

## **MEMORANDUM**

To: Members of the Housing Commission  
From: Mary Cele Smith, Housing Planner (msmith@cityhpil.com) and  
Lee Smith, Senior Planner (lsmith@cityhpil.com)  
Date: January 31, 2013

RE: HOUSING COMMISSION PACKET FOR 2-6-2013 MEETING

**Note: Dinner will be served at 6:00 p.m.  
The packet contains the following documents:**

### **Part A. Priority Items**

- Regular Meeting Agenda
- **Agenda Item IV. (Action Needed) Approval of Minutes**
  - Meeting Minutes for January 16, 2013 Special Meeting to be emailed under separate cover
- **Agenda Item V. Scheduled Business**
  - **1. (Action Needed) Items for Omnibus Vote Consideration**
    - Payment of Invoices:
    - None at present
  - **2. Discussion of Request from HP Zelp, L.L.C. regarding Inclusionary Housing Fee-in-Lieu Payment. Supporting Materials:**
    - Memo from Staff and request from HP Zelp, L.L.C. to be emailed under separate cover after staff receives request from developer
  - **3. (Discussion and Consideration) Housing Commission Peers, Walnut Place, Ravinia, and Sunset Woods. Supporting Materials:**
    - January 2013 Management Report
    - Summary of Capital Improvements for Peers and Walnut Place
    - Accounts Receivable Up-Date
    - Summary Spreadsheets: Highland Park Housing Reserve Balances prepared 12/31/12
    - Housing Trust Fund Fiscal Year 2012, Unaudited through 12/31/12
    - Discussion and Consideration of Resolution to add Evergreen Signatory. Supporting Materials:
      - Memo from Staff
      - Resolution to be emailed under separate cover
  - **4. (Discussion and Consideration) Revisions to the Inclusionary Housing Ordinance. Supporting Materials:**
    - Staff Memo November 28, 2012
    - Inclusionary Housing Ordinance Mark-Up
  - **5. (Discussion and Consideration) Recommendation to City Council to Support State Enabling Legislation for a Lake County Affordable Housing Trust Fund. Supporting Materials:**
    - Staff Memo January 3, 2013
  - **7. (Discussion) Lake County Strategic Plan Community Forums. Supporting Materials:**
    - Staff Memo February 1, 2013
    - Lake County Announcement

**Part B. Detailed and Optional Material**

- Financial Reports for Peers, Walnut, and Ravinia Housing Associations and for Sunset Woods Housing Association for the month ending December 31, 2012
- Illinois Secretary of State Annual Report for Peers Housing
- HUDuser, *Evidence Matters*, “Shared Equity Models Offer Sustainable Homeownership,” Fall 2012

c:

- David Knapp, City Manager
- Michael Blue, Director of Community Development
- Linda Sloan, Planning Division Manager
- Peter Friedman, Corporation Counsel

## **Public Notice**

In accordance with the Statutes of the State of Illinois, and the Ordinances of the City of Highland Park, the **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, February 6, 2013 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, February 6, 2013, 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 – January 16, 2013 Special Meeting**
- V. Scheduled Business**
  1. Items for Omnibus Vote Consideration
    - Payment of Invoices:
    - None at present
  2. Discussion of Request from HP Zelp, L.L. C. regarding Inclusionary Housing Fee-in-Lieu Payment
  3. Housing Commission Peers, Walnut, Ravinia, and Sunset Woods
    - Management Report
    - Property Report
    - Discussion and Consideration of Resolution to add Evergreen Signatory
    - Update on Peers window replacement and ac project
    - Report on January 2013 luncheons at Peers and Walnut Place
    - Sunset Woods:
      - Discussion regarding rental restrictions
      - Report regarding February 4<sup>th</sup> SW Condominium Association Meeting
      - Other
  4. Discussion and Consideration of Revisions to the Inclusionary Housing Ordinance
  5. Discussion and Consideration of a Recommendation to City Council to Support State Enabling Legislation for a Lake County Affordable Housing Trust Fund
  6. Update on Demolition Tax Recommendation to City Council
  7. Discussion regarding Lake County Strategic Plan Community Forums

**VI. Executive Session for Matters relating to Real Estate Acquisition, Litigation, and Personnel Matters**

**VII. Other Business**

**VIII. Adjournment**



MEMORANDUM

TO: Highland Park Housing Commission  
FROM: Polly Kuehl, Management Agent   
RE: **January Management Report/December Financials**  
DATE: January 24, 2013

The final paperwork for Ravinia's rehabilitation is "in process" and reimbursements from Replacement Reserves and the Construction Escrow are being requested and received.

