amp; Assn Funds</b>	<b>2,403,624.00</b>	<b>275,228.00</b>	<b>483,688.00</b>	<b>212,127.00</b>	<b>42,916.00</b>	<b>255,043.00</b>
Association Receivables (Liability)						
1) Due from Hsg. Trst. Fd 277 GB	7,492.00					
2) Due from Hsg. Trst Fd. Emerg.	689.00					
3) Due from Sunset Woods / (Due to Peers)	258,832.00			(258,832.00)		

**CORPORATE AUTHORIZATION RESOLUTION**

FIRST BANK OF HIGHLAND PARK  
1835 FIRST STREET  
HIGHLAND PARK IL 60035

By: SUNSET WOODS ASSOCIATION

1150 HALF DAY RD 2ND FL  
HIGHLAND PARK, IL 60035

Referred to in this document as "Financial Institution"

Referred to in this document as "Corporation"

I, MARY KALTMAN, certify that I am Secretary (clerk) of the above named corporation organized under the laws of ILLINOIS, Federal Employer I.D. Number ~~01-0628722~~ X, engaged in business under the trade name of SUNSET WOODS ASSOCIATION, and that the resolutions on this document are a correct copy of the resolutions adopted at a meeting of the Board of Directors of the Corporation duly and properly called and held on ~~02/03/16~~ XXX (date). These resolutions appear in the minutes of this meeting and have not been rescinded or modified.

**AGENTS** Any Agent listed below, subject to any written limitations, is authorized to exercise the powers granted as indicated below:

Name and Title or Position	Signature	Facsimile Signature (if used)
A. <u>CHARLES F. ADLER</u>	X _____	X _____
B. <u>DAVID T. MEEK</u>	X _____	X _____
C. <u>DOUGLAS ROSS</u>	X _____	X _____
D. _____	X _____	X _____
E. _____	X _____	X _____
F. _____	X _____	X _____

**POWERS GRANTED** (Attach one or more Agents to each power by placing the letter corresponding to their name in the area before each power. Following each power indicate the number of Agent signatures required to exercise the power.)

Indicate A, B, C, D, E, and/or F	Description of Power	Indicate number of signatures required
<u>A,B,C</u>	(1) Exercise all of the powers listed in this resolution.	<u>1</u>
_____	(2) Open any deposit or share account(s) in the name of the Corporation.	_____
_____	(3) Endorse checks and orders for the payment of money or otherwise withdraw or transfer funds on deposit with this Financial Institution.	_____
_____	(4) Borrow money on behalf and in the name of the Corporation, sign, execute and deliver promissory notes or other evidences of indebtedness.	_____
_____	(5) Endorse, assign, transfer, mortgage or pledge bills receivable, warehouse receipts, bills of lading, stocks, bonds, real estate or other property now owned or hereafter owned or acquired by the Corporation as security for sums borrowed, and to discount the same, unconditionally guarantee payment of all bills received, negotiated or discounted and to waive demand, presentment, protest, notice of protest and notice of non-payment.	_____
_____	(6) Enter into a written lease for the purpose of renting, maintaining, accessing and terminating a Safe Deposit Box in this Financial Institution.	_____
_____	(7) Other _____	_____

**LIMITATIONS ON POWERS** The following are the Corporation's express limitations on the powers granted under this resolution.

**EFFECT ON PREVIOUS RESOLUTIONS** This resolution supersedes resolution dated 05/02/14. If not completed, all resolutions remain in effect.

**CERTIFICATION OF AUTHORITY**

I further certify that the Board of Directors of the Corporation has, and at the time of adoption of this resolution had, full power and lawful authority to adopt the resolutions on page 2 and to confer the powers granted above to the persons named who have full power and lawful authority to exercise the same. (Apply seal below where appropriate.)

If checked, the Corporation is a non-profit corporation.

In Witness Whereof, I have subscribed my name to this document and affixed the seal of the Corporation on 02/03/16 (date).

X  
Attest by One Other Officer

X  
Secretary

## RESOLUTIONS

The Corporation named on this resolution resolves that,

- (1) The Financial Institution is designated as a depository for the funds of the Corporation and to provide other financial accommodations indicated in this resolution.
- (2) This resolution shall continue to have effect until express written notice of its rescission or modification has been received and recorded by the Financial Institution. Any and all prior resolutions adopted by the Board of Directors of the Corporation and certified to the Financial Institution as governing the operation of this corporation's account(s), are in full force and effect, until the Financial Institution receives and acknowledges an express written notice of its revocation, modification or replacement. Any revocation, modification or replacement of a resolution must be accompanied by documentation, satisfactory to the Financial Institution, establishing the authority for the changes.
- (3) The signature of an Agent on this resolution is conclusive evidence of their authority to act on behalf of the Corporation. Any Agent, so long as they act in a representative capacity as an Agent of the Corporation, is authorized to make any and all other contracts, agreements, stipulations and orders which they may deem advisable for the effective exercise of the powers indicated on page one, from time to time with the Financial Institution, subject to any restrictions on this resolution or otherwise agreed to in writing.
- (4) All transactions, if any, with respect to any deposits, withdrawals, rediscounts and borrowings by or on behalf of the Corporation with the Financial Institution prior to the adoption of this resolution are hereby ratified, approved and confirmed.
- (5) The Corporation agrees to the terms and conditions of any account agreement, properly opened by any Agent of the Corporation. The Corporation authorizes the Financial Institution, at any time, to charge the Corporation for all checks, drafts, or other orders, for the payment of money, that are drawn on the Financial Institution, so long as they contain the required number of signatures for this purpose.
- (6) The Corporation acknowledges and agrees that the Financial Institution may furnish at its discretion automated access devices to Agents of the Corporation to facilitate those powers authorized by this resolution or other resolutions in effect at the time of issuance. The term "automated access device" includes, but is not limited to, credit cards, automated teller machines (ATM), and debit cards.
- (7) The Corporation acknowledges and agrees that the Financial Institution may rely on alternative signature and verification codes issued to or obtained from the Agent named on this resolution. The term "alternative signature and verification codes" includes, but is not limited to, facsimile signatures on file with the Financial Institution, personal identification numbers (PIN), and digital signatures. If a facsimile signature specimen has been provided on this resolution, (or that are filed separately by the Corporation with the Financial Institution from time to time) the Financial Institution is authorized to treat the facsimile signature as the signature of the Agent(s) regardless of by whom or by what means the facsimile signature may have been affixed so long as it resembles the facsimile signature specimen on file. The Corporation authorizes each Agent to have custody of the Corporation's private key used to create a digital signature and to request issuance of a certificate listing the corresponding public key. The Financial Institution shall have no responsibility or liability for unauthorized use of alternative signature and verification codes unless otherwise agreed in writing.

Pennsylvania. The designation of an Agent does not create a power of attorney; therefore, Agents are not subject to the provisions of 20 Pa.C.S.A. Section 5601 et seq. (Chapter 56; Decedents, Estates and Fiduciaries Code) unless the agency was created by a separate power of attorney. Any provision that assigns Financial Institution rights to act on behalf of any person or entity is not subject to the provisions of 20 Pa.C.S.A. Section 5601 et seq. (Chapter 56; Decedents, Estates and Fiduciaries Code).

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### FOR FINANCIAL INSTITUTION USE ONLY

Acknowledged and received on 02/03/16 (date) by HMH (Initials)  This resolution is superseded by resolution dated \_\_\_\_\_.

Comments:

**RESOLUTION OF CORPORATIONS, PARTNERSHIPS & LLCs**

**DATE:**

<b>TO: NAME AND ADDRESS OF FINANCIAL INSTITUTION</b> Lake Forest Bank & Trust Company 727 North Bank Lane  Lake Forest, IL 60045 (847) 234-2882	<b>FROM: NAME AND ADDRESS OF ENTITY</b> Peers Housing Association  1150 Half Day Rd Highland Park IL 60035-1740
--	---

Use this *Resolution of Corporations, Partnerships and LLCs* to document the granting of Deposit authority by the governing body of the business entity to specified individuals. This form may be used by legal entities, such as corporations, professional corporations, general partnerships, limited partnerships, limited liability partnerships, and limited liability companies.

Words, numbers or phrases preceded by a  are applicable only when marked, i.e., .

I certify that I am a duly and legally elected/appointed, qualified representative and keeper of the records ("Designated Representative") of/for the legal entity ("Entity") named above, that the following is a true and complete copy of a Resolution duly adopted at a meeting of the governing body of the Entity held on the \_\_\_\_\_ day of \_\_\_\_\_ in accordance with law and the governing documents of the Entity, and that my delivery of this Resolution to Financial Institution certifies to Financial Institution that such Resolution is still in full force and effect.

This is a  For Profit  Nonprofit Entity.

**IT IS RESOLVED THAT:**

The following described officers, members, managers, partners, employees, designated parties or agents of the Entity referred to below as "Authorized Signers", whose names and signatures appear below, are authorized for and on behalf of the Entity to have the following indicated powers as contained in this Resolution:

- |  |   |
|--|---|
| <p><b>DEPOSITORY ACCOUNT.</b> Perform the following for the account(s) indicated on Page 2, in the name of the Entity, subject to any terms and conditions governing the account(s), such as:</p> <ol style="list-style-type: none"> <li>1. Open and maintain the account(s);</li> <li>2. Make deposits to the account(s);</li> <li>3. Endorse for negotiation, negotiate, and receive the proceeds of any negotiable instrument, check, draft, or order for the payment of money payable to or belonging to the Entity by writing, stamp, or other means permitted by this Resolution without the designation of the person endorsing;</li> <li>4. Make withdrawals from the account(s) in any manner permitted by the account(s);</li> <li>5. Transfer funds from the account(s) in Financial Institution to any account whether or not held at this Financial Institution and whether or not held by this Entity;</li> <li>6. Transfer funds to the account(s) in Financial Institution from any account whether or not held at this Financial Institution and whether or not held by this Entity;</li> <li>7. Approve, endorse, guarantee, and identify the endorsement of any payee or any endorser of any negotiable instrument, check, draft or order for the payment of money whether drawn by the Entity or anyone else and guarantee the payment of any negotiable instrument, check, draft, or order for the payment of money; and</li> <li>8. Delegate to others the authority to approve, endorse, guarantee, and identify the endorsement of any payee or endorser on any negotiable instrument, check, draft, or order for the payment of money and to guarantee the payment of any such negotiable instrument, check, draft, or order for the payment of money.</li> <li>9. All of the above.</li> </ol> | <p><b>Authorized Signers</b></p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> |
|--|---|

**SAFE DEPOSIT BOX.** Lease a Safe Deposit Box(es) with Financial Institution, make inspections of, deposits to and removals from Box(es), and exercise all rights and be subject to all responsibilities under the Lease.

\_\_\_\_\_

**NIGHT DEPOSITORY.** Enter into a Night Depository Agreement with Financial Institution and exercise all rights and be subject to all responsibilities under the Agreement.

\_\_\_\_\_

**DEBIT CARD/ATM CARD.** Apply for, receive and utilize debit cards, automated teller machine cards, or other access devices to exercise those powers authorized by this Resolution or other Resolutions then in effect.

\_\_\_\_\_

**TREASURY MANAGEMENT.** Enter into a Treasury Management Agreement with Financial Institution, and exercise all rights and be subject to all responsibilities under the Agreement.

\_\_\_\_\_

**OTHER AUTHORITY-** describe: \_\_\_\_\_

Further, this Resolution continues on Page 2 of this document, and all of the power and authority granted are incorporated in this Resolution.

RESOLUTION APPLIES TO (check all that apply):  ALL ACCOUNTS  SAFE DEPOSIT BOX NUMBER(S):  
 ALL FUTURE ACCOUNTS  SPECIFIC ACCOUNTS - NUMBER(S):

NAME AND TITLE	SIGNATURE	LIMITATIONS
1. David T Meek Director	X	COUNTERSIGNERS:
2. Charles F Adler Jr. President	X	COUNTERSIGNERS:
3. Douglas Ross Vice President	X	COUNTERSIGNERS:
4.	X	COUNTERSIGNERS:
5.	X	COUNTERSIGNERS:
6.	X	COUNTERSIGNERS:
7.	X	COUNTERSIGNERS:
8.	X	COUNTERSIGNERS:

**SIGNATURE CERTIFICATION.** I certify that the foregoing are names, titles, and genuine signatures of the current Authorized Signers of the Entity authorized by the above Resolution.

IN WITNESS WHEREOF, I have subscribed my name as Designated Representative of the Entity on the date shown below.

DESIGNATED REPRESENTATIVE:  
 Charles F Adler Jr

DATE

**IT IS FURTHER RESOLVED AS FOLLOWS, the Entity certifies to the Financial Institution that:**

- Unless specifically designated, each of the Authorized Signers whose signature appears above may sign without the other(s);
- As used herein, any pronouns relative to the signers for the Entity shall include the masculine, feminine, and neutral gender, and the singular and plural number, wherever the context so admits or requires;
- All items deposited with prior endorsements are guaranteed by the Entity;
- All items not clearly endorsed by the Entity may be returned to the Entity by the Financial Institution or, alternatively, the Financial Institution is granted a power of attorney in relation to any such item to endorse any such item on behalf of the Entity in order to facilitate collection;
- Financial Institution shall have no liability for any delay in the presentment or return of any negotiable instrument or other order for the payment of money, that is not properly endorsed;
- Financial Institution is directed and authorized to act upon and honor any withdrawal or transfer instructions issued and to honor, pay and charge to any depository account or accounts of the Entity, all checks or orders for the payment of money so drawn when signed consistent with this Resolution without inquiring as to the disposition of the proceeds or the circumstances surrounding the issuance of the check or the order for the payment of the money involved, whether such checks or orders for the payment of money are payable to the order of, or endorsed or negotiated by any one or more of the Authorized Signers signing them or such party in their individual capacities or not, and whether they are deposited to the individual credit of or tendered in payment of the individual obligation of any one or more of the Authorized Signers signing them or of any other such party or not;
- Financial Institution shall be indemnified for any claims, expenses or losses resulting from the honoring of any signature certified or refusing to honor any signature not so certified; and
- Notwithstanding any modification or termination of the power of any Authorized Signer of the Entity, this Resolution shall remain in full force and bind the Entity and its legal representatives, successors, assignees, receivers, trustees or assigns until written notice to the contrary signed by, or on behalf of, the Entity shall have been received by the Financial Institution, and that receipt of such notice shall not affect any action taken by the Financial Institution prior to receipt of such notice in reliance on this Resolution.

Additional comments or instructions:

**RESOLUTION OF CORPORATIONS, PARTNERSHIPS & LLCs**

**DATE:**

<b>TO: NAME AND ADDRESS OF FINANCIAL INSTITUTION</b> Lake Forest Bank & Trust Company 727 North Bank Lane  Lake Forest, IL 60045 (847) 234-2882	<b>FROM: NAME AND ADDRESS OF ENTITY</b> Walnut Housing Association  1150 Half Day Rd Highland Park IL 60035-1740
--	--

Use this *Resolution of Corporations, Partnerships and LLCs* to document the granting of Deposit authority by the governing body of the business entity to specified individuals. This form may be used by legal entities, such as corporations, professional corporations, general partnerships, limited partnerships, limited liability partnerships, and limited liability companies.

Words, numbers or phrases preceded by a  are applicable only when marked, i.e., .

I certify that I am a duly and legally elected/appointed, qualified representative and keeper of the records ("Designated Representative") of/for the legal entity ("Entity") named above, that the following is a true and complete copy of a Resolution duly adopted at a meeting of the governing body of the Entity held on the \_\_\_\_\_ day of \_\_\_\_\_ in accordance with law and the governing documents of the Entity, and that my delivery of this Resolution to Financial Institution certifies to Financial Institution that such Resolution is still in full force and effect.

This is a  For Profit  Nonprofit Entity.

**IT IS RESOLVED THAT:**

The following described officers, members, managers, partners, employees, designated parties or agents of the Entity referred to below as "Authorized Signers", whose names and signatures appear below, are authorized for and on behalf of the Entity to have the following indicated powers as contained in this Resolution:

- |  |  |
|--|--|
| <p><b>DEPOSITORY ACCOUNT.</b> Perform the following for the account(s) indicated on Page 2, in the name of the Entity, subject to any terms and conditions governing the account(s), such as:</p> <ol style="list-style-type: none"> <li>1. Open and maintain the account(s);</li> <li>2. Make deposits to the account(s);</li> <li>3. Endorse for negotiation, negotiate, and receive the proceeds of any negotiable instrument, check, draft, or order for the payment of money payable to or belonging to the Entity by writing, stamp, or other means permitted by this Resolution without the designation of the person endorsing;</li> <li>4. Make withdrawals from the account(s) in any manner permitted by the account(s);</li> <li>5. Transfer funds from the account(s) in Financial Institution to any account whether or not held at this Financial Institution and whether or not held by this Entity;</li> <li>6. Transfer funds to the account(s) in Financial Institution from any account whether or not held at this Financial Institution and whether or not held by this Entity;</li> <li>7. Approve, endorse, guarantee, and identify the endorsement of any payee or any endorser of any negotiable instrument, check, draft or order for the payment of money whether drawn by the Entity or anyone else and guarantee the payment of any negotiable instrument, check, draft, or order for the payment of money; and</li> <li>8. Delegate to others the authority to approve, endorse, guarantee, and identify the endorsement of any payee or endorser on any negotiable instrument, check, draft, or order for the payment of money and to guarantee the payment of any such negotiable instrument, check, draft, or order for the payment of money.</li> <li>9. All of the above.</li> </ol> <p><b>SAFE DEPOSIT BOX.</b> Lease a Safe Deposit Box(es) with Financial Institution, make inspections of, deposits to and removals from Box(es), and exercise all rights and be subject to all responsibilities under the Lease.</p> <p><b>NIGHT DEPOSITORY.</b> Enter into a Night Depository Agreement with Financial Institution and exercise all rights and be subject to all responsibilities under the Agreement.</p> <p><b>DEBIT CARD/ATM CARD.</b> Apply for, receive and utilize debit cards, automated teller machine cards, or other access devices to exercise those powers authorized by this Resolution or other Resolutions then in effect.</p> <p><b>TREASURY MANAGEMENT.</b> Enter into a Treasury Management Agreement with Financial Institution, and exercise all rights and be subject to all responsibilities under the Agreement.</p> <p><b>OTHER AUTHORITY-</b> describe:</p> | <p><b>Authorized Signers</b></p> <p>_____</p> |
|--|--|

Further, this Resolution continues on Page 2 of this document, and all of the power and authority granted are incorporated in this Resolution.

RESOLUTION APPLIES TO (check all that apply):  ALL ACCOUNTS  SAFE DEPOSIT BOX NUMBER(S):  
 ALL FUTURE ACCOUNTS  SPECIFIC ACCOUNTS - NUMBER(S):

NAME AND TITLE	SIGNATURE	LIMITATIONS
1. David T Meek Director	X	COUNTERSIGNERS:
2. Charles F Adler Jr. President	X	COUNTERSIGNERS:
3. Douglas Ross Vice President	X	COUNTERSIGNERS:
4.	X	COUNTERSIGNERS:
5.	X	COUNTERSIGNERS:
6.	X	COUNTERSIGNERS:
7.	X	COUNTERSIGNERS:
8.	X	COUNTERSIGNERS:

**SIGNATURE CERTIFICATION.** I certify that the foregoing are names, titles, and genuine signatures of the current Authorized Signers of the Entity authorized by the above Resolution.