The outside consultant looking at the "window project" for Frank B. Peers has identified several questions for which clarification is being sought from the architect and Sterling Renaissance. A final scope of work should be able to be approved based on these answers.

Evergreen held Annual Resident meetings at Walnut Place and Frank B. Peers to review capital improvements, changes that have occurred in procedures and/or amenities at the buildings, and to seek suggestions and input from residents. During the meetings, Evergreen requested volunteers to serve as a Resident Committee to assist in revision of the Resident Handbook and House Rules, which have not been up-dated for numerous years. We hope to start that process this spring.

Resident suggestions at Walnut Place included replacement of hallway carpet, purchase of a resident computer for the common area and a flat screen TV/VCR, sanding/staining/varnishing apartment entry doors and a purchasing a coin changer for the laundry room.

Resident suggestions at Frank B. Peers focused on window replacement and air circulation issues.

Evergreen and the residents appreciated the attendance of Housing Commission representatives and Mary Smith at these resident meetings.

**Frank B. Peers**

**Occupancy:** There is one vacant unit: Unit #207 (1-bedroom became vacant on January 20<sup>th</sup>). The previous vacant unit (held for Ravinia resident – 105 was occupied at the beginning of January).

**Physical:** Only routine maintenance was conducted at the site.

**Social Programs:** The new Administrative Assistant – Marcia Segal – started 1/7/13 and is working with residents at both senior buildings related to activities. During January, the normal programs were done – bingo, food distribution, and monthly luncheon.

**Financial:** **Net Operating Income (NOI) for the month was positive to budget by \$4,722. YTD NOI is positive to budget by \$37,544. Cash was modest at \$15,517.**

**Income** – Income was slightly negative to budget for the month with no laundry income reflected (timing) and higher Vacancy Loss for the unit being held for Ravinia rehabilitation.

**Expenses** – The expense line items that were significantly negative to budget included:

- Consulting (#6380) – This includes a payment to Sterling Renaissance for the window project and holiday gift cards for the staff.
- Gas (#6452) - Seasonal

### **Walnut Place**

**Occupancy:** The property is at 100% occupancy.

**Physical Site:** Only routine maintenance was done. Cycle painting of 3 units will begin this month so that anyone in residence continually before 2005 will have had their units cycle painted.

**Social Programs:** The property had routine social programs during the month. Marcia Segal will have an office at Walnut Place and will be planning programs for both properties. She will be meeting with residents to try and identify new types of activities that may be wanted.

**Financial:** **Net Operating Income (NOI) for the month was positive to budget by \$9,958, and the YTD NOI is positive to budget by \$37,544. The cash position remains modest at \$7,043.**

**Income** – Income was positive to budget by \$2,357, primarily due to lower vacancy loss than anticipated.

**Expenses** – Line items that were significantly negative to budget for the month included:

- Miscellaneous Administrative (#6390) – Reflects annual payments (retroactive for 4 years) to Chicago Title (invoices had been sent to Metroplex as Chicago Title had not up-dated their files based on our change of address card submitted by Evergreen several years ago).

- Electrical Repairs (#6591) – This reflects repair the final payment of front entry doors by Great Lakes Automatic Door.

### **Ravinia Housing**

**Occupancy:** 100% occupied.

**Physical Site:** Only routine maintenance was done at the properties.

**Social Programming:** The newsletter was not sent in December or January as the new Administrative Assistant was not available. This will resume in February.

**Financial:** The proforma operating budget is being utilized in the 2012 budget for reporting purposes. NOI for December is positive to budget by \$7,176 and YTD NOI is positive to budget by \$30,268. The cash position is good at \$26,058, but it should be noted that this account is being used for receipt of reserves and payment of capital work at the property – so the cash position varies, significantly, based on receipts and payments.

**Income** – Income is significantly positive to budget, primarily due to the credit given for 2 outstanding checks that had not been cashed.

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

- Miscellaneous Administrative (#6390) – This reflects payment for the moving “pods” - \$1,055 and moving help for one of the residents (house) who did not cooperate by moving items into the pods.
- Janitorial/Maintenance Payroll (#6510) – This reflects additional maintenance time spent at Ravinia due to the rehabilitation process and working with outside contractors and resident relocation
- Replacement Reserve Reimbursement (#7105) – This reflects reimbursement for a kitchen rehab payout.

Frank B. Peers Capital Improvements Up-Date										
Task	Date for Bids	Date for Work	Estimated \$ Use of Reserves	Estimated \$ Use of Operating	Comments	FMCS Role Lead, Assist or None	Date Complete	\$ Actual Reserves Spent	Replacment Reserve Request Date	
1 Kitchen Replacement (11)	Done	Fall	98,000		Owner Reserves	None				
2 Window Replacement	Partial	Spring	544,998		Owner Reserves	Assist				
3 Concrete Repairs	N/A	Summer		2,500	After windows replaced	None				
4 Appliances (4)		As Need		1,440		None				
5 Carpet (8)		As Need		7,800	Turnover/3 Cycle	None				
6 A/C Replacement		As Need		2,700		None				
7 Water Heater Replacement		As Need	11,000		IHDA Reserves	Assist				
8 Painting (Turnover and Cycle)		Fall		12,000		None				
9										
10										
11										
12										
<u>Reserves 2013 Cash Flow</u>										
Reserves Starting January 2013	\$ 171,778									
2013 Annual Deposit to Reserves	\$ 22,368									
Expected Use of Reserves (\$\$) 2013	\$ (11,000)									
IHDA Reserves			Total	653,998	26,440		TOTAL	-		
Note: Owner funds will be used for most reserve requests										
Balance expected at the start of 2014	\$ 183,146									

Walnut Place Capital Improvements Up-Date										
Task	Date for Bids	Date for Work	Estimated \$ Use of Reserves	Estimated \$ Use of Operating	Comments	FMCS Role Lead, Assist or None	Date Complete	\$ Actual Reserves Spent	Replacment Reserve Request Date	
1 Renovate 3 kitchens		Fall	26,100		IHDA Reserves	None				
2 TH Furnaces (2)		As Need		4,800		None				
3 Replace 4 appliances (stoves/refrigerators)		As Need		1,600		None				
4 TH Hot Water Heaters		As Need		3,000		None				
5 A/C (estimate of 6)		As Need		4,000		None				
6 Carpet/Tile (Turnover and Cycle)		As Need	9,000		5 units cycle	None				
7 Hallway Carpet (as available from reserves)		Summer	15,000		Addition to Capital	None				
8 Painting (Turnover and Cycle)		As needed		12,000	8 Turnover; 12 Cycle	None				
9										
10										
11										
12										
<u>Reserves 2013 Cash Flow</u>										
Reserves Starting January 2013	\$ 190,494									
2013 Annual Escrow Deposit	\$ 22,044									
Expected Use of Reserves \$\$ in 2013	\$ (50,100)	Total	50,100	25,400			TOTAL	-		
Balance expected at start of 2014	\$ 162,438									

## Accounts Receivable Up-Date

December, 2012

### Frank B. Peers

Tenant A/R decreased from \$936 at the end of November to \$845 at the end of December. The breakdown is as follows:

Current	\$663
30 Days	\$115
60 Days	\$ 0
90 Days	\$ 46
Prepaid	(\$ 21)

Subsidy A/R increased in December from \$51,606 at the end of November to \$54,629 at the end of December. The breakdown is as follows:

Current	\$13,794
30 Days	\$ 7,105
60 Days	\$ 3,909
90+ Days	(\$ 5,509)
Total Prepaid	(\$35,330)

### Walnut Place

Tenant A/R increased slightly from \$19,658 at the end of November to \$20,797 at the end of December. The breakdown is as follows:

Current	\$ 2,527
30 Days	\$ 1,179
60 Days	\$ 735
90+ Days	\$16,094
Net Prepaid	(\$ 262)

The 90+ Days A/R is comprised of EIV payments (3 residents) that are being reimbursed monthly.