IN WITNESS WHEREOF, I have subscribed my name as Designated Representative of the Entity on the date shown below.

DESIGNATED REPRESENTATIVE:  
Charles F Adler Jr

DATE

**IT IS FURTHER RESOLVED AS FOLLOWS, the Entity certifies to the Financial Institution that:**

- Unless specifically designated, each of the Authorized Signers whose signature appears above may sign without the other(s);
- As used herein, any pronouns relative to the signers for the Entity shall include the masculine, feminine, and neutral gender, and the singular and plural number, wherever the context so admits or requires;
- All items deposited with prior endorsements are guaranteed by the Entity;
- All items not clearly endorsed by the Entity may be returned to the Entity by the Financial Institution or, alternatively, the Financial Institution is granted a power of attorney in relation to any such item to endorse any such item on behalf of the Entity in order to facilitate collection;
- Financial Institution shall have no liability for any delay in the presentment or return of any negotiable instrument or other order for the payment of money, that is not properly endorsed;
- Financial Institution is directed and authorized to act upon and honor any withdrawal or transfer instructions issued and to honor, pay and charge to any depository account or accounts of the Entity, all checks or orders for the payment of money so drawn when signed consistent with this Resolution without inquiring as to the disposition of the proceeds or the circumstances surrounding the issuance of the check or the order for the payment of the money involved, whether such checks or orders for the payment of money are payable to the order of, or endorsed or negotiated by any one or more of the Authorized Signers signing them or such party in their individual capacities or not, and whether they are deposited to the individual credit of or tendered in payment of the individual obligation of any one or more of the Authorized Signers signing them or of any other such party or not;
- Financial Institution shall be indemnified for any claims, expenses or losses resulting from the honoring of any signature certified or refusing to honor any signature not so certified; and
- Notwithstanding any modification or termination of the power of any Authorized Signer of the Entity, this Resolution shall remain in full force and bind the Entity and its legal representatives, successors, assignees, receivers, trustees or assigns until written notice to the contrary signed by, or on behalf of, the Entity shall have been received by the Financial Institution, and that receipt of such notice shall not affect any action taken by the Financial Institution prior to receipt of such notice in reliance on this Resolution.

Additional comments or instructions:

**RESOLUTION OF CORPORATIONS, PARTNERSHIPS & LLCs**

**DATE:**

<b>TO: NAME AND ADDRESS OF FINANCIAL INSTITUTION</b> Lake Forest Bank & Trust Company 727 North Bank Lane  Lake Forest, IL 60045 (847) 234-2882	<b>FROM: NAME AND ADDRESS OF ENTITY</b> Ravinia Housing Association  1150 Half Day Road Highland Park, IL 60035-1740
--	--

Use this *Resolution of Corporations, Partnerships and LLCs* to document the granting of Deposit authority by the governing body of the business entity to specified individuals. This form may be used by legal entities, such as corporations, professional corporations, general partnerships, limited partnerships, limited liability partnerships, and limited liability companies.

Words, numbers or phrases preceded by a  are applicable only when marked, i.e., .

I certify that I am a duly and legally elected/appointed, qualified representative and keeper of the records ("Designated Representative") of/for the legal entity ("Entity") named above, that the following is a true and complete copy of a Resolution duly adopted at a meeting of the governing body of the Entity held on the \_\_\_\_\_ day of \_\_\_\_\_ in accordance with law and the governing documents of the Entity, and that my delivery of this Resolution to Financial Institution certifies to Financial Institution that such Resolution is still in full force and effect.

This is a  For Profit  Nonprofit Entity.

**IT IS RESOLVED THAT:**

The following described officers, members, managers, partners, employees, designated parties or agents of the Entity referred to below as "Authorized Signers", whose names and signatures appear below, are authorized for and on behalf of the Entity to have the following indicated powers as contained in this Resolution:

- |  |  |
|--|--|
| <p><b>DEPOSITORY ACCOUNT.</b> Perform the following for the account(s) indicated on Page 2, in the name of the Entity, subject to any terms and conditions governing the account(s), such as:</p> <ol style="list-style-type: none"> <li>1. Open and maintain the account(s);</li> <li>2. Make deposits to the account(s);</li> <li>3. Endorse for negotiation, negotiate, and receive the proceeds of any negotiable instrument, check, draft, or order for the payment of money payable to or belonging to the Entity by writing, stamp, or other means permitted by this Resolution without the designation of the person endorsing;</li> <li>4. Make withdrawals from the account(s) in any manner permitted by the account(s);</li> <li>5. Transfer funds from the account(s) in Financial Institution to any account whether or not held at this Financial Institution and whether or not held by this Entity;</li> <li>6. Transfer funds to the account(s) in Financial Institution from any account whether or not held at this Financial Institution and whether or not held by this Entity;</li> <li>7. Approve, endorse, guarantee, and identify the endorsement of any payee or any endorser of any negotiable instrument, check, draft or order for the payment of money whether drawn by the Entity or anyone else and guarantee the payment of any negotiable instrument, check, draft, or order for the payment of money; and</li> <li>8. Delegate to others the authority to approve, endorse, guarantee, and identify the endorsement of any payee or endorser on any negotiable instrument, check, draft, or order for the payment of money and to guarantee the payment of any such negotiable instrument, check, draft, or order for the payment of money.</li> <li>9. All of the above.</li> </ol> <p><b>SAFE DEPOSIT BOX.</b> Lease a Safe Deposit Box(es) with Financial Institution, make inspections of, deposits to and removals from Box(es), and exercise all rights and be subject to all responsibilities under the Lease.</p> <p><b>NIGHT DEPOSITORY.</b> Enter into a Night Depository Agreement with Financial Institution and exercise all rights and be subject to all responsibilities under the Agreement.</p> <p><b>DEBIT CARD/ATM CARD.</b> Apply for, receive and utilize debit cards, automated teller machine cards, or other access devices to exercise those powers authorized by this Resolution or other Resolutions then in effect.</p> <p><b>TREASURY MANAGEMENT.</b> Enter into a Treasury Management Agreement with Financial Institution, and exercise all rights and be subject to all responsibilities under the Agreement.</p> <p><b>OTHER AUTHORITY-</b> describe:</p> | <p><b>Authorized Signers</b></p> <p>_____</p> |
|--|--|

Further, this Resolution continues on Page 2 of this document, and all of the power and authority granted are incorporated in this Resolution.

RESOLUTION APPLIES TO (check all that apply):  ALL ACCOUNTS  SAFE DEPOSIT BOX NUMBER(S);  
 ALL FUTURE ACCOUNTS  SPECIFIC ACCOUNTS - NUMBER(S):

NAME AND TITLE	SIGNATURE	LIMITATIONS
1. David T Meek Director	X	COUNTERSIGNERS:
2. Charles F Adler Jr President	X	COUNTERSIGNERS:
3. Douglas Ross Vice President	X	COUNTERSIGNERS:
4.	X	COUNTERSIGNERS:
5.	X	COUNTERSIGNERS:
6.	X	COUNTERSIGNERS:
7.	X	COUNTERSIGNERS:
8.	X	COUNTERSIGNERS:

**SIGNATURE CERTIFICATION.** I certify that the foregoing are names, titles, and genuine signatures of the current Authorized Signers of the Entity authorized by the above Resolution.

IN WITNESS WHEREOF, I have subscribed my name as Designated Representative of the Entity on the date shown below.

DESIGNATED REPRESENTATIVE: \_\_\_\_\_

DATE \_\_\_\_\_

Charles F Adler, Jr.

**IT IS FURTHER RESOLVED AS FOLLOWS, the Entity certifies to the Financial Institution that:**

- Unless specifically designated, each of the Authorized Signers whose signature appears above may sign without the other(s);
- As used herein, any pronouns relative to the signers for the Entity shall include the masculine, feminine, and neutral gender, and the singular and plural number, wherever the context so admits or requires;
- All items deposited with prior endorsements are guaranteed by the Entity;
- All items not clearly endorsed by the Entity may be returned to the Entity by the Financial Institution or, alternatively, the Financial Institution is granted a power of attorney in relation to any such item to endorse any such item on behalf of the Entity in order to facilitate collection;
- Financial Institution shall have no liability for any delay in the presentment or return of any negotiable instrument or other order for the payment of money, that is not properly endorsed;
- Financial Institution is directed and authorized to act upon and honor any withdrawal or transfer instructions issued and to honor, pay and charge to any depository account or accounts of the Entity, all checks or orders for the payment of money so drawn when signed consistent with this Resolution without inquiring as to the disposition of the proceeds or the circumstances surrounding the issuance of the check or the order for the payment of the money involved, whether such checks or orders for the payment of money are payable to the order of, or endorsed or negotiated by any one or more of the Authorized Signers signing them or such party in their individual capacities or not, and whether they are deposited to the individual credit of or tendered in payment of the individual obligation of any one or more of the Authorized Signers signing them or of any other such party or not;
- Financial Institution shall be indemnified for any claims, expenses or losses resulting from the honoring of any signature certified or refusing to honor any signature not so certified; and
- Notwithstanding any modification or termination of the power of any Authorized Signer of the Entity, this Resolution shall remain in full force and bind the Entity and its legal representatives, successors, assignees, receivers, trustees or assigns until written notice to the contrary signed by, or on behalf of, the Entity shall have been received by the Financial Institution, and that receipt of such notice shall not affect any action taken by the Financial Institution prior to receipt of such notice in reliance on this Resolution.

Additional comments or instructions:



### CORPORATE RESOLUTIONS

I DO HEREBY CERTIFY that I am the duly elected and qualified Secretary of \_\_\_\_\_, a corporation organized and existing under the laws of \_\_\_\_\_, and that the following is a true and correct copy of certain resolutions duly adopted at a meeting of the Board of Directors thereof held on \_\_\_\_\_, and that such resolutions are now in full force and effect:

BE IT RESOLVED that the officers of this corporation are authorized to execute a Trust Agreement on behalf of the corporation dated \_\_\_\_\_, and known as Trust No. \_\_\_\_\_ with Chicago Title Land Trust Company.

OR

BE IT RESOLVED that this corporation accept an assignment of the beneficial interest in and to that certain Trust known as Trust No. \_\_\_\_\_ under Trust Agreement dated \_\_\_\_\_ with Chicago Title Land Trust Company.

AND BE IT FURTHER RESOLVED, that any \_\_\_\_\_ of the following described officers of this corporation are hereby given the authority to direct the Trustee:

- (1) To convey title to said real estate
- (2) To execute and deliver deeds, mortgages, notes and any and all other documents pertaining to the property
- (3) In all matters regarding the Trust

AND BE IT FURTHER RESOLVED, that any \_\_\_\_\_ of the following officers are authorized to execute assignments, assigning all or part of the beneficial interest of the aforesaid trust.

AND BE IT FURTHER RESOLVED, that the authority of the following officers be continuing and, unless notified in writing to the contrary, the trustee, any purchaser of the real estate or of the beneficial interest, or any person loaning money or otherwise dealing with the following officers shall be fully protected in relying the direction of these officers and no one shall be required to see to the application of monies or assets paid or delivered to these officers or pursuant to their direction or to inquire into the propriety of the exercise of their authority:

PRINTED NAME	TITLE	SIGNATURE
_____	_____	_____
_____	_____	_____
_____	_____	_____

AND BE IT FURTHER RESOLVED, that the Secretary of the corporation is authorized to certify under the corporate seal of the corporation, to said Chicago Title Land Trust Company, a copy of these resolutions and the names of the persons authorized to act on behalf of the corporation in the premises, and said Chicago Title Land Trust Company is hereby authorized to rely upon such certificates of the Secretary of the corporation until it is formally advised of any changes herein by a subsequent certificate and under the corporate seal.

IN WITNESS WHEREOF, I have hereunto affixed my name as Secretary, and have caused the corporate seal of said corporation to be hereto affixed, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Secretary



# Chicago Title Land Trust Company

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10 South LaSalle Street, Suite 2750 • Chicago IL 60603 • 312-223-4110 • Fax: 312-223-4139

May 9, 2016

Peers Housing Association  
c/o Lee Smith  
1150 Half Day Road  
Highland Park, IL 60035

RE: **Land Trust Number: 11827300**  
**Customer no. A7711827300**

Dear Ms. Lee Smith:

According to our records, the renewal of the above referenced land trust is dated and by its terms expired on **05-01-2014** in order to retain the benefits of a land trust this agreement must be amended to extend its term.

The trust agreement provides the trustee with power for twenty years. After a period of twenty years it is necessary to extend the trust. Extending the trust allows the trustee to continue to act upon the beneficiaries of the power holder's direction, which includes issuing a trustee's deed out of the trust and closing it at any time.

Enclosed is your extension amendment. Please complete and sign the form and return the amendment to me. **Your account will be billed \$50.00 for the extension.** You may send the payment when you return the extension amendment; your cancelled check is your receipt. It is very important to complete this procedure as soon as possible.

Thank you for allowing us to be of service. We look forward to continuing our trust relationship in the future. If you have any questions, please contact the undersigned at **(312) 223-2167** or call **Customer Service Department at Toll Free (888) 878-7856**.

Sincerely,

*Silvia Medina*

Chicago Title Land Trust Company  
Customer Service Unit  
Enclosures

**EXTENSION TO TRUST AGREEMENT**

WHEREAS, the Chicago Title Land Trust Company, as Trustee under the terms of a certain agreement dated 05/01/1994 and known as Trust Number 11827300 is presently holding the legal and equitable title to certain real estate;

AND WHEREAS the undersigned party(ies) hold(s) the beneficial interest in the proceeds and avails of such property in accordance with the terms and provisions of said agreement;

AND WHEREAS said Trust, in accordance with the provisions thereof, terminates twenty years from the date of said agreement or, should said trust have been previously extended, twenty years from the date from which it was last extended;

AND WHEREAS, it is the desire of the parties hereto to extend the terms of the trust for an additional twenty years.

NOW THEREFORE for and in consideration of the sum of One Dollar and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree that the trust shall continue under the same terms and conditions for an additional twenty years, except however, that the compensation of the Trustee for annual holding fees and document execution shall be its current schedule of charges for such services.

IN WITNESS WHEREOF the party(ies) has (have) set their hand(s) and seal and the Trustee has caused these presents to be executed by its Assistant Vice-President.

_____ Signature	_____ Address, City	
_____ Peers Housing Association		( )
_____ Printed Name	_____ State, Zip	_____ Telephone Number

_____ Signature	_____ Address, City	
_____ By:		( )
_____ Printed Name	_____ State, Zip	_____ Telephone Number

_____ Signature	_____ Address, City	
_____ By:		( )
_____ Printed Name	_____ State, Zip	_____ Telephone Number

_____ Signature	_____ Address, City	
_____ Printed Name	_____ State, Zip	_____ Telephone Number

_____ Signature	_____ Address, City	
_____ Printed Name	_____ State, Zip	_____ Telephone Number

_____ Signature	_____ Address, City	
_____ Printed Name	_____ State, Zip	_____ Telephone Number

ACKNOWLEDGED BY TRUSTEE THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, \_\_\_\_\_  
**CHICAGO TITLE LAND TRUST COMPANY**

By: \_\_\_\_\_  
Assistant Vice-President



CERTIFIED PUBLIC ACCOUNTANTS

175 Olde Half Day Rd, Suite 290  
Lincolnshire, IL 60069  
P: (847) 459-8850  
F: (847) 537-8954  
[www.manningsilverman.com](http://www.manningsilverman.com)

May 9, 2016

Ms. Mary Cele Smith  
Sunset Woods Association c/o City of Highland Park  
1150 Half Day Road  
Highland Park, Illinois 60035

Dear Ms. Smith:

We are pleased to confirm our revised understanding of the services we are to provide for Sunset Woods Association ("Association") for the years ended December 31, 2015, 2016 and 2017. This letter amends and extends the terms of our letter dated February 23, 2015 to reflect the management decision made after that date to segregate the specific assets, liabilities, revenues and expenses of Association unrelated to IHDA Project No. HTF-1213 (Sunset Woods Housing) from the audited financial statements of Housing to be presented to the Illinois Housing Development Authority.

We will audit the financial statements of Sunset Woods Housing (IHDA Project NO. HTF-1213), owned by Association, which statements comprise the statement(s) of financial position as of December 31, 2015, 2016 and 2017, the related statements of activities, functional expenses, and cash flows for the respective years then ended, and the related notes to the respective years' financial statements.

We will also, however, prepare Association's federal and state tax information returns for the years ended December 31, 2015, 2016 and 2017, which returns will include, in addition, Association's assets, liabilities, revenues and expenses excluded from the audit report.

#### **Audit Objective**

The objective of each of our audits is the expression of an opinion about whether Housing's financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audits will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion each year. We will issue a written report upon completion of each of our audits of Housing's financial statements. Each report will be addressed to the Board of Directors of Association. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis- of-matter or other-matter paragraph. If any of our opinions is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete an audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

### **Audit Procedures**

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from Housing's attorneys as part of each year's engagement, and they may bill you for responding to this inquiry. At the conclusion of each year's audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, each audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform each audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to Housing or to acts by management or employees acting on behalf of Housing.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though each audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to each of the respective periods covered by our audits and does not extend to any later periods for which we are not engaged as auditors.

Each audit will include obtaining an understanding of Housing and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during each audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers

### **Management Responsibilities**

You agree to assume all management responsibilities for the tax services and any other non-attest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within Housing from whom we determine it necessary to obtain audit evidence. Your responsibilities include adjusting each year's financial statements to correct material misstatements and confirming to us in the respective year's management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Housing involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Housing received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the Housing complies with applicable laws and regulations.

### **Engagement Administration, Fees, and Other**

We understand that your employees or independent contractors retained by Association will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Wayne E. Silverman is the engagement partner and is responsible for supervising the engagement and signing each report or authorizing another individual to sign it. We began our audit for the year 2015 on approximately March 15, 2016 and expect to complete your information returns and issue our report no later than June 15, 2016. For subsequent years, we expect similar dates and time periods to be in effect.

Sunset Woods Association  
May 4, 2016  
Page 4

Our fees for these services will be \$6,200 (for 2015, unchanged, of which \$5,000 will be for the audit of Housing and \$1,200 for the tax returns of Association), \$7,000 for 2016 and \$7,300 for 2017 (for each year of which the amount allocated to the tax returns of Association will be \$1,200, with the balance for the audit of Housing). You will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. These revised fee estimates are based on the changes in reporting entities previously discussed with you, anticipated cooperation from your personnel/independent contractors and the assumption that unexpected circumstances will not be encountered during the respective year's engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement as revised. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours.