Subsidy A/R increased from \$40,018 at the end of November to \$45,222 at the end of December. Several residents were not paid by IHDA. The breakdown is as follows:

Current	\$ 13,917
30 Days	\$ 708

60 Days	\$ 2,152
90+ Days	\$ 11,253
Net Prepaid	(\$ 17,192)

**Ravinia Housing**

Tenant A/R increased from \$35,993 at the end of November to \$37,241 at the end of December. This is, primarily, due to a tenant household who is not cooperating with the recertification process. Termination of this household's lease has been initiated for non-payment of rent since the household was raised to market rent. The breakdown is as follows:

Current	\$ 4,039
30 Days	\$ 3,788
60 Days	\$ 2,380
90+ Days	\$ 25,913
Net Prepaid	(\$ 1,121)

The 90+ Days A/R is comprised of EIV payments (2 residents) that are being reimbursed monthly.

Subsidy A/R increased from \$7,499 at the end of November to \$17,985 at the end of December, due to a HAP adjustment – change in Rent Schedule. The current breakdown is as follows:

Current	\$10,486
30 Days	(\$ 471)
60 Days	(\$ 550)
90+ Days	\$ 1,656
Net Prepaid	(\$ 6,864)

Highland Park Housing Commission									
Reserve Balances									
Date: 12/31/2012									
							Sunset	Housing	
Account Name		Frank B. Peers	Walnut Place	Ravinia Housing		Woods	Trust Fund	TOTAL	
Checking (Property)		15,517	7,043	26,058		22,739			
Security Deposit		20,828	20,986	7,158		10,490			
Replacement Reserve		139,903	163,400	628,522		0			
Residual Receipts		31,875	27,095	0		0			
Operating Reserve		0	0	246,702		9,105			
				(Construction Escrow)					
Association Money			104,502	81,874		143,248			
Market Checking									
Association Small Business Checking		12,903				10,837			
Association Receivable/(Liability)									
1) Due from Hsg. Trst. Fd 277 GB		7,492	Total						
2) Due from Hsg. Trst Fd. Emerg.		689	A/R						
3) Due from Sunset Woods		258,832	267,014						
Association CDs	Maturity								
CD #1	1/7/2013	505,050							
CD #2	4/7/2013	505,700							
Association MaxSafe Money Market		1,112,401							
TOTAL		2,611,190	323,026	990,314		-62,413			

*Net income after deducting program costs and expenditures/obligations.					
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## Housing Trust Fund

### Fiscal Year 2012

January 1 - December 31 - Unaudited

**Unaudited**  
Through 12/31

#### Beginning Balance, Jan 1 (Unaudited)

**\$1,091,261**

#### Revenue:

Demolition Tax	106,672
Demolition Permits	22,500
Interest Revenue	718
Contributions/Donations/Other	0
Proceeds of Ceding Volume Cap	0

#### Total Annual Revenue

**129,890**

#### Expenditures:

Program Costs **(220,063)**

#### Total Expenditures

**(220,063)**

#### Ending Balance

**\$1,001,088**

#### Pending Obligations

CPAH Scattered Site Program	<b>(\$101,512)</b>	
Employer Assisted Housing	<b>(\$50,000)</b>	
HPI CLT Operating Grant 2012	\$0	Zeroed out this line item
Emergency Housing Assistance	<b>(\$10,000)</b>	
Housing Planner	\$0	Overspent line item
CPAH Affordable Rental Pilot Program	<b>(\$57,750)</b>	approved by HC 07-2012
<b>Total Pending Obligations</b>	<b>(\$219,262)</b>	

#### Net Balance (12-31-12)

**\$781,826**

Prior Month Balance (10-31-12)

\$767,495

*Month to Month Change*

\$14,331 *since 11-31-12*

## **MEMORANDUM**

Date: February 1, 2013

To: Housing Commissioners

From: Mary Cele Smith, Housing Planner

**RE: Request from Evergreen to Add Signatory**

Ms. Polly Kuehl, Senior Vice President, Evergreen Real Estate Services requested that the Housing Commission authorize a new signatory to replace Evergreen's former Chief Financial Officer Art Ostry on the Highland Park Bank accounts. The replacement would be the new Chief Financial Officer Thomas Koranda. The current Evergreen signatories are and will remain Paul Pfaff and Polly Kuehl. Highland Park Bank requested a resolution from the Housing Commission authorizing the addition of Mr. Koranda. Staff will forward the resolution under separate email after she receives the current format from the Bank and Corporation Council reviews it.