Wayne E. Silverman  
Manning Silverman & Company

cc: Ms. Charmain Later, Senior Planner

RESPONSE:

This letter correctly sets forth the understanding of Sunset Woods Association:

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## HOUSING COMMISSION

SERVICE	FY16 Request	FY16 Estimated Expenditures	FY17 Request	NOTES
<b>PROFESSIONAL SERVICES - OTHER</b>	<b>\$3,600</b>	<b>\$3,600</b>	<b>\$6,700</b>	
- Accounting Services	\$3,600	\$3,600	\$3,700	
- Minute taker (@ \$250/mtg.)	\$0	\$0	\$3,000	
<b>MEMBERSHIP DUES</b>	<b>\$265</b>	<b>\$265</b>	<b>\$265</b>	
- Housing Action Illinois	\$115	\$115	\$115	
- Housing Opportunity	\$150	\$150	\$150	
<b>ACTIVITIES PROGRAMMING COSTS</b>	<b>\$9,420</b>	<b>\$9,420</b>	<b>\$9,420</b>	
- Employer Assisted Housing Program	\$9,170	\$9,170	\$9,170	\$5500 = cost for one client \$3,670 + counseling services for 3-4 clients
- Inclusionary Zoning Appraisals	\$250	\$250	\$250	for one appraisal
<b>SUPPLIES - BOOKS &amp; PERIODICALS</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>	
- Books & Software	\$100	\$100	\$100	
<b>BUSINESS EXPENSE</b>	<b>\$1,300</b>	<b>\$1,300</b>	<b>\$1,300</b>	
- Regular & Special Commission Meetings	\$1,200	\$1,200	\$1,200	
Staff Notary Assignment	\$100	\$100	\$100	Have to reinstate CL's notary. Recently expired.

\$14,685                  \$14,685                  \$17,785

## HOUSING TRUST FUND

SERVICE	FY16 Request	FY16 Estimated Expenditures	FY17 Request	NOTES
<b>ACTIVITIES PROGRAMMING COSTS</b>	<b>\$372,800</b>	<b>\$344,300</b>	<b>\$372,800</b>	
Employer-Assisted Housing	\$20,000	\$10,000	\$20,000	revolving loan program
CPAH Scattered Site Program	\$202,500	\$202,500	\$202,500	
CPAH Operating Grant	\$85,000	\$85,000	\$85,000	
Temporary Housing Assistance	\$10,000	\$5,000	\$10,000	
Reimbursement of Demolition Tax per Development Agreement Laurel Court II	\$13,500	\$0	\$13,500	PW should have this amount in their "Reimbursements" line item.
Housing Planner	\$41,800	\$41,800	\$41,800	
Third Party Consulting	\$0			

\$372,800      \$344,300      \$372,800

# FRANK B PEERS

## Balance Sheet

Month Ending 03/31/16

### ASSETS

#### Current Assets

1110-0000 - Petty Cash	300.00
1121-0000 - Cash - Operating	59,163.31
1130-0000 - Tenant/member accounts receivable	25.00
1131-0000 - Accounts receivable - subsidy	1,295.00
1240-0000 - Prepaid property and liability insurance	9,978.34
Total Current Assets	<u>70,761.65</u>

#### Other Assets

1192-0000 - Tenant Sec Dep	20,386.24
1310-0000 - Real estate tax escrow	136,719.97
1311-0000 - Insurance escrow	23,577.78
1330-0000 - Debt Service Escrow	138,800.05
1320 - Replacement Reserve	207,281.98
1340 - Residual Receipt	17,513.89
Total Other Assets	<u>544,279.91</u>

#### Fixed Assets

1420-0000 - Building	1,843,785.15
1420-0001 - Building Improvements	165,020.52
1430-0000 - Land Improvements	1,621,801.79
1450-0000 - Furniture for project/tenant use	574,009.36
1497-0000 - Site improvements	172,218.77
4120-0000 - Accum depr - buildings	(3,574,707.19)
1498-0000 - Current F/A	7,324.80
Total Fixed Assets	<u>809,453.20</u>

#### Financing Costs

1900-0001 - Deferred Financing Costs	192,398.85
1999-0000 - Accum Amort - Bond Costs	(81,426.22)
Total Financing Costs	<u>110,972.63</u>

#### Partnership Assets

1701-0000 - Cash - Partnership	46,762.91
1702-0000 - Partnership MM	2,052,515.14
1703-0000 - Partnership Receivable	267,013.69
Total Partnership Assets	<u>2,366,291.74</u>

### Total Assets

3,901,759.13

# FRANK B PEERS

## Balance Sheet

Month Ending 03/31/16

### Liabilities & Equity

#### Current Liabilities

2110-0000 - Accounts payable	2,084.38
2114-0000 - 401K Payable	23.33
2120-0000 - Accrued wages and p/r taxes payable	5,256.93
2150-0000 - Accrued property taxes	156,891.14
2180-0000 - Misc current liabilities	13,581.68
Total Current Liabilities	<u>177,837.46</u>

#### Non-Current Liabilities

2190-0000 - Misc Clearing	31.00
2191-0000 - Security deposits-residential	17,220.00
2191-0001 - Pet Deposit	1,195.00
2210-0000 - Prepaid Rent	187.00
2211-0000 - Prepaid HUD	3,598.00
2320-1000 - Mortgage payable - 2nd note	2,290,000.00
2320-0000 - Mortgage Payable (long term)	1,442,673.33
Total Non-Current Liabilities	<u>3,754,904.33</u>

#### Owner's Equity

3100-0000 - Limited Partners Equity	2,370,233.54
3111-0000 - Contributions - Current Year	4,632.00
3209-0000 - Prior Year Retained Earnings	(2,447,481.63)
3210-0000 - Retained earnings	34,901.00
Current YTD Earnings	6,732.43
Total Owner's Equity	<u>(30,982.66)</u>

### Total Liability & Owner Equity

3,901,759.13

**FRANK B. PEERS HOUSING**  
**Actual vs Budget Accrual Operating Statement**

	Month Ending 03/31/16			Year To Date 03/31/16			Year Ending 12/31/16
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
<b>GROSS OPERATING INCOME</b>							
<b>RESIDENTIAL RENTAL INCOME</b>							
5120-0000 - Apartment rent	18,941.00	20,236.00	(1,295.00)	55,882.00	60,469.00	(4,587.00)	242,593.00
5121-0000 - Tenant assistant payments	69,351.00	68,955.00	396.00	208,994.00	204,857.00	4,137.00	825,452.00
5140-0000 - Commercial base rent	60.00	60.00	0.00	180.00	180.00	0.00	720.00
<b>TOTAL RESIDENTIAL RENTAL INCOME</b>	<b>88,352.00</b>	<b>89,251.00</b>	<b>(899.00)</b>	<b>265,056.00</b>	<b>265,506.00</b>	<b>(450.00)</b>	<b>1,068,765.00</b>
<b>VACANCIES &amp; ADJUSTMENTS</b>							
5220-0000 - Vacancy loss - apartments	(268.00)	(1,000.00)	732.00	(268.00)	(3,000.00)	2,732.00	(12,000.00)
5221-0000 - Non-Revenue Units	(1,309.00)	(1,304.00)	(5.00)	(3,927.00)	(3,895.00)	(32.00)	(15,631.00)
<b>TOTAL VACANCIES &amp; ADJUSTMENTS</b>	<b>(1,577.00)</b>	<b>(2,304.00)</b>	<b>727.00</b>	<b>(4,195.00)</b>	<b>(6,895.00)</b>	<b>2,700.00</b>	<b>(27,631.00)</b>
<b>OTHER INCOME</b>							
5910-0000 - Laundry income	0.00	0.00	0.00	412.00	450.00	(38.00)	1,800.00
5922-0000 - Late fees	20.00	9.00	11.00	20.00	27.00	(7.00)	108.00
5945-0000 - Damages	0.00	20.00	(20.00)	0.00	50.00	(50.00)	180.00
5990-0000 - Misc other income	10.00	20.00	(10.00)	23.00	60.00	(37.00)	240.00
5413-0000 - Interest income - escrow	168.32	1.00	167.32	168.32	1.00	167.32	4.00
<b>TOTAL OTHER INCOME</b>	<b>198.32</b>	<b>50.00</b>	<b>148.32</b>	<b>623.32</b>	<b>588.00</b>	<b>35.32</b>	<b>2,332.00</b>
<b>GROSS OPERATING INCOME</b>	<b>86,973.32</b>	<b>86,997.00</b>	<b>(23.68)</b>	<b>261,484.32</b>	<b>259,199.00</b>	<b>2,285.32</b>	<b>1,043,466.00</b>
<b>ADVERTISING &amp; RENTING EXPENSE</b>							
6211-0000 - Marketing/Promotions	0.00	590.00	590.00	0.00	1,770.00	1,770.00	7,080.00
6213-0000 - Employee Recruitment	0.00	42.00	42.00	61.69	126.00	64.31	504.00
6253-0000 - Credit Report Fees	14.95	28.00	13.05	14.95	84.00	69.05	378.00
<b>TOTAL ADVERTISING &amp; RENTING EXPENSE</b>	<b>14.95</b>	<b>660.00</b>	<b>645.05</b>	<b>76.64</b>	<b>1,980.00</b>	<b>1,903.36</b>	<b>7,962.00</b>
<b>ADMINISTRATIVE EXPENSE</b>							
6311-0000 - Office supplies	1,592.01	425.00	(1,167.01)	1,780.81	1,275.00	(505.81)	5,100.00
6316-0000 - Office Equipment	176.71	250.00	73.29	526.35	750.00	223.65	3,000.00
6320-0000 - Management fee	4,661.08	4,506.00	(155.08)	13,503.26	13,518.00	14.74	54,072.00
6340-0000 - Legal Expense - Project	0.00	367.00	367.00	0.00	1,101.00	1,101.00	4,404.00
6350-0000 - Audit Expense	0.00	0.00	0.00	0.00	0.00	0.00	14,200.00
6360-0000 - Telephone	1,166.15	900.00	(266.15)	2,769.88	2,700.00	(69.88)	10,800.00
6360-0001 - Answering Service/ Pagers	75.00	44.00	(31.00)	141.00	132.00	(9.00)	528.00
6365-0000 - Training & Education Expense	484.00	75.00	(409.00)	484.00	225.00	(259.00)	900.00
6370-0000 - Bad debts	34.00	0.00	(34.00)	110.00	0.00	(110.00)	0.00
6380-0000 - Consulting/study costs	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00
6390-0000 - Misc administrative expenses	340.52	200.00	(140.52)	1,708.37	600.00	(1,108.37)	2,400.00
6390-0002 - Computer Supplies/Data Processing	283.94	180.00	(103.94)	861.20	540.00	(321.20)	2,160.00
6395-0000 - Tenant Retention	826.15	500.00	(326.15)	2,075.23	1,500.00	(575.23)	7,000.00
6431-0000 - Travel & Expense Reimbursement	259.33	170.00	(89.33)	682.61	510.00	(172.61)	2,040.00
6851-0000 - Bank Service Fees	0.00	5.00	5.00	30.00	5.00	(25.00)	14.00
6860-0000 - Security Deposit Interest	(0.52)	0.00	0.52	(1.52)	0.00	1.52	0.00
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>9,898.37</b>	<b>7,622.00</b>	<b>(2,276.37)</b>	<b>24,671.19</b>	<b>22,856.00</b>	<b>(1,815.19)</b>	<b>108,618.00</b>
<b>PAYROLL &amp; RELATED COSTS</b>							
6310-0000 - Office salaries	8,153.35	7,376.00	(777.35)	18,069.34	17,052.00	(1,017.34)	63,764.00
6510-0000 - Janitor and cleaning payroll	2,010.81	2,312.00	301.19	4,433.52	5,304.00	870.48	19,944.00

**FRANK B. PEERS HOUSING**  
**Actual vs Budget Accrual Operating Statement**

	Month Ending 03/31/16			Year To Date 03/31/16			Year Ending 12/31/16
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
6540-0000 - Repairs payroll	6,011.60	6,632.00	620.40	14,626.68	15,350.00	723.32	57,838.00
6900-0000 - Social Service Coordinator	0.00	850.00	850.00	0.00	2,550.00	2,550.00	10,200.00
6715-0000 - Payroll Taxes	2,161.99	1,988.00	(173.99)	5,023.41	4,795.00	(228.41)	12,322.00
6722-0000 - Workers compensation	(22.48)	392.00	414.48	402.92	1,176.00	773.08	4,818.00
6723-0000 - Employee Health Ins/Other Benefits	294.84	486.00	191.16	1,107.31	1,406.00	298.69	5,580.00
6724-0000 - Union Benefits	1,358.88	1,468.00	109.12	4,076.64	4,404.00	327.36	17,616.00
6726-0001 - Contingency	2,950.00	2,140.00	(810.00)	2,950.00	2,140.00	(810.00)	3,186.00
<b>TOTAL PAYROLL &amp; RELATED COSTS</b>	<b>22,918.99</b>	<b>23,644.00</b>	<b>725.01</b>	<b>50,689.82</b>	<b>54,177.00</b>	<b>3,487.18</b>	<b>195,268.00</b>
<b>OPERATING EXPENSES</b>							
6515-0000 - Janitors and cleaning supplies	705.23	400.00	(305.23)	1,198.46	1,200.00	1.54	4,800.00
6517-0000 - Outside Cleaning Service	0.00	0.00	0.00	0.00	0.00	0.00	1,280.00
6519-0000 - Exterminating Contract	0.00	500.00	500.00	0.00	740.00	740.00	2,200.00
6525-0000 - Rubbish removal	394.00	360.00	(34.00)	1,182.00	1,080.00	(102.00)	4,320.00
6530-0000 - Security Contract	81.00	81.00	0.00	81.00	81.00	0.00	324.00
<b>TOTAL OPERATING EXPENSES</b>	<b>1,180.23</b>	<b>1,341.00</b>	<b>160.77</b>	<b>2,461.46</b>	<b>3,101.00</b>	<b>639.54</b>	<b>12,924.00</b>
<b>UTILITIES</b>							
6450-0000 - Electricity	2,088.47	1,850.00	(238.47)	6,213.09	5,550.00	(663.09)	22,200.00
6451-0000 - Water	770.53	1,425.00	654.47	3,101.52	4,275.00	1,173.48	17,100.00
6452-0000 - Gas	2,936.37	2,084.00	(852.37)	9,775.25	6,252.00	(3,523.25)	25,008.00
<b>TOTAL UTILITIES</b>	<b>5,795.37</b>	<b>5,359.00</b>	<b>(436.37)</b>	<b>19,089.86</b>	<b>16,077.00</b>	<b>(3,012.86)</b>	<b>64,308.00</b>
<b>MAINTENANCE EXPENSES</b>							
6537-0000 - Grounds Contractor (Landscaper)	0.00	0.00	0.00	1,352.00	0.00	(1,352.00)	10,550.00
6541-0000 - Repair materials (general supplies)	1,290.25	60.00	(1,230.25)	1,390.53	180.00	(1,210.53)	720.00
6541-0001 - Appliance Parts	158.50	35.00	(123.50)	360.35	105.00	(255.35)	420.00
6541-0002 - Plumbing Supplies	218.07	110.00	(108.07)	218.07	330.00	111.93	1,320.00
6541-0003 - Electrical Supplies	0.00	75.00	75.00	0.00	225.00	225.00	900.00
6541-0004 - Heating/Cooling Supplies	0.00	50.00	50.00	0.00	150.00	150.00	600.00
6541-0007 - Safety Equipment	0.00	0.00	0.00	0.00	400.00	400.00	400.00
6541-0008 - Flooring/Tile Supplies (i.e.VCT)	0.00	35.00	35.00	0.00	105.00	105.00	420.00
6541-0009 - Window Supplies	0.00	125.00	125.00	0.00	375.00	375.00	1,500.00
6541-0010 - Carpentry/Hardware	0.00	70.00	70.00	17.17	210.00	192.83	840.00
6545-0000 - Elevator Contractor (Annual Maintenance Contract)	0.00	641.00	641.00	987.62	641.00	(346.62)	2,564.00
6546-0000 - Heating/Cooling Contractor	2,135.73	500.00	(1,635.73)	2,831.73	1,500.00	(1,331.73)	6,000.00
6548-0000 - Snow removal	1,425.00	1,000.00	(425.00)	2,375.00	6,200.00	3,825.00	8,700.00
6551-0000 - Elevator Contractor (Special Repairs)	0.00	300.00	300.00	0.00	900.00	900.00	3,600.00
6560-0000 - Decorating (Tenant Pntg-Cycle/Turnover by Contractor)	2,686.00	850.00	(1,836.00)	7,186.00	2,550.00	(4,636.00)	10,200.00
6564-0000 - Decorating (Common Areas - by Contractor)	0.00	0.00	0.00	877.28	0.00	(877.28)	2,000.00
6564-0001 - Painting Supplies	0.00	150.00	150.00	0.00	450.00	450.00	1,800.00
6581-0000 - Window Washing	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00
6582-0001 - Fire Safety Equipment	0.00	40.00	40.00	0.00	120.00	120.00	480.00
6591-0000 - Electrical Repairs	194.98	50.00	(144.98)	194.98	150.00	(44.98)	600.00
6592-0000 - Boiler Repairs	1,198.11	50.00	(1,148.11)	1,198.11	150.00	(1,048.11)	600.00
6594-0000 - Carpentry Repairs	0.00	90.00	90.00	0.00	270.00	270.00	1,080.00
6595-0000 - Plumbing Repairs	0.00	500.00	500.00	5,105.25	1,500.00	(3,605.25)	6,000.00
6596-0000 - Floor Repairs/Cleaning	0.00	100.00	100.00	0.00	100.00	100.00	900.00
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>9,306.64</b>	<b>4,831.00</b>	<b>(4,475.64)</b>	<b>24,094.09</b>	<b>16,611.00</b>	<b>(7,483.09)</b>	<b>63,694.00</b>