## Agenda Item 4

# MEMORANDUM

Date: November 28, 2012

To: Housing Commissioners

From: Mary Cele Smith, Housing Planner

### **RE: Consideration of Revisions to Inclusionary Housing Ordinance**

The need to revise the Inclusionary Housing Ordinance emerged from the discussions regarding the recommendations for a Condominium Conversion Ordinance. The revisions now under discussion fall into the following categories:

- Reducing the affordable unit percentage to ten percent for condominium conversions with no more than nineteen units. The rationale is the recognition that in a simple conversion, a developer would not be able to avail themselves of the density bonus. Previous Commission discussion included the suggestion to apply this reduced standard to rental projects and possibly new condo developments as well. It is not clear, however, that it is any more difficult for new multifamily projects to obtain the density bonus compared to single family developments.
- Permitting developers of condo conversions to pay the fee-in-lieu. Again, the previous discussions included the idea of permitting this for rental projects and perhaps new condo developments. The argument against extending the fee in lieu to all covered multifamily developments under twenty units is that it is contrary to the “intent and preference of this Article ...for the provision of permanently affordable housing units constructed on-site and privately produced, owned, and managed.” (Section 150.2100 Policy, page 2)
- Establishing additional provisions for quality assurance for the affordable housing units:
  - **Energy-efficiency audits.** One of the questions that emerged from the discussion was who should pay for these: should the developer be expected to bear the cost or should the Housing Commission provide the funds?
  - **Developer warranties** for major mechanical systems and appliances for 1 year from the transfer of title.
  - **Escrow** of one percent of the sales price of each affordable housing unit to cover warranties.
  - **Building inspections** to insure that the affordable housing units meet City Code and the requirements of the Inclusionary Housing Ordinance.

One question I have about these requirements, if recommended, is whether they should apply only to the initial sale. City policy is that there are no required building inspections for the resale of existing market-rate housing.

Attached is a red-lined copy of the Inclusionary Housing Ordinance incorporating these draft revisions along with staff comments and questions.

ARTICLE XXI. INCLUSIONARY HOUSING

SECTION

150.2100	Policy
150.2101	Covered Development Projects
150.2102	Percentage of Affordable Housing Units Required <u>(with amendments)</u>
150.2103	Application and Inclusionary Housing Plan
150.2104	Development Agreement and Other Documents <u>(with amendments)</u>
150.2105	Development Cost Off-Sets
150.2106	Density Bonuses
150.2107	Integration of Affordable Housing Units
<del>XXXX</del>	<del>Quality Assurance for Affordable Housing Units</del>
150.2108	Alternative to On-Site Affordable Housing Units
150.2109	Target Income Levels for Affordable Housing Units
150.2110	Eligibility of Households
150.2111	Marketing of the Affordable Housing Units
150.2112	Period of Affordability
150.2113	Affordability Controls
150.2114	Departures from Requirements
150.2115	Administrative Guidelines

Sec. 150.2100 Policy.

The purpose of this Article is to promote the public health, safety, and welfare by promoting housing of high quality located in neighborhoods throughout the community for households of all income levels, ages and sizes in order to meet the City's goal of preserving and promoting a culturally and economically diverse population in the City. Based upon the review and consideration of reports and analyses of the housing situation in the City, it is apparent that the diversity of the City's housing stock has declined as a result of increasing property values and housing costs and a reduction in the availability of affordable housing; that demolition of certain existing dwellings has led to a reduction in the diversity of the City's housing stock and affordable housing opportunities, and that subsequent redevelopment has in many cases contributed to property value increases that further the difficulty of providing affordable housing in the City; and that, with the exception of housing developed in partnership with the City or its Housing Commission, the privately developed new residential housing that is being built in the City generally is not affordable to low- and moderate-income households. The City recognizes the need to provide affordable housing to low- and moderate-income households in order to maintain a diverse population and to provide housing for those who live or work in the City. Without intervention, the trend toward increasing housing prices will result in an inadequate supply of affordable housing for City residents and local employees, which will have a negative impact upon the ability of local employers to maintain an adequate local work force and will otherwise be detrimental to the public health, safety, and welfare of the City and its residents. Since the remaining land appropriate for new residential development within the City is limited, it is essential that a reasonable proportion of such land be developed into housing units affordable to low- and moderate-income households and working families.