**FRANK B. PEERS HOUSING**  
**Actual vs Budget Accrual Operating Statement**

	Month Ending 03/31/16			Year To Date 03/31/16			Year Ending 12/31/16
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
<b>TAXES AND INSURANCE</b>							
6710-0000 - Real estate taxes	10,874.00	10,874.00	0.00	32,622.00	32,622.00	0.00	130,488.00
6720-0000 - Property and liability insurance	2,494.58	2,495.00	0.42	7,483.74	7,485.00	1.26	30,560.00
<b>TOTAL TAXES AND INSURANCE</b>	<u>13,368.58</u>	<u>13,369.00</u>	<u>0.42</u>	<u>40,105.74</u>	<u>40,107.00</u>	<u>1.26</u>	<u>161,048.00</u>
<b>TOTAL OPERATING EXPENSES</b>	62,483.13	56,826.00	(5,657.13)	161,188.80	154,909.00	(6,279.80)	613,822.00
<b>NET OPERATING INCOME (LOSS)</b>	24,490.19	30,171.00	(5,680.81)	100,295.52	104,290.00	(3,994.48)	429,644.00
<b>FINANCIAL EXPENSES</b>							
6820-0000 - Mortgage interest	18,179.86	18,180.00	0.14	54,720.29	54,720.00	(0.29)	215,574.00
<b>TOTAL FINANCIAL EXPENSES</b>	<u>18,179.86</u>	<u>18,180.00</u>	<u>0.14</u>	<u>54,720.29</u>	<u>54,720.00</u>	<u>(0.29)</u>	<u>215,574.00</u>
<b>NET OPER INC/(LOSS) BEFORE CAP. EXP.</b>	6,310.33	11,991.00	(5,680.67)	45,575.23	49,570.00	(3,994.77)	214,070.00
Partnership Income							
8005-0000 - Mortgagor Entity Income	422.10	0.00	422.10	700.20	0.00	700.20	0.00
8010-0000 - Other Entity Expense	0.00	0.00	0.00	(4,642.00)	0.00	(4,642.00)	0.00
<b>Total Partnership Activity</b>	<u>422.10</u>	<u>0.00</u>	<u>422.10</u>	<u>(3,941.80)</u>	<u>0.00</u>	<u>(3,941.80)</u>	<u>0.00</u>
<b>NET INCOME (LOSS)</b>	6,732.43	11,991.00	(5,258.57)	41,633.43	49,570.00	(7,936.57)	214,070.00
Cash Flow - Financing Activities							
7104-0000 - Replacement Reserve	0.00	1,700.00	1,700.00	1,700.00	5,100.00	3,400.00	20,400.00
7108-0000 - Mortgage Payable (long term)	12,307.68	12,308.00	0.32	36,742.33	36,742.00	(0.33)	150,274.00
<b>Total Cash Flow - Financing Activities</b>	<u>12,307.68</u>	<u>14,008.00</u>	<u>1,700.32</u>	<u>38,442.33</u>	<u>41,842.00</u>	<u>3,399.67</u>	<u>170,674.00</u>
<b>CAPITAL EXPENDITURES &amp; ESCROWS</b>							
7105-0000 - Replacement Reserve Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	(655,000.00)
6991-0000 - Capital expenditures	4,632.00	3,750.00	(882.00)	4,632.00	11,250.00	6,618.00	45,000.00
6991-0002 - Windows	0.00	0.00	0.00	0.00	0.00	0.00	600,000.00
6991-0016 - Concrete Repairs	0.00	500.00	500.00	0.00	1,500.00	1,500.00	6,000.00
6993-0003 - A/C Replacements	0.00	250.00	250.00	0.00	750.00	750.00	3,000.00
6994-0000 - Carpet & tile	1,649.70	600.00	(1,049.70)	2,692.80	1,800.00	(892.80)	7,200.00
6995-0000 - Draperies and Blinds	0.00	1,000.00	1,000.00	0.00	3,000.00	3,000.00	12,000.00
<b>TOTAL CAPITAL EXPENDITURES &amp; ESCROWS</b>	<u>6,281.70</u>	<u>6,100.00</u>	<u>(181.70)</u>	<u>7,324.80</u>	<u>18,300.00</u>	<u>10,975.20</u>	<u>18,200.00</u>
<b>GAIN/(LOSS) AFTER CAPITAL EXP. &amp; ESCROWS</b>	<u>(11,856.95)</u>	<u>(8,117.00)</u>	<u>(3,739.95)</u>	<u>(4,133.70)</u>	<u>(10,572.00)</u>	<u>6,438.30</u>	<u>25,196.00</u>

# WALNUT PLACE

## Balance Sheet

Month Ending 03/31/16

### ASSETS

Current Assets	
1110-0000 - Petty Cash	900.00
1121-0000 - Cash - Operating	9,972.28
1121-0002 - Cash - Srvc Coordinator	763.10
1130-0000 - Tenant/member accounts receivable	16,322.02
1131-0000 - Accounts receivable - subsidy	4,051.00
1240-0000 - Prepaid property and liability insurance	10,672.60
Total Current Assets	<u>42,681.00</u>
Other Assets	
1192-0000 - Tenant Sec Dep	23,516.36
1310-0000 - Real estate tax escrow	179,099.45
1311-0000 - Insurance escrow	25,185.74
1330-0000 - Debt Service Escrow	82,160.62
1320 - Replacement Reserve	109,869.90
1340 - Residual Receipt	27,104.17
Total Other Assets	<u>446,936.24</u>
Fixed Assets	
1410-0000 - Land	220,000.00
1420-0000 - Building	2,907,088.00
1420-0001 - Building Improvements	204,681.22
1430-0000 - Land Improvements	321,376.00
1440-0000 - Building Equipment Portable	354,185.56
1450-0000 - Furniture for project/tenant use	447,466.03
1497-0000 - Site improvements	4,550.00
4120-0000 - Accum depr - buildings	(3,656,798.74)
1498-0000 - Current F/A	2,818.50
Total Fixed Assets	<u>805,366.57</u>
Financing Costs	
1900-0001 - Deferred Financing Costs	174,813.03
1999-0000 - Accum Amort - Bond Costs	(65,465.51)
Total Financing Costs	<u>109,347.52</u>
Partnership Assets	
1701-0000 - Cash - Partnership	104,765.77
Total Partnership Assets	<u>104,765.77</u>
<b>Total Assets</b>	<b><u><u>1,509,097.10</u></u></b>

# WALNUT PLACE

## Balance Sheet

Month Ending 03/31/16

### Liabilities & Equity

#### Current Liabilities

2110-0000 - Accounts payable	10,411.57
2114-0000 - 401K Payable	0.12
2120-0000 - Accrued wages and p/r taxes payable	5,256.93
2150-0000 - Accrued property taxes	183,748.03
2155-0000 - Accrued professional services	3,894.00
2180-0000 - Misc current liabilities	10,452.40
Total Current Liabilities	<u>213,763.05</u>

#### Non-Current Liabilities

2190-0000 - Misc Clearing	315.00
2191-0000 - Security deposits-residential	18,810.00
2191-0001 - Pet Deposit	1,550.00
2210-0000 - Prepaid Rent	1,454.01
2211-0000 - Prepaid HUD	5,484.00
2320-1000 - Mortgage payable - 2nd note	2,546,000.00
2320-4000 - Deferred Revenue	209,107.00
2320-0000 - Mortgage Payable (long term)	1,412,368.61
Total Non-Current Liabilities	<u>4,195,088.62</u>

#### Owner's Equity

3100-0000 - Limited Partners Equity	104,382.98
3209-0000 - Prior Year Retained Earnings	(3,056,214.28)
3210-0000 - Retained earnings	43,910.54
Current YTD Earnings	8,166.19
Total Owner's Equity	<u>(2,899,754.57)</u>

### Total Liability & Owner Equity

1,509,097.10

## WALNUT PLACE

### Actual vs Budget Accrual Operating Statement

	Month Ending 03/31/16			Year To Date 03/31/16			Year Ending 12/31/16
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
<b>GROSS OPERATING INCOME</b>							
<b>RESIDENTIAL RENTAL INCOME</b>							
5120-0000 - Apartment rent	25,394.00	24,240.00	1,154.00	69,606.00	72,720.00	(3,114.00)	292,200.00
5121-0000 - Tenant assistant payments	64,382.00	65,536.00	(1,154.00)	199,722.00	196,608.00	3,114.00	794,296.00
<b>TOTAL RESIDENTIAL RENTAL INCOME</b>	<b>89,776.00</b>	<b>89,776.00</b>	<b>0.00</b>	<b>269,328.00</b>	<b>269,328.00</b>	<b>0.00</b>	<b>1,086,496.00</b>
<b>VACANCIES &amp; ADJUSTMENTS</b>							
5220-0000 - Vacancy loss - apartments	(4,722.00)	(1,307.00)	(3,415.00)	(7,678.00)	(3,921.00)	(3,757.00)	(15,684.00)
5221-0000 - Non-Revenue Units	(1,307.00)	(1,307.00)	0.00	(3,921.00)	(3,921.00)	0.00	(15,756.00)
<b>TOTAL VACANCIES &amp; ADJUSTMENTS</b>	<b>(6,029.00)</b>	<b>(2,614.00)</b>	<b>(3,415.00)</b>	<b>(11,599.00)</b>	<b>(7,842.00)</b>	<b>(3,757.00)</b>	<b>(31,440.00)</b>
<b>OTHER INCOME</b>							
5910-0000 - Laundry income	0.00	530.00	(530.00)	820.00	1,060.00	(240.00)	3,180.00
5920-0000 - Nsf check fee	0.00	0.00	0.00	0.00	0.00	0.00	25.00
5922-0000 - Late fees	7.00	20.00	(13.00)	36.00	60.00	(24.00)	240.00
5938-0000 - Cleaning Fee/Turnover	675.00	0.00	675.00	675.00	0.00	675.00	120.00
5940-0000 - Forfeited Tenant Security Deposits	444.00	0.00	444.00	444.00	0.00	444.00	0.00
5945-0000 - Damages	0.00	10.00	(10.00)	0.00	40.00	(40.00)	180.00
5990-0000 - Misc other income	163.43	0.00	163.43	181.43	50.00	131.43	150.00
5411-0000 - Grant Monies Income	0.00	3,298.00	(3,298.00)	0.00	9,894.00	(9,894.00)	39,576.00
5413-0000 - Interest income - escrow	133.74	1.00	132.74	133.74	1.00	132.74	5.00
<b>TOTAL OTHER INCOME</b>	<b>1,423.17</b>	<b>3,859.00</b>	<b>(2,435.83)</b>	<b>2,290.17</b>	<b>11,105.00</b>	<b>(8,814.83)</b>	<b>43,476.00</b>
<b>GROSS OPERATING INCOME</b>	<b>85,170.17</b>	<b>91,021.00</b>	<b>(5,850.83)</b>	<b>260,019.17</b>	<b>272,591.00</b>	<b>(12,571.83)</b>	<b>1,098,532.00</b>
<b>ADVERTISING &amp; RENTING EXPENSE</b>							
6253-0000 - Credit Report Fees	14.95	28.00	13.05	42.95	84.00	41.05	466.00
<b>TOTAL ADVERTISING &amp; RENTING EXPENSE</b>	<b>14.95</b>	<b>28.00</b>	<b>13.05</b>	<b>42.95</b>	<b>84.00</b>	<b>41.05</b>	<b>466.00</b>
<b>ADMINISTRATIVE EXPENSE</b>							
6311-0000 - Office supplies	1,575.43	425.00	(1,150.43)	1,735.62	1,275.00	(460.62)	5,100.00
6316-0000 - Office Equipment	176.71	250.00	73.29	526.35	750.00	223.65	3,000.00
6320-0000 - Management fee	4,560.87	4,506.00	(54.87)	13,648.91	13,518.00	(130.91)	54,284.00
6340-0000 - Legal Expense - Project	0.00	1,200.00	1,200.00	0.00	1,200.00	1,200.00	2,400.00
6350-0000 - Audit Expense	0.00	0.00	0.00	0.00	0.00	0.00	14,000.00
6360-0000 - Telephone	1,345.47	900.00	(445.47)	3,343.28	2,700.00	(643.28)	10,800.00
6360-0001 - Answering Service/ Pagers	0.00	44.00	44.00	66.00	132.00	66.00	528.00
6365-0000 - Training & Education Expense	484.00	0.00	(484.00)	484.00	0.00	(484.00)	0.00
6370-0000 - Bad debts	0.00	0.00	0.00	0.00	0.00	0.00	1,307.00
6380-0000 - Consulting/study costs	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00
6390-0000 - Misc administrative expenses	1,003.15	500.00	(503.15)	1,902.09	740.00	(1,162.09)	2,240.00
6390-0002 - Computer Supplies/Data Processing	190.19	180.00	(10.19)	716.19	540.00	(176.19)	2,260.00
6395-0000 - Tenant Retention	536.71	500.00	(36.71)	1,339.51	1,500.00	160.49	7,000.00
6431-0000 - Travel & Expense Reimbursement	205.14	170.00	(35.14)	531.86	510.00	(21.86)	2,040.00
6851-0000 - Bank Service Fees	0.00	5.00	5.00	0.00	5.00	5.00	10.00
6860-0000 - Security Deposit Interest	(0.58)	0.00	0.58	(1.67)	0.00	1.67	(4.00)
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>10,077.09</b>	<b>8,680.00</b>	<b>(1,397.09)</b>	<b>24,292.14</b>	<b>22,870.00</b>	<b>(1,422.14)</b>	<b>106,965.00</b>
<b>PAYROLL &amp; RELATED COSTS</b>							
6310-0000 - Office salaries	8,048.00	7,376.00	(672.00)	17,963.99	17,052.00	(911.99)	63,764.00

## WALNUT PLACE

### Actual vs Budget Accrual Operating Statement

	Month Ending 03/31/16			Year To Date 03/31/16			Year Ending 12/31/16
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
6510-0000 - Janitor and cleaning payroll	2,056.29	1,816.00	(240.29)	4,494.96	4,168.00	(326.96)	15,672.00
6540-0000 - Repairs payroll	5,909.20	6,548.00	638.80	14,338.28	15,098.00	759.72	56,830.00
6900-0000 - Social Service Coordinator	1,450.15	3,298.00	1,847.85	2,352.64	9,894.00	7,541.36	39,576.00
6715-0000 - Payroll Taxes	1,876.38	1,863.00	(13.38)	4,733.03	4,586.00	(147.03)	11,907.00
6722-0000 - Workers compensation	(79.17)	392.00	471.17	412.94	1,176.00	763.06	4,818.00
6723-0000 - Employee Health Ins/Other Benefits	301.29	486.00	184.71	1,115.28	1,406.00	290.72	5,580.00
6724-0000 - Union Benefits	1,358.88	1,347.00	(11.88)	4,076.64	4,041.00	(35.64)	16,164.00
6726-0001 - Contingency	500.00	1,672.00	1,172.00	500.00	1,672.00	1,172.00	2,970.00
<b>TOTAL PAYROLL &amp; RELATED COSTS</b>	<b>21,421.02</b>	<b>24,798.00</b>	<b>3,376.98</b>	<b>49,987.76</b>	<b>59,093.00</b>	<b>9,105.24</b>	<b>217,281.00</b>
<b>OPERATING EXPENSES</b>							
6515-0000 - Janitors and cleaning supplies	698.16	380.00	(318.16)	1,187.39	1,140.00	(47.39)	4,560.00
6519-0000 - Exterminating Contract	0.00	500.00	500.00	0.00	700.00	700.00	2,000.00
6525-0000 - Rubbish removal	394.00	360.00	(34.00)	1,182.00	1,080.00	(102.00)	4,320.00
6530-0000 - Security Contract	81.00	81.00	0.00	81.00	81.00	0.00	324.00
<b>TOTAL OPERATING EXPENSES</b>	<b>1,173.16</b>	<b>1,321.00</b>	<b>147.84</b>	<b>2,450.39</b>	<b>3,001.00</b>	<b>550.61</b>	<b>11,204.00</b>
<b>UTILITIES</b>							
6450-0000 - Electricity	1,185.23	1,300.00	114.77	3,521.78	3,900.00	378.22	15,600.00
6451-0000 - Water	1,503.16	625.00	(878.16)	2,293.48	1,875.00	(418.48)	7,500.00
6452-0000 - Gas	2,747.48	1,475.00	(1,272.48)	9,623.21	4,425.00	(5,198.21)	17,700.00
<b>TOTAL UTILITIES</b>	<b>5,435.87</b>	<b>3,400.00</b>	<b>(2,035.87)</b>	<b>15,438.47</b>	<b>10,200.00</b>	<b>(5,238.47)</b>	<b>40,800.00</b>
<b>MAINTENANCE EXPENSES</b>							
6537-0000 - Grounds Contractor (Landscaper)	0.00	0.00	0.00	360.00	0.00	(360.00)	8,800.00
6541-0000 - Repair materials (general supplies)	0.00	60.00	60.00	0.00	180.00	180.00	720.00
6541-0001 - Appliance Parts	0.00	35.00	35.00	201.84	105.00	(96.84)	420.00
6541-0002 - Plumbing Supplies	218.06	110.00	(108.06)	218.06	330.00	111.94	1,320.00
6541-0003 - Electrical Supplies	0.00	75.00	75.00	0.00	225.00	225.00	900.00
6541-0004 - Heating/Cooling Supplies	0.00	50.00	50.00	0.00	150.00	150.00	600.00
6541-0007 - Safety Equipment	0.00	60.00	60.00	0.00	180.00	180.00	720.00
6541-0008 - Flooring/Tile Supplies (i.e.VCT)	0.00	35.00	35.00	0.00	105.00	105.00	420.00
6541-0009 - Window Supplies	0.00	125.00	125.00	0.00	375.00	375.00	1,500.00
6541-0010 - Carpentry/Hardware	0.00	70.00	70.00	750.00	210.00	(540.00)	840.00
6545-0000 - Elevator Contractor (Annual Maintenance Contract)	0.00	0.00	0.00	641.54	665.00	23.46	2,630.00
6546-0000 - Heating/Cooling Contractor	0.00	500.00	500.00	597.00	1,500.00	903.00	6,000.00
6548-0000 - Snow removal	2,190.00	2,800.00	610.00	3,650.00	8,400.00	4,750.00	12,000.00
6551-0000 - Elevator Contractor (Special Repairs)	0.00	300.00	300.00	0.00	900.00	900.00	3,600.00
6560-0000 - Decorating (Tenant Pntg-Cycle/Turnover by Contractor)	830.00	850.00	20.00	3,415.00	2,550.00	(865.00)	10,200.00
6564-0000 - Decorating (Common Areas - by Contractor)	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00
6564-0001 - Painting Supplies	0.00	75.00	75.00	0.00	225.00	225.00	900.00
6581-0000 - Window Washing	0.00	0.00	0.00	0.00	0.00	0.00	2,130.00
6582-0000 - Fire Protection	0.00	150.00	150.00	0.00	450.00	450.00	1,800.00
6582-0001 - Fire Safety Equipment	0.00	0.00	0.00	0.00	0.00	0.00	120.00
6591-0000 - Electrical Repairs	0.00	120.00	120.00	350.00	360.00	10.00	1,440.00
6592-0000 - Boiler Repairs	0.00	100.00	100.00	0.00	300.00	300.00	1,200.00
6594-0000 - Carpentry Repairs	0.00	85.00	85.00	0.00	255.00	255.00	1,020.00
6595-0000 - Plumbing Repairs	860.37	475.00	(385.37)	1,112.37	1,425.00	312.63	5,700.00
6596-0000 - Floor Repairs/Cleaning	200.00	0.00	(200.00)	500.00	0.00	(500.00)	600.00
6598-0000 - Roof Repairs	0.00	167.00	167.00	0.00	501.00	501.00	2,004.00

**WALNUT PLACE**  
**Actual vs Budget Accrual Operating Statement**

	Month Ending 03/31/16			Year To Date 03/31/16			Year Ending 12/31/16
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
TOTAL MAINTENANCE EXPENSES	4,298.43	6,242.00	1,943.57	11,795.81	19,391.00	7,595.19	69,584.00
TAXES AND INSURANCE							
6710-0000 - Real estate taxes	12,735.00	12,735.00	0.00	38,205.00	38,205.00	0.00	152,820.00
6720-0000 - Property and liability insurance	2,668.13	2,668.00	(0.13)	8,004.39	8,004.00	(0.39)	32,686.00
TOTAL TAXES AND INSURANCE	15,403.13	15,403.00	(0.13)	46,209.39	46,209.00	(0.39)	185,506.00
TOTAL OPERATING EXPENSES	57,823.65	59,872.00	2,048.35	150,216.91	160,848.00	10,631.09	631,806.00
NET OPERATING INCOME (LOSS)	27,346.52	31,149.00	(3,802.48)	109,802.26	111,743.00	(1,940.74)	466,726.00
FINANCIAL EXPENSES							
6820-0000 - Mortgage interest	19,180.34	19,180.00	(0.34)	57,746.43	57,926.00	179.57	227,408.00
TOTAL FINANCIAL EXPENSES	19,180.34	19,180.00	(0.34)	57,746.43	57,926.00	179.57	227,408.00
NET OPER INC/(LOSS) BEFORE CAP. EXP.	8,166.18	11,969.00	(3,802.82)	52,055.83	53,817.00	(1,761.17)	239,318.00
Partnership Income							
8005-0000 - Mortgagor Entity Income	0.01	0.00	0.01	20.90	0.00	20.90	0.00
Total Partnership Activity	0.01	0.00	0.01	20.90	0.00	20.90	0.00
NET INCOME (LOSS)	8,166.19	11,969.00	(3,802.81)	52,076.73	53,817.00	(1,740.27)	239,318.00
Cash Flow - Financing Activities							
7104-0000 - Replacement Reserve	1,833.00	1,834.00	1.00	5,499.56	5,500.00	0.44	22,000.00
7108-0000 - Mortgage Payable (long term)	14,306.61	14,307.00	0.39	42,714.42	42,714.00	(0.42)	174,615.00
Total Cash Flow - Financing Activities	16,139.61	16,141.00	1.39	48,213.98	48,214.00	0.02	196,615.00
CAPITAL EXPENDITURES & ESCROWS							
7105-0000 - Replacement Reserve Reimbursement	0.00	0.00	0.00	(5,000.00)	0.00	5,000.00	0.00
6991-0000 - Capital expenditures	0.00	0.00	0.00	0.00	0.00	0.00	8,000.00
6993-0000 - Appliance Replacement	0.00	0.00	0.00	0.00	600.00	600.00	3,000.00
6993-0003 - A/C Replacements	0.00	1,200.00	1,200.00	0.00	1,200.00	1,200.00	3,600.00
6994-0000 - Carpet & tile	0.00	1,200.00	1,200.00	2,818.50	3,600.00	781.50	14,400.00
TOTAL CAPITAL EXPENDITURES & ESCROWS	0.00	2,400.00	2,400.00	(2,181.50)	5,400.00	7,581.50	29,000.00
GAIN/(LOSS) AFTER CAPITAL EXP. & ESCROWS	(7,973.42)	(6,572.00)	(1,401.42)	6,044.25	203.00	5,841.25	13,703.00

# RAVINIA HOUSING

## Balance Sheet

Month Ending 03/31/16

### ASSETS

#### Current Assets

1110-0000 - Petty Cash	150.00
1121-0000 - Cash - Operating	3,246.77
1130-0000 - Tenant/member accounts receivable	26,433.50
1130-1000 - Allowance for Doubtful Accounts	(19,948.30)
1131-0000 - Accounts receivable - subsidy	1,502.00
1240-0000 - Prepaid property and liability insurance	3,971.54
1250-0000 - Prepaid Mortgage Insurance	1,581.47
Total Current Assets	<u>16,936.98</u>

#### Other Assets

1192-0000 - Tenant Sec Dep	6,892.86
1310-0000 - Real estate tax escrow	27,329.82
1311-0000 - Insurance escrow	9,259.83
1312-0000 - Mortgage Insurance Escrow	182.39
1320 - Replacement Reserve	391,557.93
Total Other Assets	<u>435,222.83</u>

#### Fixed Assets

1420-0000 - Building	1,062,791.20
1420-0001 - Building Improvements	200,692.41
1430-0000 - Land Improvements	355,339.84
1450-0000 - Furniture for project/tenant use	297,692.93
1497-0000 - Site improvements	193,982.00
4120-0000 - Accum depr - buildings	(1,444,352.46)
1498-0000 - Current F/A	1,148.72
Total Fixed Assets	<u>667,294.64</u>

#### Financing Costs

1900-0001 - Deferred Financing Costs	62,658.71
1999-0000 - Accum Amort - Bond Costs	(8,182.30)
Total Financing Costs	<u>54,476.41</u>

#### Partnership Assets

1701-0000 - Cash - Partnership	81,974.34
1702-1000 - Partnership F/A	62,063.00
1703-0000 - Partnership Receivable	11,730.00
Total Partnership Assets	<u>155,767.34</u>

### Total Assets

1,329,698.20

# RAVINIA HOUSING

## Balance Sheet

Month Ending 03/31/16

### Liabilities & Equity

#### Current Liabilities

2110-0000 - Accounts payable	9,593.51
2114-0000 - 401K Payable	30.36
2120-0000 - Accrued wages and p/r taxes payable	1,433.69
2130-0000 - Accrued interest - mortgage	1,451.47
2131-0001 - Accrued Interest - 2nd Note	74,551.43
2139-0001 - Accrued Interest - Capital Recovery Payment	15,253.00
2150-0000 - Accrued property taxes	60,888.67
2180-0000 - Misc current liabilities	908.65
2180-1000 - Prepaid Insurance Claim	1,528.51
Total Current Liabilities	<u>165,639.29</u>

#### Non-Current Liabilities

2190-0000 - Misc Clearing	247.00
2191-0000 - Security deposits-residential	6,691.19
2210-0000 - Prepaid Rent	4,251.62
2211-0000 - Prepaid HUD	2,818.00
2310-1000 - Notes Payable - (Long Term)	62,062.71
2320-1000 - Mortgage payable - 2nd note	712,929.63
2320-0000 - Mortgage Payable (long term)	387,058.02
Total Non-Current Liabilities	<u>1,176,058.17</u>

#### Owner's Equity

3100-0000 - Limited Partners Equity	98,828.78
3209-0000 - Prior Year Retained Earnings	(119,498.37)
3210-0000 - Retained earnings	12,441.69
Current YTD Earnings	(3,771.36)
Total Owner's Equity	<u>(11,999.26)</u>

### Total Liability & Owner Equity

1,329,698.20

## RAVINIA HOUSING

### Actual vs Budget Accrual Operating Statement

	Month Ending 03/31/16			Year To Date 03/31/16			Year Ending 12/31/16
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
<b>GROSS OPERATING INCOME</b>							
<b>RESIDENTIAL RENTAL INCOME</b>							
5120-0000 - Apartment rent	5,442.00	8,560.00	(3,118.00)	16,759.00	25,680.00	(8,921.00)	104,200.00
5121-0000 - Tenant assistant payments	17,428.00	13,967.00	3,461.00	51,508.00	41,901.00	9,607.00	170,956.00
<b>TOTAL RESIDENTIAL RENTAL INCOME</b>	<b>22,870.00</b>	<b>22,527.00</b>	<b>343.00</b>	<b>68,267.00</b>	<b>67,581.00</b>	<b>686.00</b>	<b>275,156.00</b>
<b>VACANCIES &amp; ADJUSTMENTS</b>							
5220-0000 - Vacancy loss - apartments	0.00	(700.00)	700.00	0.00	(2,100.00)	2,100.00	(8,400.00)
<b>TOTAL VACANCIES &amp; ADJUSTMENTS</b>	<b>0.00</b>	<b>(700.00)</b>	<b>700.00</b>	<b>0.00</b>	<b>(2,100.00)</b>	<b>2,100.00</b>	<b>(8,400.00)</b>
<b>OTHER INCOME</b>							
5920-0000 - Nsf check fee	0.00	0.00	0.00	0.00	25.00	(25.00)	50.00
5922-0000 - Late fees	15.00	20.00	(5.00)	89.00	70.00	19.00	300.00
5945-0000 - Damages	0.00	30.00	(30.00)	0.00	90.00	(90.00)	360.00
5990-0000 - Misc other income	20.00	0.00	20.00	69.00	0.00	69.00	0.00
5413-0000 - Interest income - escrow	12.39	24.00	(11.61)	38.72	72.00	(33.28)	288.00
<b>TOTAL OTHER INCOME</b>	<b>47.39</b>	<b>74.00</b>	<b>(26.61)</b>	<b>196.72</b>	<b>257.00</b>	<b>(60.28)</b>	<b>998.00</b>
<b>GROSS OPERATING INCOME</b>	<b>22,917.39</b>	<b>21,901.00</b>	<b>1,016.39</b>	<b>68,463.72</b>	<b>65,738.00</b>	<b>2,725.72</b>	<b>267,754.00</b>
<b>ADVERTISING &amp; RENTING EXPENSE</b>							
6250-0000 - Renting expenses	0.00	53.00	53.00	0.00	159.00	159.00	636.00
<b>TOTAL ADVERTISING &amp; RENTING EXPENSE</b>	<b>0.00</b>	<b>53.00</b>	<b>53.00</b>	<b>0.00</b>	<b>159.00</b>	<b>159.00</b>	<b>636.00</b>
<b>ADMINISTRATIVE EXPENSE</b>							
6311-0000 - Office supplies	1,030.24	275.00	(755.24)	2,349.81	825.00	(1,524.81)	3,300.00
6320-0000 - Management fee	908.65	900.00	(8.65)	2,710.08	2,700.00	(10.08)	10,800.00
6340-0000 - Legal Expense - Project	0.00	525.00	525.00	0.00	1,575.00	1,575.00	6,300.00
6350-0000 - Audit Expense	5,500.00	460.00	(5,040.00)	5,500.00	1,380.00	(4,120.00)	5,520.00
6365-0000 - Training & Education Expense	132.00	15.00	(117.00)	132.00	45.00	(87.00)	180.00
6370-0000 - Bad debts	0.00	250.00	250.00	0.00	750.00	750.00	3,000.00
6380-0000 - Consulting/study costs	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00
6390-0000 - Misc administrative expenses	944.72	100.00	(844.72)	1,579.29	300.00	(1,279.29)	1,740.00
6390-0002 - Computer Supplies/Data Processing	85.15	81.00	(4.15)	255.45	243.00	(12.45)	972.00
6860-0000 - Security Deposit Interest	(0.17)	0.00	0.17	(0.51)	0.00	0.51	0.00
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>8,600.59</b>	<b>2,606.00</b>	<b>(5,994.59)</b>	<b>12,526.12</b>	<b>7,818.00</b>	<b>(4,708.12)</b>	<b>33,812.00</b>
<b>PAYROLL &amp; RELATED COSTS</b>							
6330-0000 - Manager Salary	789.21	900.00	110.79	1,841.49	2,100.00	258.51	7,836.00
6310-0000 - Office salaries	1,405.66	1,201.00	(204.66)	3,112.24	2,641.00	(471.24)	9,698.00
6510-0000 - Janitor and cleaning payroll	2,217.07	1,824.00	(393.07)	5,164.32	4,256.00	(908.32)	16,186.00
6540-0000 - Repairs payroll	0.00	0.00	0.00	17.00	0.00	(17.00)	0.00
6715-0000 - Payroll Taxes	499.79	421.00	(78.79)	1,276.54	1,073.00	(203.54)	2,798.00
6722-0000 - Workers compensation	(104.34)	123.00	227.34	(177.28)	369.00	546.28	1,518.00
6723-0000 - Employee Health Ins/Other Benefits	79.60	156.00	76.40	302.33	442.00	139.67	1,742.00
6724-0000 - Union Benefits	370.59	244.00	(126.59)	1,111.77	732.00	(379.77)	2,928.00
<b>TOTAL PAYROLL &amp; RELATED COSTS</b>	<b>5,257.58</b>	<b>4,869.00</b>	<b>(388.58)</b>	<b>12,648.41</b>	<b>11,613.00</b>	<b>(1,035.41)</b>	<b>42,706.00</b>
<b>OPERATING EXPENSES</b>							

**RAVINIA HOUSING**  
**Actual vs Budget Accrual Operating Statement**

	Month Ending 03/31/16			Year To Date 03/31/16			Year Ending 12/31/16
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
6515-0000 - Janitors and cleaning supplies	0.00	114.00	114.00	26.42	342.00	315.58	1,368.00
6520-0000 - Miscellaneous Repair Contractors	3,702.38	3,100.00	(602.38)	7,653.06	9,300.00	1,646.94	37,200.00
6525-0000 - Rubbish removal	468.00	500.00	32.00	1,254.00	1,500.00	246.00	6,000.00
<b>TOTAL OPERATING EXPENSES</b>	<b>4,170.38</b>	<b>3,714.00</b>	<b>(456.38)</b>	<b>8,933.48</b>	<b>11,142.00</b>	<b>2,208.52</b>	<b>44,568.00</b>
<b>UTILITIES</b>							
6450-0000 - Electricity	324.98	240.00	(84.98)	661.33	720.00	58.67	2,880.00
6451-0000 - Water	41.82	97.00	55.18	146.94	291.00	144.06	1,164.00
6452-0000 - Gas	0.00	167.00	167.00	0.00	501.00	501.00	2,004.00
<b>TOTAL UTILITIES</b>	<b>366.80</b>	<b>504.00</b>	<b>137.20</b>	<b>808.27</b>	<b>1,512.00</b>	<b>703.73</b>	<b>6,048.00</b>
<b>TAXES AND INSURANCE</b>							
6710-0000 - Real estate taxes	4,220.00	4,220.00	0.00	12,660.00	12,660.00	0.00	50,640.00
6720-0000 - Property and liability insurance	992.88	993.00	0.12	2,978.64	2,979.00	0.36	12,166.00
<b>TOTAL TAXES AND INSURANCE</b>	<b>5,212.88</b>	<b>5,213.00</b>	<b>0.12</b>	<b>15,638.64</b>	<b>15,639.00</b>	<b>0.36</b>	<b>62,806.00</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>23,608.23</b>	<b>16,959.00</b>	<b>(6,649.23)</b>	<b>50,554.92</b>	<b>47,883.00</b>	<b>(2,671.92)</b>	<b>190,576.00</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>(690.84)</b>	<b>4,942.00</b>	<b>(5,632.84)</b>	<b>17,908.80</b>	<b>17,855.00</b>	<b>53.80</b>	<b>77,178.00</b>
<b>FINANCIAL EXPENSES</b>							
6820-0000 - Mortgage interest	2,936.74	2,937.00	0.26	8,817.59	8,818.00	0.41	35,136.00
6850-0000 - Mortgage Service Fee	143.78	154.00	10.22	437.23	448.00	10.77	1,834.00
<b>TOTAL FINANCIAL EXPENSES</b>	<b>3,080.52</b>	<b>3,091.00</b>	<b>10.48</b>	<b>9,254.82</b>	<b>9,266.00</b>	<b>11.18</b>	<b>36,970.00</b>
<b>NET OPER INC/(LOSS) BEFORE CAP. EXP.</b>	<b>(3,771.36)</b>	<b>1,851.00</b>	<b>(5,622.36)</b>	<b>8,653.98</b>	<b>8,589.00</b>	<b>64.98</b>	<b>40,208.00</b>
<b>Partnership Income</b>							
8005-0000 - Mortgagor Entity Income	0.00	0.00	0.00	16.35	0.00	16.35	0.00
<b>Total Partnership Activity</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>16.35</b>	<b>0.00</b>	<b>16.35</b>	<b>0.00</b>
<b>NET INCOME (LOSS)</b>	<b>(3,771.36)</b>	<b>1,851.00</b>	<b>(5,622.36)</b>	<b>8,670.33</b>	<b>8,589.00</b>	<b>81.33</b>	<b>40,208.00</b>
<b>Cash Flow - Financing Activities</b>							
7104-0000 - Replacement Reserve	1,366.87	1,367.00	0.13	4,100.61	4,101.00	0.39	16,948.00
7108-0000 - Mortgage Payable (long term)	656.41	656.00	(0.41)	1,961.89	1,962.00	0.11	7,981.00
<b>Total Cash Flow - Financing Activities</b>	<b>2,023.28</b>	<b>2,023.00</b>	<b>(0.28)</b>	<b>6,062.50</b>	<b>6,063.00</b>	<b>0.50</b>	<b>24,929.00</b>
<b>CAPITAL EXPENDITURES &amp; ESCROWS</b>							
7105-0000 - Replacement Reserve Reimbursement	0.00	(1,250.00)	(1,250.00)	0.00	(3,500.00)	(3,500.00)	(14,000.00)
6993-0000 - Appliance Replacement	1,148.72	250.00	(898.72)	1,148.72	500.00	(648.72)	2,000.00
6994-0000 - Carpet & tile	0.00	1,000.00	1,000.00	0.00	3,000.00	3,000.00	12,000.00
<b>TOTAL CAPITAL EXPENDITURES &amp; ESCROWS</b>	<b>1,148.72</b>	<b>0.00</b>	<b>(1,148.72)</b>	<b>1,148.72</b>	<b>0.00</b>	<b>(1,148.72)</b>	<b>0.00</b>
<b>GAIN/(LOSS) AFTER CAPITAL EXP. &amp; ESCROWS</b>	<b>(6,943.36)</b>	<b>(172.00)</b>	<b>(6,771.36)</b>	<b>1,459.11</b>	<b>2,526.00</b>	<b>(1,066.89)</b>	<b>15,279.00</b>

Sunset Woods Housing 12  
Balance Sheet  
March 31, 2016

ASSETS

Current Assets		
FBHP General Checking	\$	67,922.77
FBHP Security Dep. Savings		10,593.88
FBHP Savings		9,195.73
Tax Reserve		15,526.68
Accounts Receivable		912.00
A/R, Transfers		<u>20.00</u>
Total Current Assets		104,171.06
Property and Equipment		
Building	1,552,988.40	
Appliances	474.17	
Accum Dep Building	<u>(341,105.14)</u>	
Total Property and Equipment		1,212,357.43
Other Assets		
Total Other Assets		<u>0.00</u>
Total Assets	\$	<u><u>1,316,528.49</u></u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accrued RE Tax	\$	12,784.40
Security Deposits		<u>9,505.00</u>
Total Current Liabilities		22,289.40
Long-Term Liabilities		
Notes Payable, Lake Co	72,231.18	
Notes Payable, FBHP	412,743.15	
Notes Payable, IHDA	<u>136,619.60</u>	
Total Long-Term Liabilities		<u>621,593.93</u>
Total Liabilities		643,883.33
Capital		
Equity-Retained Earnings	666,446.33	
Net Income	<u>6,198.83</u>	
Total Capital		<u>672,645.16</u>
Total Liabilities & Capital	\$	<u><u>1,316,528.49</u></u>

Sunset Woods Housing 12  
Income Statement  
Compared with Budget  
For the Three Months Ending March 31, 2016

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
Revenues						
Rents	\$ 10,299.00	\$ 8,924.33	1,374.67	\$ 28,125.00	\$ 26,772.99	1,352.01
Interest Income	0.00	0.00	0.00	11.19	0.00	11.19
<b>Total Revenues</b>	<b>10,299.00</b>	<b>8,924.33</b>	<b>1,374.67</b>	<b>28,136.19</b>	<b>26,772.99</b>	<b>1,363.20</b>
Cost of Sales						
<b>Total Cost of Sales</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Gross Profit</b>	<b>10,299.00</b>	<b>8,924.33</b>	<b>1,374.67</b>	<b>28,136.19</b>	<b>26,772.99</b>	<b>1,363.20</b>
Expenses						
Office Supplies	0.00	8.00	(8.00)	459.17	24.00	435.17
Management Fee	537.23	580.08	(42.85)	1,700.02	1,740.24	(40.22)
Credit Ck Fees	20.95	4.00	16.95	20.95	12.00	8.95
Government Fees	0.00	96.00	(96.00)	0.00	286.00	(286.00)
Software/Data Processing	25.83	0.00	25.83	77.49	0.00	77.49
Carpet Cleaning	0.00	84.00	(84.00)	0.00	251.00	(251.00)
Heating & Air	600.00	41.00	559.00	600.00	123.00	477.00
Electrical & Plumbing Maint	0.00	41.00	(41.00)	340.00	123.00	217.00
Painting & Decorating	530.00	100.00	430.00	530.00	300.00	230.00
Appliance Repairs	0.00	66.67	(66.67)	0.00	200.01	(200.01)
Supplies Assn	0.00	0.00	0.00	156.46	0.00	156.46
Supplies	434.98	66.67	368.31	434.98	200.01	234.97
Carpet	855.10	0.00	855.10	855.10	0.00	855.10
Maintenance	0.00	100.00	(100.00)	530.00	300.00	230.00
Electricity	287.95	0.00	287.95	287.95	0.00	287.95
Condo Assessment Rental Units	7,098.07	2,564.00	4,534.07	10,514.50	7,692.00	2,822.50
Cable TV	600.00	540.00	60.00	600.00	1,620.00	(1,020.00)
Real Estate tax expense	0.00	1,166.00	(1,166.00)	0.00	3,500.00	(3,500.00)
Loan Interest	1,619.51	2,500.00	(880.49)	4,830.74	7,500.00	(2,669.26)
Bldg Insurance	0.00	217.00	(217.00)	0.00	651.00	(651.00)
<b>Total Expenses</b>	<b>12,609.62</b>	<b>8,174.42</b>	<b>4,435.20</b>	<b>21,937.36</b>	<b>24,522.26</b>	<b>(2,584.90)</b>
<b>Net Income</b>	<b>(\$ 2,310.62)</b>	<b>\$ 749.91</b>	<b>(3,060.53)</b>	<b>\$ 6,198.83</b>	<b>\$ 2,250.73</b>	<b>\$ 3,948.10</b>

Sunset Woods Housing 12  
**Account Register**  
 For the Period From Mar 1, 2016 to Mar 31, 2016  
 1103M13 - FBHP General Checking

Filter Criteria includes: Report order is by Date.