While this Article provides specific alternatives to the production of on-site affordable housing units, the intent and preference of this Article is for the provision of permanently affordable housing units constructed on-site and privately produced, owned, and managed.

The provisions of this Article may be supplemented by a set of Administrative Guidelines adopted pursuant to Section 150.2115 of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Sec. 150.2101 Covered Development Projects.

(A) General. The provisions of this Article shall apply to all developments that result in or contain five or more residential dwelling units. The types of development subject to the provisions of this Article include, but are not limited to, the following:

(1) A development that is new residential construction or new mixed-use construction with a residential component.

(2) A development that is the renovation or reconstruction of an existing multiple family residential structure that increases the number of residential units from the number of units in the original structure.

(3) A development that will change the use of an existing building from non-residential to residential or that will change the type of residential use. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(4) A development that includes the conversion of rental property to private ownership of individual housing units. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) Development on Multiple Parcels. For purposes of this Article, a development that occurs on adjacent parcels under common ownership shall be considered one development. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Sec. 150.2102 Percentage of Affordable Housing Units Required.

(A) General Requirement. Except as otherwise specifically provided in Subsection (C) below and Section 150.2108 of this Article and in developments that include the conversion of rental property to private ownership of individual housing units, 20 percent of the total number of residential units within any covered development shall be affordable housing units and shall be located on the site of the covered development. For developments that include the conversion of rental property to private ownership of individual housing units and that have no more than nineteen units, 10 percent of the total number of residential units shall be affordable housing units and shall be located on the site of the covered development. [Question: does the Housing Commission wish to add rental developments or new condo projects to this exception? It should be noted that new developments might be better able to incorporate density bonuses available as mitigation for the provision of affordable units.]

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(B) Calculation. To calculate the number of affordable housing units required in a covered development, the total number of proposed units shall be multiplied by ~~20~~ 20 percent with the exception of a development that includes the conversion of rental property to private ownership with no more than nineteen units. For this exception, the total number of proposed shall be multiplied by 10 percent. If the product includes a fraction, a fraction of .5 or more shall be rounded up, and a fraction of less than .5 shall be rounded down.

(C) Cash Payment In-Lieu of Housing Units.

(1) General Applicability. The applicant may make a cash payment in lieu of constructing some or all of the required affordable housing units if; ~~and only if,~~ the covered development ~~is a single family detached development that~~ has no more than nineteen units. [Note: This language assumes that permitting the fee-in-lieu would apply to rental projects and new condos as well as condo conversions. Staff realizes that this remains a matter for discussion.]

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(2) Amount and Use of Cash in Lieu. The per unit payment amount shall be determined by the City Council and set forth in the City's annual fee resolution. The per unit amount shall be based on an estimate of the cost of providing an affordable housing unit and shall be reviewed and modified periodically by the City Council. All cash payments received pursuant to this Article shall be deposited directly into the Affordable Housing Trust Fund for purposes authorized under Section 33.1133 of this Code. [Note: there was some discussion about setting a lower cash in lieu for condo conversions and rental developments. If that is the Commission's recommendation, it will require some thought regarding how to do this. Simply applying a percent (such as 75 or 50) to lower the fee could result in very low cash payments that are not reflective of market conditions if the City Council were to lower the cash in lieu payment overall. Moreover, if the payment in lieu is calculated on 10% of the units in condo conversions with fewer than nineteen units, this may be a sufficient reduction.]

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(3) Calculation. For purposes of determining the total in lieu payment amount, the per unit amount established by the City pursuant to Paragraph (C)(2) of this Section shall be multiplied by 20 percent of the number of units proposed in the covered development. For purposes of such calculation, if 20 percent of the number of proposed units results in a fraction, the fraction shall not be rounded up or down. If the cash payment is in lieu of providing one or more but not all of the required units, the calculation shall be prorated as appropriate. [Question: does the Commission wish to change the cash payment in lieu formula for condo conversions and rental developments (and possibly new condo developments) to 10%, mirroring the ten percent unit obligation for developments that have no more than nineteen units?]

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Sec. 150.2103 Application and Inclusionary Housing Plan.