<b>Date</b>	<b>Trans No</b>	<b>Type</b>	<b>Trans Desc</b>	<b>Deposit Amt</b>	<b>Withdrawal Amt</b>	<b>Balance</b>
			Beginning Balance			72,422.88
3/1/16	HAPRent1603	Other	Rent	4,101.00		76,523.88
3/1/16	IHDA1603	Other	ihda/auto pymt		100.00	76,423.88
3/2/16	1688	Withdrawal	Sunset Woods Condominium Assoc		4,341.67	72,082.21
3/2/16	Rent1603-3.2.16	Other	Rent	1,005.00		73,087.21
3/3/16	1689	Withdrawal	Norman Davis		330.00	72,757.21
3/4/16	Rent1603-3.4.16	Other	Rent	3,376.00		76,133.21
3/5/16	Rent1603 -RS1603 - 3	Other	Rent	433.00		76,566.21
3/10/16	1690	Withdrawal	Deerfield Electric Co. Inc.		287.95	76,278.26
3/10/16	1691	Withdrawal	Design Comfort HVAC, Inc.		600.00	75,678.26
3/16/16	1692	Withdrawal	Deerfield Electric Co. Inc.		287.95	75,390.31
3/16/16	1693	Withdrawal	Four Season's Dec.		530.00	74,860.31
3/17/16	1694	Withdrawal	Housing Opportunity Dev. Corp.		972.21	73,888.10
3/21/16	Rent1603-3.21.16	Other	Rent	880.00		74,768.10
3/23/16	1692V	Withdrawal	Deerfield Electric Co. Inc.		-287.95	75,056.05
3/23/16	1695	Withdrawal	Futures Flooring		855.10	74,200.95
3/26/16	loan16	Other	FBHP/auto pymt		3,379.00	70,821.95
3/30/16	1696	Withdrawal	Real Page, Inc.		46.78	70,775.17
3/30/16	1697	Withdrawal	Sunset Woods Condominium Assoc		3,356.40	67,418.77
3/31/16	Sunset Rent 3.31.16	Other	Sunset Rent 3.31.16	504.00		67,922.77
			Total	10,299.00	14,799.11	

ASSETS

Current Assets		
FBHP Checking	\$	40,685.95
FBHP Security Dep Savings		2,229.83
Financing Costs		<u>8,135.00</u>
Total Current Assets		51,050.78
Property and Equipment		
Building Unit 231		135,000.32
Building Unit 319		134,999.62
Accum Dep Building		(56,850.86)
Accum Amort Fees		<u>(678.00)</u>
Total Property and Equipment		212,471.08
Other Assets		<u>                    </u>
Total Other Assets		<u>0.00</u>
Total Assets	\$	<u><u>263,521.86</u></u>

LIABILITIES AND CAPITAL

Current Liabilities		
Due to Peers Housing Assn	\$	258,832.40
Accrued RE Tax		6,434.84
Security Deposits		<u>2,123.00</u>
Total Current Liabilities		267,390.24
Long-Term Liabilities		<u>                    </u>
Total Long-Term Liabilities		<u>0.00</u>
Total Liabilities		267,390.24
Capital		
Equity-Retained Earnings		(7,565.50)
Net Income		<u>3,697.12</u>
Total Capital		<u>(3,868.38)</u>
Total Liabilities & Capital	\$	<u><u>263,521.86</u></u>

SWA 2 Rental  
Income Statement  
Compared with Budget  
For the Three Months Ending March 31, 2016

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
Revenues						
Rents	\$ 4,296.00	\$ 1,910.00	2,386.00	\$ 6,444.00	\$ 5,730.00	714.00
Interest Income	0.00	0.00	0.00	0.55	0.00	0.55
<b>Total Revenues</b>	<b>4,296.00</b>	<b>1,910.00</b>	<b>2,386.00</b>	<b>6,444.55</b>	<b>5,730.00</b>	<b>714.55</b>
Cost of Sales						
<b>Total Cost of Sales</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Gross Profit</b>	<b>4,296.00</b>	<b>1,910.00</b>	<b>2,386.00</b>	<b>6,444.55</b>	<b>5,730.00</b>	<b>714.55</b>
Expenses						
Office Supplies	0.00	4.00	(4.00)	0.00	13.00	(13.00)
Management Fee	139.63	124.00	15.63	416.28	372.00	44.28
Software/Data Processing	4.31	0.00	4.31	12.93	0.00	12.93
Heating & Air	0.00	41.00	(41.00)	0.00	123.00	(123.00)
Supplies	0.00	8.00	(8.00)	0.00	24.00	(24.00)
Maintenance	0.00	41.00	(41.00)	0.00	123.00	(123.00)
Condo Asst Rental Units	672.74	626.00	46.74	2,118.22	1,878.00	240.22
Cable TV	100.00	90.00	10.00	200.00	270.00	(70.00)
Real Estate tax expense	0.00	566.67	(566.67)	0.00	1,700.01	(1,700.01)
Bldg Insurance	0.00	33.00	(33.00)	0.00	99.00	(99.00)
<b>Total Expenses</b>	<b>916.68</b>	<b>1,533.67</b>	<b>(616.99)</b>	<b>2,747.43</b>	<b>4,602.01</b>	<b>(1,854.58)</b>
<b>Net Income</b>	<b>\$ 3,379.32</b>	<b>\$ 376.33</b>	<b>3,002.99</b>	<b>\$ 3,697.12</b>	<b>\$ 1,127.99</b>	<b>2,569.13</b>

SWA 2 Rental  
**Account Register**  
 For the Period From Mar 1, 2016 to Mar 31, 2016  
 1103M14 - FBHP Checking

Filter Criteria includes: Report order is by Date.

<b>Date</b>	<b>Trans No</b>	<b>Type</b>	<b>Trans Desc</b>	<b>Deposit Amt</b>	<b>Withdrawal Amt</b>	<b>Balance</b>
			Beginning Balance			37,306.63
3/2/16	Rent1603-3.2.16	Other	Rent	2,148.00		39,454.63
3/17/16	1175	Withdrawal	Housing Opportunity Developmen		139.63	39,315.00
3/20/16	1176	Withdrawal	Sunset Woods Condominium Assoc		772.74	38,542.26
3/30/16	1177	Withdrawal	Real Page, Inc.		4.31	38,537.95
3/31/16	SWA Rental Rent 3.31	Other	SWA Rental Rent 3.31.16	2,148.00		40,685.95
			Total	4,296.00	916.68	

Sunset Woods Housing 12  
Balance Sheet  
April 30, 2016

ASSETS

Current Assets		
FBHP General Checking	\$	70,136.27
FBHP Security Dep. Savings		10,600.18
FBHP Savings		9,201.20
Tax Reserve		16,658.99
Accounts Receivable		912.00
A/R, Transfers		<u>20.00</u>
Total Current Assets		107,528.64
Property and Equipment		
Building		1,552,988.40
Appliances		474.17
Accum Dep Building		<u>(341,105.14)</u>
Total Property and Equipment		1,212,357.43
Other Assets		
Total Other Assets		<u>0.00</u>
Total Assets	\$	<u>1,319,886.07</u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accrued RE Tax	\$	12,784.40
Security Deposits		<u>9,505.00</u>
Total Current Liabilities		22,289.40
Long-Term Liabilities		
Notes Payable, Lake Co		72,231.18
Notes Payable, FBHP		411,994.92
Notes Payable, IHDA		<u>136,519.60</u>
Total Long-Term Liabilities		<u>620,745.70</u>
Total Liabilities		643,035.10
Capital		
Equity-Retained Earnings		666,446.33
Net Income		<u>10,404.64</u>
Total Capital		<u>676,850.97</u>
Total Liabilities & Capital	\$	<u>1,319,886.07</u>

Sunset Woods Housing 12  
Income Statement  
Compared with Budget  
For the Four Months Ending April 30, 2016

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
<b>Revenues</b>						
Rents	\$ 9,535.00	\$ 8,924.33	610.67	\$ 37,660.00	\$ 35,697.32	1,962.68
Late & NSF Fees	15.00	0.00	15.00	15.00	0.00	15.00
Misc. Income	341.00	0.00	341.00	341.00	0.00	341.00
Interest Income	5.70	0.00	5.70	22.96	0.00	22.96
<b>Total Revenues</b>	<b>9,896.70</b>	<b>8,924.33</b>	<b>972.37</b>	<b>38,038.96</b>	<b>35,697.32</b>	<b>2,341.64</b>
<b>Cost of Sales</b>						
<b>Total Cost of Sales</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Gross Profit</b>	<b>9,896.70</b>	<b>8,924.33</b>	<b>972.37</b>	<b>38,038.96</b>	<b>35,697.32</b>	<b>2,341.64</b>
<b>Expenses</b>						
Office Supplies	38.37	8.00	30.37	497.54	32.00	465.54
Management Fee	676.85	580.08	96.77	2,376.87	2,320.32	56.55
Credit Ck Fees	0.00	4.00	(4.00)	20.95	16.00	4.95
Government Fees	0.00	96.00	(96.00)	0.00	382.00	(382.00)
Software/Data Processing	46.78	0.00	46.78	124.27	0.00	124.27
Carpet Cleaning	0.00	84.00	(84.00)	0.00	335.00	(335.00)
Heating & Air	0.00	41.00	(41.00)	600.00	164.00	436.00
Electrical & Plumbing Maint	0.00	41.00	(41.00)	340.00	164.00	176.00
Painting & Decorating	0.00	100.00	(100.00)	530.00	400.00	130.00
Appliance Repairs	0.00	66.67	(66.67)	0.00	266.68	(266.68)
Supplies Assn	0.00	0.00	0.00	156.46	0.00	156.46
Supplies	1,065.37	66.67	998.70	1,500.35	266.68	1,233.67
Carpet	0.00	0.00	0.00	855.10	0.00	855.10
Maintenance	0.00	100.00	(100.00)	530.00	400.00	130.00
Electricity	0.00	0.00	0.00	287.95	0.00	287.95
Condo Assessment Rental Units	1,771.13	2,564.00	(792.87)	12,285.63	10,256.00	2,029.63
Cable TV	600.00	540.00	60.00	1,200.00	2,160.00	(960.00)
Real Estate tax expense	0.00	1,166.00	(1,166.00)	0.00	4,666.00	(4,666.00)
Loan Interest	1,619.51	2,500.00	(880.49)	6,329.20	10,000.00	(3,670.80)
Bldg Insurance	0.00	217.00	(217.00)	0.00	868.00	(868.00)
<b>Total Expenses</b>	<b>5,818.01</b>	<b>8,174.42</b>	<b>(2,356.41)</b>	<b>27,634.32</b>	<b>32,696.68</b>	<b>(5,062.36)</b>
<b>Net Income</b>	<b>\$ 4,078.69</b>	<b>\$ 749.91</b>	<b>3,328.78</b>	<b>\$ 10,404.64</b>	<b>\$ 3,000.64</b>	<b>7,404.00</b>

Sunset Woods Housing 12  
**Account Register**  
 For the Period From Apr 1, 2016 to Apr 30, 2016  
 1103M13 - FBHP General Checking

Filter Criteria includes: Report order is by Date.

<b>Date</b>	<b>Trans No</b>	<b>Type</b>	<b>Trans Desc</b>	<b>Deposit Amt</b>	<b>Withdrawal Amt</b>	<b>Balance</b>
			Beginning Balance			67,922.77
4/1/16	HAPRent1604	Other	Rent	3,843.00		71,765.77
4/1/16	IHDA1604	Other	ihda/auto pymt		100.00	71,665.77
4/6/16	RP1604	Other	Rent-Tiersky	433.00		72,098.77
4/7/16	Sunset Rent/Damages	Other	Sunset Rent/Damages 4.7.16	5,707.27		77,806.04
4/15/16	Sunset Rent 4.15.16	Other	Sunset Rent 4.15.16	625.00		78,431.04
4/20/16	1699	Withdrawal	Sunset Woods Condominium Assoc		3,356.40	75,074.64
4/21/16	1698	Withdrawal	Housing Opportunity Dev. Corp.		1,780.59	73,294.05
4/26/16	1700	Withdrawal	Real Page, Inc.		46.78	73,247.27
4/26/16	loan16	Other	FBHP/auto pymt		3,379.00	69,868.27
4/27/16	Sunset Rent 4.27.16	Other	Sunset Rent 4.27.16	268.00		70,136.27
			Total	10,876.27	8,662.77	

Sunset Woods -April 30, 2016

Ending balance checking	\$70,136
Ending balance operating reserve	\$9,201
TOTAL	\$79,337

ASSETS

Current Assets		
FBHP Checking	\$	39,629.66
FBHP Security Dep Savings		2,230.38
Financing Costs		<u>8,135.00</u>
Total Current Assets		49,995.04
Property and Equipment		
Building Unit 231		135,000.32
Building Unit 319		134,999.62
Accum Dep Building		(56,850.86)
Accum Amort Fees		<u>(678.00)</u>
Total Property and Equipment		212,471.08
Other Assets		<u>                    </u>
Total Other Assets		<u>0.00</u>
Total Assets	\$	<u><u>262,466.12</u></u>

LIABILITIES AND CAPITAL

Current Liabilities		
Due to Peers Housing Assn	\$	258,832.40
Accrued RE Tax		6,434.84
Security Deposits		<u>2,123.00</u>
Total Current Liabilities		267,390.24
Long-Term Liabilities		<u>                    </u>
Total Long-Term Liabilities		<u>0.00</u>
Total Liabilities		267,390.24
Capital		
Equity-Retained Earnings		(7,565.50)
Net Income		<u>2,641.38</u>
Total Capital		<u>(4,924.12)</u>
Total Liabilities & Capital	\$	<u><u>262,466.12</u></u>

SWA 2 Rental  
Income Statement  
Compared with Budget  
For the Four Months Ending April 30, 2016

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
Revenues						
Rents	\$ 0.00	\$ 1,910.00	(1,910.00)	\$ 6,444.00	\$ 7,640.00	(1,196.00)
Interest Income	0.27	0.00	0.27	1.10	0.00	1.10
<b>Total Revenues</b>	<b>0.27</b>	<b>1,910.00</b>	<b>(1,909.73)</b>	<b>6,445.10</b>	<b>7,640.00</b>	<b>(1,194.90)</b>
Cost of Sales						
<b>Total Cost of Sales</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Gross Profit</b>	<b>0.27</b>	<b>1,910.00</b>	<b>(1,909.73)</b>	<b>6,445.10</b>	<b>7,640.00</b>	<b>(1,194.90)</b>
Expenses						
Office Supplies	0.00	4.00	(4.00)	0.00	17.00	(17.00)
Management Fee	279.24	124.00	155.24	695.52	496.00	199.52
Software/Data Processing	4.31	0.00	4.31	17.24	0.00	17.24
Heating & Air	0.00	41.00	(41.00)	0.00	164.00	(164.00)
Supplies	0.00	8.00	(8.00)	0.00	32.00	(32.00)
Maintenance	0.00	41.00	(41.00)	0.00	164.00	(164.00)
Condo Asst Rental Units	672.74	626.00	46.74	2,790.96	2,504.00	286.96
Cable TV	100.00	90.00	10.00	300.00	360.00	(60.00)
Real Estate tax expense	0.00	566.67	(566.67)	0.00	2,266.68	(2,266.68)
Bldg Insurance	0.00	33.00	(33.00)	0.00	132.00	(132.00)
<b>Total Expenses</b>	<b>1,056.29</b>	<b>1,533.67</b>	<b>(477.38)</b>	<b>3,803.72</b>	<b>6,135.68</b>	<b>(2,331.96)</b>
<b>Net Income</b>	<b>(\$ 1,056.02)</b>	<b>\$ 376.33</b>	<b>(1,432.35)</b>	<b>\$ 2,641.38</b>	<b>\$ 1,504.32</b>	<b>1,137.06</b>

SWA 2 Rental  
**Account Register**  
 For the Period From Apr 1, 2016 to Apr 30, 2016  
 1103M14 - FBHP Checking

Filter Criteria includes: Report order is by Date.

<b>Date</b>	<b>Trans No</b>	<b>Type</b>	<b>Trans Desc</b>	<b>Deposit Amt</b>	<b>Withdrawal Amt</b>	<b>Balance</b>
			Beginning Balance			40,685.95
4/20/16	1180	Withdrawal	Sunset Woods Condominium Assoc		772.74	39,913.21
4/21/16	1178	Withdrawal	Housing Opportunity Developmen		279.24	39,633.97
4/26/16	1179	Withdrawal	Real Page, Inc.		4.31	39,629.66
			Total		1,056.29	

Sunset Woods Rental  
 RENT ROLL DETAIL  
 5/13/2016 12:37:34 PM  
 As of Date: 4/30/2016

Parameters: Property - ALL; Unit Designation - ALL; Subjournal - ALL; Sort By - Name; Display - Market + Addl.

Unit	Floor Plan	Unit Designation	SQFT	Unit/Lease Status	Name	Move-In	Market + Addl.	Dep On Hand	Balance	Total Charges	RENT
1-231	2BR x 2BA	N/A	850	Occupied	Tenant	08/01/2011	0.00	1033.00	0.00	1058.00	1058.00
1-319	2BR x 2BA	N/A	850	Occupied	Tenant	05/01/2011	0.00	1090.00	0.00	1090.00	1090.00
TOTAL							0.00	2,123.00		2,148.00	2,148.00

# Separating Fact from Fiction to Design Effective Inclusionary Housing Programs

By Lisa A. Sturtevant, Ph.D.

May 2016

Inclusionary housing programs generally refer to city and county planning ordinances that require or incentivize developers to build below-market-rate homes (affordable homes) as part of the process of developing market-rate housing developments. More than 500 local jurisdictions in the United States have implemented inclusionary housing policies,<sup>1</sup> and inclusionary requirements have been adopted in a wide variety of places—big cities, suburban communities and small towns.

Despite the proliferation of inclusionary housing programs, the approach continues to draw criticism. There have been legal challenges around inclusionary housing requirements in California, Illinois, Idaho, Colorado and Wisconsin, among others.<sup>2</sup> In addition to legal questions, critics have claimed inclusionary housing policies are not effective at producing affordable housing and have negative impacts on local housing markets.

While there have been numerous studies on inclusionary housing, they unfortunately do not provide conclusive evidence about the overall effectiveness of inclusionary housing programs. These studies vary substantially in terms of their research approaches and quality. In

addition, it is difficult to generalize the findings from the existing research because researchers have examined policies in only a handful of places and at particular points in time when economic and housing market conditions might have been quite different. Given these limitations, however, **the most highly regarded empirical evidence suggests that inclusionary housing programs can produce affordable housing and do not lead to significant declines in overall housing production or to increases in market-rate prices.** However, the effectiveness of an inclusionary housing program depends critically on local economic and housing market characteristics, as well as specific elements of the program's design and implementation.



Adam Fagen/Creative Commons (<https://www.flickr.com/photos/afagen>)

# Evaluating Inclusionary Housing Programs

Inclusionary housing policies (often referred to as inclusionary zoning policies) link market-rate development to the production of housing affordable to lower-income households. These policies either require that a certain percentage of new units be set aside as affordable or offer development incentives that are only available when affordable units are included as part of the project. The primary goals of inclusionary housing programs are to increase the overall supply of affordable housing and to promote economic and social integration.<sup>3</sup> Inclusionary housing policies are becoming an increasingly common local tool for expanding housing options and can now be found in 27 states and Washington, DC.<sup>4</sup> Long-standing programs in Montgomery County, Maryland, and Fairfax County, Virginia, have produced thousands of affordable housing units and continue to evolve to respond to changing local economic conditions.<sup>5</sup> Programs in California weathered legal challenges as well as bumpy economic conditions and continue to be an important tool for affordable housing production.<sup>6</sup> And in the past few years, cities and towns across the country have adopted new inclusionary housing policies<sup>7</sup> or are working to expand or modify existing programs.<sup>8</sup>

Criticisms of inclusionary housing programs generally center around two arguments: 1) inclusionary housing programs do not produce much or any affordable housing, and 2) inclusionary housing programs have a negative impact on the overall housing market by depressing supply and pushing up market prices. There have been numerous research studies analyzing inclusionary housing programs, and the results from some of this research are often used to bolster the arguments of critics. Some studies have reviewed the economic theory underpinning the criticisms of inclusionary housing requirements. Others are descriptive studies based on program data or reports that are derived from interviews with local policymakers and developers. The

best evaluations use a research design that 1) compares outcomes in localities with inclusionary housing programs to similar localities without inclusionary requirements, and 2) accounts for other factors that could influence housing market outcomes. These types of studies can be difficult to do, but they provide the strongest empirical evidence of the impacts and effectiveness of inclusionary housing programs.

Even with good empirical studies, it can be difficult to make generalizations about inclusionary housing programs because they vary so much from place to place. The specific characteristics of the policies depend on local economic and housing market conditions, as well as on state and local regulatory and political frameworks. Some inclusionary housing requirements are mandatory, while others are voluntary. Inclusionary housing policies can apply jurisdiction-wide or only in a particular area. In some cases, there are exceptions to the affordable housing requirements—for example, small projects with the number of units below a certain threshold may be exempted from the inclusionary mandate. Some localities offer a buyout option, allowing developers to pay an in-lieu fee to an affordable housing fund instead of providing affordable units as part of the new project. And jurisdictions often offer cost offsets or increased density to incentivize developers to include affordable housing. The diversity of inclusionary housing programs has made it difficult to synthesize what we know about the effectiveness and impacts of these policies.

This research brief responds to the main criticisms of inclusionary housing programs, reviewing what is known from the research on the effectiveness and impacts of inclusionary housing programs. This report also highlights what the research shows about the relationship between impacts and program design and local market conditions.

Inclusionary housing policies are becoming an increasingly common local tool for expanding housing options and can now be found in 27 states and Washington, DC.



## Do Inclusionary Housing Programs Produce Homes Affordable to Lower-Income Households?

Yes, with some caveats. In some places affordable housing production totals are relatively small, suggesting that an inclusionary housing policy should be considered one component of a comprehensive affordable housing strategy. Furthermore, the effectiveness of inclusionary housing programs also depends critically on the nature of the local housing market and how the program is designed.

Because local jurisdictions are not required to track the number of units produced through their inclusionary housing programs, it is challenging to get a complete picture of how many total inclusionary units have been produced. In addition, many inclusionary housing programs have alternative compliance options. These include in-lieu fees, which are often combined with other affordable housing resources, making it nearly impossible to identify units resulting from an inclusionary housing program. The best estimate available is that, as of 2010, inclusionary housing policies nationally have produced between 129,000 and 150,000 affordable units.<sup>9</sup> Historically, production has been driven inclusionary housing programs in California and the Washington, DC region, particularly Montgomery County, Maryland.

Two studies have suggested that inclusionary housing programs in California have produced at least 29,000

affordable units. In 2009, the California Coalition for Rural Housing published an online database of 145 local inclusionary housing programs in California, which included a wealth of program information including production totals for those jurisdictions.<sup>10</sup> Using that database and other sources, researchers estimated that the local inclusionary housing programs in California altogether produced about 29,000 affordable housing units between January 1999 and June 2006.<sup>11</sup> The Non-Profit Housing Association of Northern California also examined inclusionary housing programs in California, and estimated that by 2007 these programs had resulted in the development of 29,281 units, including nearly 5,000 units developed as a result of in-lieu contributions.<sup>12</sup>

There are also several regional studies of inclusionary housing programs. In a 2008 study, Jenny Schuetz, Rachel Meltzer and Vicki Been examined inclusionary housing programs in the San Francisco region, identifying 55 jurisdictions with inclusionary housing programs and finding that a total of 9,154 inclusionary units had been built under these programs from the 1970s to the early 2000s.<sup>13</sup> Benjamin Powell and Edward Stringham estimated in 2004 that the inclusionary housing programs in 13 cities in Los Angeles and Orange counties led to the production of 6,379 units over the lifetimes of the programs.<sup>14</sup>

Jenny Schuetz and her fellow researchers also examined programs in the Washington, DC and Boston regions. In five counties in the Washington, DC metropolitan area with inclusionary housing programs, an estimated 15,252 inclusionary housing units had been built between the years the various programs were implemented and 2008. Montgomery County, Maryland, was the most productive—and long-standing—program in the region and the nation with more than 13,000 units produced. The situation was different in the Boston metropolitan area, where there were 99 cities and towns with inclusionary housing programs. As of 2008, about 43 percent of those programs had not produced any units. The study authors were not able to collect exact production counts but suggested that the Boston area inclusionary housing programs had “produced relatively few affordable units, probably in part because so many programs in the area [had been] enacted relatively recently.”

Several other studies have documented the affordable housing production associated with inclusionary programs in other parts of the country (see Table 1). For example, Heather Schwartz and her co-authors found that the inclusionary program in Chicago produced more than 200 affordable units per year. In Burlington, Vermont, half of all new residential construction was attributed to the city’s inclusionary housing program. But many programs were found to have had very low production totals. Davidson, North Carolina’s program averaged only five units per year, and Denver’s program averaged only eight units per year.

Based on this research review, it is clear that inclusionary housing programs can and do result in the production of affordable housing units, but there is considerable variability across jurisdictions. The existing research does not systematically address the reasons for the differences in the production totals associated with different programs. However, as will be discussed below, the way the program is designed and the economic and housing market conditions in which it operates are important factors in a program’s success.

**TABLE 1. Affordable Housing Units Produced by Local Inclusionary Housing Programs: Results from Key Research Studies**

Jurisdiction	Period	Total Inclusionary Units Produced*	Average Number of Inclusionary Units Produced per Year	Source
Montgomery County, MD	1974–2011	13,246	358	a
Fairfax County, VA	1990–2011	2,448	117	a
Prince George’s County, MD	1993–1996 (repealed)	1,600	400	g
San Francisco, CA	2002–2008	1,328	83	c
Chicago, IL	2003–2009	1,235	206	d
San Diego, CA	1992–2003	1,200	109	e
Huntington Beach, CA	2002–2010	1,071	134	c, f
Santa Monica, CA	1990–2009	862	45	d
Emeryville, CA	1990–2009	706	37	c
Mahwah Township, NJ	1985–2010	650	26	c
San Clemente, CA	1999–2006	627	90	c
Santa Fe, NM	1999–2010	593	54	d
Sunnyvale, CA	1980–1999	529	28	c
Freehold Township, NJ	1984–2010	519	20	c
Loudoun County, VA	1993–2001	509	64	g
Montville Township, NJ	1985–2010	407	16	c
Cambridge, MA	1998–2010	385	32	d
Boulder, CO	2000–2009	364	40	d
San Bruno, CA	1999–2006	325	46	c
Monrovia, CA	1990–2003	280	22	f
Brea, CA	1993–2003	278	28	f
Washington, DC	2009–2014	211	42	b
Boston, MA	2000–2004	200	50	e
Burlington, VT	1990–2012	200	9	d
San Juan Capistrano, CA	1995–2003	196	25	f
Chapel Hill, NC	2000–2002	154	77	e
Laguna Beach, CA	1985–2003	139	8	f
Denver, CO	2002–2012	77	8	c
Davidson, NC	2001–2011	54	5	c
Mill Valley, CA	1990–2010	35	2	c
Virginia Beach, VA	2007–2013	7	1	c

\*New units, excludes units produced through in-lieu fees.

Sources:

- a. The Urban Institute. 2012. *Expanding Housing Opportunities Through Inclusionary Zoning: Lessons from Two Counties*. Washington, DC: U.S. Department of Housing and Urban Development.
- b. Hende, Leah, Peter A. Tatian, and Graham MacDonald. 2014. *Housing Security in the Washington Region*. Washington, DC: The Community Foundation for the National Capital Region.
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- e. Powell, Benjamin and Edward Stringham. 2004. *Housing Supply and Affordability: Do Affordable Housing Mandates Work?* Los Angeles, CA: Reason Public Policy Institute.
- f. Calavita, Nico and Alan Mallach, eds. 2010. *Inclusionary Housing in International Perspective: Affordable Housing, Social Inclusion, and Land Value Recapture*. Cambridge, MA: Lincoln Institute of Land Policy.
- g. Brown, Karen. 2001. *Expanding Affordable Housing Through Inclusionary Zoning: Lessons from the Washington Metropolitan Area*. Washington, DC: The Brookings Institution Center on Urban and Metropolitan Policy.

# Do Inclusionary Housing Programs Reduce Overall Housing Production and/or Increase Market Prices?

If affordability requirements lead to significant increases in the cost of development, it is possible that a local inclusionary housing program could result in a reduction in the overall supply of housing, at least in the short run. Developers could choose to build fewer units in a particular jurisdiction (e.g., in only the most profitable neighborhoods) or decide not to build at all. Affordability requirements could also theoretically lead to increases in the prices of market-rate housing. To subsidize the cost of providing the below-market units, the developer could increase the prices or rents of the market-rate units.

There have been several theoretical discussions of these potential outcomes, as well as empirical evaluations of impacts for specific programs. It is important to understand the economic theory underpinning a potential response to an inclusionary housing requirement.<sup>15</sup> However, the stylized economic discussions tend to exclude an analysis of the cost offsets and incentives that are part of most inclusionary housing programs.<sup>16</sup> Furthermore, the theoretical studies demonstrate that affordability requirements primarily impact the price of land over the long run. But these studies also usually fail to account for the constrained supply of land that puts upward pressure on land prices in many markets where inclusionary housing programs operate.<sup>17</sup> Thus, results from the theoretical literature do not provide adequate practical guidance on the impacts of inclusionary housing programs.

Some empirical studies examine the supply and price effects in localities that have actually implemented inclusionary housing programs. It is difficult to conduct rigorous, methodologically sound impact evaluations of these programs. Ideally, an impact evaluation would estimate changes in housing supply and prices in a particular local jurisdiction with an inclusionary housing program and compare those outcomes to what would have happened in that same local jurisdiction had there not been an inclusionary housing program in place. Of course, this is impossible, so the best approaches compare outcomes in places with inclusionary housing programs to outcomes in similar places without programs and use multivariate analyses to control for other factors that might impact housing supply and prices (e.g., unemployment rates, mortgage rates). Unfortunately, very few research studies have used this rigorous approach in the evaluation of the impacts of inclusionary housing programs.

Among these robust studies, however, the researchers find a mixed bag in terms of the effects inclusionary housing programs have on the overall supply of housing and on market prices, with **generally no impacts on supply and no or modest impacts on prices**. Notwithstanding economic theory, these empirical studies suggest that the relationship between affordability requirements and the housing market is complicated and highly dependent on the unique characteristics of the local economy and housing market and on the specific design, implementation and tenure of particular programs.

The potential impacts of inclusionary housing programs are highly dependent on local economic and housing market conditions.

In a 2002 study of 28 California cities, David Paul Rosen and Associates measured the impact of inclusionary housing programs on housing production, comparing places with and without an inclusionary program and accounting for a set of economic and other factors that could also affect market activity. They found that inclusionary housing programs had no negative effect on overall housing production in California cities, and that housing production was most strongly dependent on the local unemployment rate and the price of new-construction homes.<sup>18</sup>

Examining 17 inclusionary housing programs in localities in Los Angeles and Orange counties in California, Vinit Mukhija and his colleagues controlled for characteristics of the local economy and housing market to assess program impacts. They found no negative impact on overall housing supply resulting from the implementation of inclusionary housing programs in localities in these counties.<sup>19</sup>

In a recent analysis of 125 local inclusionary housing programs in California, Ann Hollingshead found that when inclusionary housing programs were weakened (in this case as a result of a court decision), rental prices in those localities actually increased, rather than decreased as economic theory might suggest.<sup>20</sup> A lack of sufficient data precluded Hollingshead from reporting results on housing starts, though the descriptive data suggest that localities with inclusionary housing policies actually rebounded from the housing market downturn faster than those without.

In their analysis in San Francisco Jenny Schuetz and her co-authors included a series of economic, demographic and housing market characteristics to estimate potential housing market impacts of inclusionary housing programs. Unique to this study is the inclusion of variables that describe particular characteristics of the programs, including the length of time the program had been in existence, whether it was mandatory or voluntary, whether there was a density bonus or an in-lieu option, and the minimum project size that triggered the affordability requirements. They found no impacts on housing production or prices associated with local inclusionary housing programs in the San Francisco region. Conducting the same analysis in the Boston area, they found modest declines (10 percent on average) in

new housing starts and a modest increase in prices (1.4 percent on average) associated with the adoption of a local inclusionary housing program.<sup>21</sup> While this study includes variables that measure program characteristics, the researchers did not find any significant relationship between program design and outcomes, except that programs that had been on the books longer were more likely to have produced affordable units.

A team of researchers at the National Center for Smart Growth Research and Education also used multivariate analysis techniques to estimate housing market impacts of 65 inclusionary housing programs in California over the 1998-2005 period.<sup>22</sup> The researchers found that cities with inclusionary housing programs did not experience a significant reduction in the rate of single-family housing starts. However, the number of multifamily housing starts increased significantly in places with inclusionary housing programs compared with those that did not have programs. As a result, cities with inclusionary housing programs experienced an increase in the share of new starts that were multifamily. The researchers found that inclusionary housing programs were associated with an increase in single-family home prices of 2.2 percent, on average. However, in higher-priced markets the impact was estimated to be as high as five percent.

**Most rigorous research on inclusionary housing programs finds no effect on housing starts and only modest, if any, impact on home prices.**



**TABLE 2. Housing Market Impacts Associated with Local Inclusionary Housing Programs: Results from Key Evaluation Studies**

Jurisdiction	Period	Impacts on Overall Housing Supply	Impacts on Home Prices/Rents	Source
California (28 programs)	1981–2001	No negative effect on housing starts	N/A	a
California (65 programs)	1988–2005	No decline in single-family starts; increase in multi-family starts	Increase of 2.2 percent in single-family prices	b
California (125 programs)	2007–2013	N/A	Stricter programs associated with 1.9-percent decline in rents	c
San Francisco, CA (55 programs)	1987–2004	No negative effect on housing starts	No effect on home prices	d
Los Angeles and Orange Counties, CA (17 programs)	1998–2005	No negative effect on housing starts	N/A	e
Boston, MA area (99 programs)	1987–2004	Up to a 10% decline in housing starts	Increase of 1 percent in single-family-home prices	d

Sources:

- a. David Paul Rosen and Associates. 2002. *City of Los Angeles Inclusionary Housing Study: Final Report*. Los Angeles, CA: Los Angeles Housing Department.
- b. Knaap, Gerrit-Jan, Antonio Bento, and Scott Lowe. 2008. *Housing Market Impacts of Inclusionary Zoning*. Washington, DC: National Center for Smart Growth Research and Education.
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There are descriptive studies that have concluded that inclusionary housing programs have led to a significant reduction in housing supply and a significant increase in housing prices.<sup>23</sup> However, these studies have been widely criticized for their lack of methodological rigor, and their results should be interpreted cautiously.<sup>24</sup> In addition, there are numerous case studies of inclusionary housing programs that include accounts that support an adverse impact on housing production and market prices.<sup>25</sup> But there are also case studies that have demonstrated no negative impacts.<sup>26</sup> The research cited above provides a much better picture of what the market impacts have been in places with inclusionary housing programs. However, there are limitations in the existing research.

First, most of the impact evaluations have focused on the experience in California, which is not necessarily representative of the potential ways in which inclusionary

housing programs would impact housing markets in most of the rest of the country. While some studies have examined the impacts of programs in different regions across the state, the economic, regulatory and political environment in California is different than in many other states. Second, these evaluations (with the exception of Hollingshead’s 2015 report) were conducted using housing market and program data from before the economic recession and housing market downturn, and before key changes to inclusionary housing programs in California that resulted from the Palmer court decision that restricted the design of inclusionary housing programs in the state.<sup>27</sup>

Finally, although these studies use generally accepted research approaches to study impacts, it is difficult to draw conclusions from the existing research about the specific characteristics of inclusionary housing programs that might make them more or less effective.

Most evaluations of inclusionary housing programs have been done in California. More research is needed on how inclusionary housing programs work in different kinds of markets.

# What Factors Are Associated with Successful Inclusionary Housing Programs?

There is a substantial amount of variation in how inclusionary housing programs are designed, how many affordable units they produce, and how they could potentially affect housing starts and home prices and rents. There has been no empirical, systematic analysis of the relationships among program design, local housing market and economic conditions, and impacts of inclusionary housing programs. However, several conclusions may be drawn from the research described above, as well as from case studies and other reports on inclusionary housing programs, about how to design local inclusionary housing programs that are best able to produce affordable housing and limit potential negative impacts on the overall housing supply and prices.

## 1) Inclusionary housing programs work best in strong housing markets.

By design, inclusionary housing programs link the production of affordable housing to market-rate development. When there is no market-rate construction, there is no affordable housing development.

In case studies of inclusionary housing programs conducted by the National Association of Home Builders, local jurisdictions cited the weakness of the housing market as the primary reason for the failure of their inclusionary housing programs to produce any affordable housing units.<sup>28</sup> A review of the state of inclusionary housing programs after the economic recession conducted by Robert Hickey at the National Housing Conference demonstrated that localities that ended their inclusionary housing programs during or after the recession often did so because of weak housing markets.<sup>29</sup>

In stronger housing markets, inclusionary housing programs do have the potential to produce significant numbers of affordable units with negligible impact on housing markets. For example, housing demand in Fairfax County, Virginia, has been very strong, driven by the fast pace of job growth in Washington, DC and northern Virginia. Inclusionary housing requirements in the Tysons Corner area of Fairfax County have not slowed development. Thousands of apartments are under construction or have received approvals in Tysons Corner since the county approved new affordability guidelines.<sup>30</sup>

Even in hotter housing markets, there is no one-size-fits-all approach to crafting an effective inclusionary housing program. Based on the existing research and program reviews, there are some characteristics that seem to be associated with more productive and efficient programs.

## 2) Mandatory programs tend to work better than voluntary programs.

Mandatory programs result in the production of more affordable housing units than voluntary programs do, and despite claims to the contrary, mandatory inclusionary housing programs generally do not depress new construction in strong housing markets.<sup>31</sup> The evaluations of the impacts of inclusionary housing programs examined primarily mandatory programs and found that these programs have not caused decreases in overall levels of housing production or substantial increases in market prices. In the studies of programs in California, several researchers concluded that the top-producing local programs in the state were mandatory programs.<sup>32</sup> Montgomery County, Maryland, has a mandatory program that has produced about 13,000 units since it was implemented in 1974, making it the most productive inclusionary housing program in the country.<sup>33</sup>

An estimated 83 percent of all local inclusionary housing programs across the country are mandatory.<sup>34</sup> In a historic decision in March 2016, the New York City Council passed legislation to replace the city's voluntary inclusionary housing policy with a mandatory program, creating the nation's largest and most ambitious inclusionary housing program.<sup>35</sup>

While mandatory programs have been shown to be more effective at producing affordable units, several researchers have concluded that voluntary programs can also produce affordable housing when they are

# 83%

of all local inclusionary housing programs across the country are mandatory

treated as though they are mandatory (e.g., projects are approved only when they include affordable units) and/or when there are appropriate incentives or offsets (see below) that make the voluntary option attractive.<sup>36</sup> In places where mandatory inclusionary housing programs are prohibited by state statute,<sup>37</sup> a voluntary program is the only option. Rick Jacobus and others have noted that voluntary programs that offer density bonuses or other incentives in exchange for voluntarily building affordable housing can be effective and also can protect programs from legal challenge.<sup>38</sup>

### **3) Effective inclusionary housing programs include incentives that offset the cost to developers.**

One of the primary criticisms about the economic literature around the impacts of inclusionary housing programs is that those studies assume that inclusionary housing programs include no incentives or offsets to counterbalance the requirement to provide affordable housing. In fact, most programs include some sort of cost offset or incentive. Density bonuses, modified development standards (e.g., reduced parking requirements), fee waivers, and expedited permit and/or approvals processes are all examples of the types of incentives that are commonly part of inclusionary housing policies.

According to a review of California's inclusionary housing programs by the Non-Profit Housing Association of Northern California, most jurisdictions provide a financial incentive to developers under their inclusionary housing programs. In an assessment of different approaches to designing local inclusionary housing programs, Jenny Schuetz and her fellow researchers found that mandatory programs with no offsets can lead to lower overall numbers of units produced (although the impact can vary depending on local market and economic conditions), but mandatory programs with cost offsets including density bonuses and fast-track permitting are much more effective at creating an environment where an inclusionary housing program can both create more affordable units and mitigate potential negative impacts on the overall housing market. In their evaluation of programs in the San Francisco area, the researchers found that the number of affordable units built increased with the presence of a density bonus.

According to a recent report by Rick Jacobus, increased density has become the most common incentive offered by local inclusionary housing programs.<sup>39</sup> Density bonuses can work well in a variety of strong housing markets. However, there are some situations where density bonuses are not as effective. In her analysis of

Montgomery County, Maryland's inclusionary housing program, Karen Brown noted that density bonuses have not been as effective in promoting affordable housing development in areas of the county that are already zoned for high-rise construction. After a certain height and density, land costs become an increasingly smaller portion of overall development costs, and the benefits of the extra density do not provide the same level of subsidy that they would in a smaller-scale project.<sup>40</sup>

Furthermore, increasing density can be a hot-button issue in many communities. Offering a density bonus in exchange for affordable housing production can be difficult if there is strong community opposition to taller buildings and increased density.<sup>41</sup> It is important, then, that the density increases work within the overall community planning process. In addition, density bonuses do not work if a local jurisdiction changes the underlying zoning to allow higher densities by right—that is, without complying with any affordability requirements. Tying the density bonus and affordability requirements to rezoning is an important component of making the link work.<sup>42</sup>

### **4) Predictable programs with clear guidelines are most effective.**

Nicholas Brunick,<sup>43</sup> Rick Jacobus<sup>44</sup> and others who have studied inclusionary housing programs in depth have raised the importance of predictability in inclusionary housing programs. Ad hoc policies or programs with rules that change at the whim of administrators or elected officials have a good chance of stymieing housing development in a locality. Knowing the rules of the development process is key to builders as they develop pro formas, seek financing for projects and analyze market demand.

In interviews in Fairfax County, Virginia, and Montgomery County, Maryland—both suburbs of Washington DC—researchers found that the most important factor to developers working in a locality with an inclusionary housing program was predictability in the program requirements.<sup>45</sup> Clear requirements and consistent administration of an inclusionary housing program were important so that developers could better estimate their potential profit; a loss of this predictability could mean a decline in overall housing production as developers choose to build in other markets.

When there is predictability, developers consider affordability requirements as a cost of doing business in a desirable location, similar to other requirements that localities often impose, including design standards, green building techniques and open space dedications.<sup>46</sup>

## 5) Successful inclusionary housing programs have flexible compliance options.

Flexible compliance options give developers a choice in how to meet affordability requirements associated with an inclusionary housing program. Building affordable units on site as part of the market-rate development has traditionally been the default requirement, but many policies allow developers to build affordable units off-site or contribute cash or land in lieu of building units. Flexible inclusionary housing policies help improve feasibility by offering developers various ways to meet affordability obligations.<sup>47</sup> For example, a study of programs in the Washington, DC suburbs showed that an in-lieu option made smaller projects more financially feasible under mandatory inclusionary housing requirements.<sup>48</sup>

In several studies in California, researchers found that flexibility in compliance was a key element of productive inclusionary housing programs.<sup>49</sup> Ann Hollingshead found that programs that require on-site units and those that allow developers to pay a fee in lieu of providing units can both be productive types of inclusionary housing policies. The extent to which one approach is better than the other depends on a range of factors, including the cost of land in the jurisdiction, the ability for the jurisdiction to leverage other resources for affordable housing, the extent of local NIMBYism, the administrative capacity of the local government and the capacity of local non-profit developers. In her analysis, Hollingshead suggested that having a “blended policy” that offers both an on-site option and an in-lieu option can lead to greater affordable housing production.

Rick Jacobus has noted that off-site production using in-lieu fees can result in more overall affordable-housing production in some local markets. However, in addition to being able to leverage resources and having non-

profit developer capacity, the locality also has to have sufficient land on which to build off-site units.

While flexibility can lead to more affordable-housing production, the types of alternative compliance options, if any, should be aligned with the local jurisdiction’s overarching goals. If the primary goal is to promote economic and social integration, off-site or in-lieu options are less likely to be effective. Developers will likely build affordable units in places where land is cheaper, and these units likely will be less connected to transportation, jobs and other community amenities. In large cities and urbanizing suburbs, a limited supply of available land can limit the impact of in-lieu fees. Even with sufficient resources in a local housing trust fund and high-capacity non-profit developer partners, local jurisdictions will not be able to develop affordable housing in high-opportunity neighborhoods if no land is available. Thus, a local jurisdiction’s ability to achieve a goal of economic integration through its inclusionary housing policy could be constrained without an on-site requirement.<sup>50</sup> However, if a jurisdiction wants to maximize the overall supply of affordable housing in the jurisdiction, regardless of the locations of affordable units, off-site and in-lieu options can be effective.<sup>51</sup> Striking a balance among potentially competing goals is an important part of designing an effective inclusionary housing strategy.

Finally, the flip side of flexibility, of course, is a loss of predictability, which is also a valuable feature of successful inclusionary housing programs. In its review of mandatory inclusionary housing requirements in New York City, the NYU Furman Center for Real Estate and Urban Policy highlighted the importance of having a flexible program that can respond to changing market conditions. However, the authors of the report were quick to point out that flexibility introduces uncertainty and creates a potential for inclusionary housing requirements to become a “politicized process.”<sup>52</sup>

Striking a balance among potentially competing goals is an important part of designing an effective inclusionary housing strategy.

# Conclusions

Almost every community in America struggles with how to ensure there is a sufficient supply of housing for individuals and families of all incomes. With limited federal resources for affordable housing, local jurisdictions continue to look for local tools to create and preserve housing affordable to lower-income households. An inclusionary housing policy can be one important strategy in a local jurisdiction's comprehensive affordable housing strategy. In the right market, adopting an inclusionary housing policy can help facilitate the development of affordable units and promote social and economic integration. Other programs, such as the Low-Income Housing Tax Credit (LIHTC), might produce more overall units, but affordable housing produced through an inclusionary housing program could more effectively distribute housing in high-opportunity neighborhoods.<sup>53</sup>

An inclusionary housing program utilizes local land use and zoning regulations, which gives local jurisdictions more control over the means by which affordable housing is developed. However, despite this local authority, it is important to keep in mind that housing developed under an inclusionary housing program often requires the use of resources from other, federal programs to make homes affordable to lower-income households, including the LIHTC and Housing Choice Voucher (HCV) programs. Local inclusionary housing programs will not work well in most places if these other resources are not available.

Whenever a policy changes the way housing is built in a community, there is bound to be pushback. Knowing that the best research generally finds either no negative impacts or only very small impacts on housing markets

is important for responding to potential criticisms of proposed inclusionary housing programs. Furthermore, in high- and rising-cost markets, there is good evidence that well-designed inclusionary housing programs can be effective. **In general, mandatory programs in strong housing markets that have predictable rules, well-designed cost offsets, and flexible compliance alternatives tend to be the most effective types of inclusionary housing programs.** Requirements related to other program elements, including income targets and minimum project size, could also influence the effectiveness. There is less research on the impacts of these program design elements on affordable housing production and housing market outcomes.

The best approach to designing the most effective inclusionary housing program for a particular community is to conduct an economic feasibility analysis, which can help clarify the program requirements that would work best in a particular market. In developing its mandatory inclusionary housing program, New York City commissioned a study to evaluate how the program would impact the financial feasibility of new residential development in the city under a range of market conditions and program requirements.<sup>54</sup> The results of this analysis, which included economic and financial forecasts as well as in-depth interviews with developers in the city, helped the city feel confident that the affordability requirements included in its mandatory inclusionary housing program would actually lead to units being built and would not stifle overall housing development. Not all jurisdictions have the capacity to either conduct or contract out such a study, but a systematic look at the possible ways an inclusionary housing program could be designed and how those elements might operate in a particular locality is an important step for ensuring an effective and efficient inclusionary housing program.

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8. See <http://www1.nyc.gov/site/planning/plans/mih/mandatory-inclusionary-housing.page> for a description of New York City's Mandatory Inclusionary Housing proposal, which was approved by the City Planning Commission and City Council in spring 2016.
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Formed in 1931, the nonprofit National Housing Conference is dedicated to helping ensure safe, decent and affordable housing for all in America. As the research division of NHC, the Center for Housing Policy specializes in solutions through research, working to broaden understanding of America's affordable housing challenges and examine the impact of policies and programs developed to address these needs. Through evidence-based advocacy for the continuum of housing, NHC develops ideas, resources and policy solutions to shape an improved housing landscape.



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# How One Colorado City Instantly Created Affordable Housing

Relaxing rules on “Accessory Dwelling Units” drastically increased affordable housing stock in the small city of Durango.

ANTHONY FLINT | 7:00 AM ET |  2 Comments



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Planners call them Accessory Dwelling Units—plus the inevitable acronym, ADUs. What they mean are the granny flats and in-law apartments sprinkled throughout cities and towns across the land, the finished basements, above-garage studios, rehabbed carriage houses, and other outbuildings on parcels generally zoned for single-family homes.

But here's what they really are: an instant source of affordable housing, if only they could be freed from extensive restrictions that cities and towns have in place that tightly limit who can live there.

When I was at the Office for Commonwealth Development under Massachusetts Governor Mitt Romney, we tried to increase the supply of new multi-family housing at smart growth locations, in town centers or by transit stations. Yet it quickly became apparent that there were thousands of existing homes already, in the form of Accessory Dwelling Units. The trick was just to open them up.

This was no small task, as it turned out. Fueled by NIMBYism and concerns about density and school enrollment and parking and congestion, cities and towns wrote reams of codes requiring that property owners prove any occupants of ADUs were actually related. If not, owners could expect to be visited by inspectors checking out separate entrances and working kitchens and evidence of occupation, and brace for a fine. Eagle-eyed neighbors spotting a second mailbox or satellite dish were more than happy to alert the authorities.

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**There were thousands of existing homes already, in the form of Accessory Dwelling Units. The trick was to open them up.**

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In the face of this kind of code paralysis and regulatory over-reach, it's understandable that reformers would just give up, and try to change policy in other ways. But in recent years, a sensible program of disentanglement has emerged from an unlikely place—the small city of Durango, Colorado, just north of the New Mexico border.

Conjured in the era of railways and mining, Durango has become a visitor destination, close to national parks, monuments, and forests, the Mesa Verde cliff-dwellers World Heritage Site, skiing, mountain biking, and whitewater rafting. It doesn't quite have the affordability problem of Aspen or Telluride, but housing is a major issue for the array of incomes in the population of nearly 17,000.

From 2009 to 2013, confronting development pressures and concerned about housing, Durango overhauled its Land Use and Development Code, which called out Accessory Dwelling Units as an acceptable component of housing stock. A predictable process with reasonable standards was put in place for building new ADUs: a limit on the number of occupants (no more than five unrelated people), rules about how small the living space could be (550 square feet), an owner-occupied home requirement (no absentee landlords renting out both the home and the ADU), a ban on short-term vacation rentals such as through Airbnb, and design guidelines for balconies, window placements, and exterior staircases.

The big problem, however, was what to do with existing ADUs.

Since many of these homes were technically illegal, a form of "ADU Amnesty" was launched. Starting with two neighborhoods as a pilot program, the city asked owners to come forward about ADUs on their property. Residents could fess up in three categories—pre-1941, when there were essentially no rules about ADUs; 1941 to 1989, when ADUs could be considered legal but non-conforming use; and 1989 to the present, when tighter zoning was in place.

If somebody established an ADU completely under the radar, they were asked to pay the fee they were supposed to pay, ranging from \$2,000 to \$9,000, and the property got logged into the city's inventory database. Owners signed affidavits on basic structural safety, and filled out forms on the number of occupants, age of the structure, and the utilities in place, and furnished a photo.

Getting the transactional details on the record was basically a process of regularizing what was a robust informal economy. And with the existing ADUs

thus inventoried, and the rules in place for new ADUs, the city was all set, right? Not exactly. Opposition was fierce, and clever.

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## Communities across the nation are confronting this very same issue.

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Rebellion in the pilot neighborhoods organized as CHEN: Citizens for Healthy Established Neighborhoods, which churned out letters to editors, op-ed essays, and leaflets with a red slash across "ADU." The question was posed: affordable housing, or slums? One resident mapped her neighborhood and came up with hundreds of units already there, and hundreds more that would be enabled. That didn't take long to make the front page.

City Hall and the planning office got mercilessly picketed, and somebody placed an ad in the local newspaper touting free building lots—listing the telephone number of the planning office as the place to call for more information.

The planners held firm, making a few minor adjustments, but not compromising on the basic principles of the program. They also launched a public education campaign, producing a video, [Know Your ADUs](#). Amid the dark talk about slums, they kept it light and accessible—even fun, to the extent that was possible, what with lexicon like "legal non-conforming use" being part of the conversation.

The leaders of the effort, the planners Vicki Vandegrift and Scott Shine, shared a game at their presentation at the American Planning Association National Planning Conference last month in Phoenix. Yes, it was time to play "Unit or Not a Unit?"—a series of photographs that demonstrated how some single-family homes look like ADUs, while many ADUs are attractively woven into the urban fabric. (As the quiz went along, we all got better at spotting the dead giveaways—double meters and two street numbers, for instance).

One thing is certain, and that's the number of communities across the nation confronting this very same issue. The APA session, theatrically titled Accessory Dwelling Units: The Durango Experience, was packed. A long line formed at the microphone for questions. Granny flats and in-law apartments are rising to the top of the affordability conversation from Boston to Seattle.

There may be no secret sauce for getting this done, but demonstrating the benefits—to owners, and to the community at large—is surely a centerpiece. Planners need to be flexible, but not compromise. And above all, stay positive. Even if they're forced to change their telephone numbers.

*Top photo: [Iriana Shiyam/Shutterstock.com](#).*

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Anthony Flint is a fellow at the Lincoln Institute of Land Policy, a think tank in Cambridge, Massachusetts. He is the author of *Modern Man: The Life of Le Corbusier, Architect of Tomorrow* and *Wrestling with Moses: How Jane Jacobs Took On New York's Master Builder and Transformed the American City*.

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