(A) Application. For all covered development projects, the Applicant shall file an application for approval thereof on a form provided and required by the City. The application shall require, and the Applicant shall provide, among other things, general information about the nature and scope of the covered development, as well

as such other documents and information as the Director of the City's Department of Community Development, or his or her designee ("**Director**"), may require. The Director shall also have the authority to require, as part of the application submittal, such portions of the inclusionary housing plan required under Subsection (B) of this Section as the Director shall deem necessary to properly evaluate the proposed covered development under the requirements and provisions of this Article.

(B) Inclusionary Housing Plan. As part of the approval of a covered development project, the Applicant shall present to the Housing Commission and the City Council an inclusionary housing plan that outlines and specifies the covered development's compliance with each of the applicable requirements of this Article, in accordance with the following: **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(1) Required Submittals for Inclusionary Housing Plan. The plan shall specifically contain, at a minimum, the following information regarding the covered development project;

(a) Preliminary Plan.

(i) A general description of the development, including whether the development will contain rental units or individually owned units, or both;

(ii) The total number of market rate units and affordable units in the development;

(iii) The total number of attached and detached residential units; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(iv) The number of bedrooms in each market rate unit and each affordable unit;

(v) The square footage of each market rate unit and each affordable unit;

(vi) The location within any multiple-family residential structure and any single-family residential development of each market rate unit and each affordable unit.

(vii) Floor plans for each affordable unit; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(viii) The amenities that will be provided to and within each market rate unit and affordable unit; and **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(ix) The pricing for each market rate unit and each affordable housing unit.

(b) Final Plan.

(i) All of the information required for the preliminary Inclusionary Housing Plan pursuant to Section 150.2103(B)(1)(a) of this Article; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(ii) The phasing and construction schedule for each market rate unit and each affordable unit;

(iii) Documentation and plans regarding the exterior and interior appearances, materials, and finishes of the development and each of its individual units;

(iv) A description of the marketing plan that the applicant proposes to utilize and implement to promote the sale or rental of the affordable units within the development; and

(v) A description of the specific efforts that the applicant will undertake to provide affordable housing units to households pursuant to the priorities set forth in Section 150.2110 of this Article.

(2) Review Procedure.

(a) Preliminary Plan.

(i) Housing Commission Review. Within 60 days after the filing of a complete preliminary Inclusionary Housing Plan, the Housing Commission shall review the Inclusionary Housing Plan, and shall recommend either the approval (with or without modifications) or the rejection of the Inclusionary Housing Plan. The Housing Commission shall transmit its findings of fact and recommendation to the City Council. The failure of the Housing Commission to provide a recommendation within such 60 day period, or such further time to which the applicant may, in writing, agree, shall be deemed a recommendation against the approval of the Inclusionary Housing Plan. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(ii) City Council Consideration.

(A) Upon receipt of the Housing Commission recommendation pursuant to Section 150.2103(B)(2)(a)(i) of this Article, the City Council may, by resolution duly adopted, approve or reject the Preliminary Inclusionary Housing Plan. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) Approval of the preliminary Inclusionary Housing Plan by the City Council shall neither: (1) be deemed or interpreted as obligating the City Council to approve a final Inclusionary Housing Plan; nor (2) vest any right to the applicant other than the right to submit a final Inclusionary Housing Plan for the proposed Covered Development Project. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(b) Final Plan.

(i) Housing Commission Review. Within 60 days after the filing of a complete final Inclusionary Housing Plan, the Housing Commission shall review the Inclusionary Housing Plan, and shall recommend either the approval (with or without modifications) or the rejection of the Inclusionary Housing Plan. The Housing Commission shall transmit its findings of fact and recommendation to the City Council. The failure of the Housing Commission to provide a recommendation within such 60 day period, or such further time to which the applicant may, in writing, agree, shall be deemed a recommendation against the approval of the Inclusionary Housing Plan. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(ii) City Council Consideration. Upon receipt of the Housing Commission recommendation pursuant to Section 150.2103(B)(2)(b)(i) of this Article, the City Council may, by ordinance duly adopted, approve or reject the Inclusionary Housing Plan. Any ordinance approving a final Inclusionary Housing Plan shall include, without limitation, the following: **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(A) All standards, conditions, or restrictions deemed necessary or applicable by the City Council to effectuate the proposed development and protect the public interest, health, safety and welfare; and **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) A provision requiring the execution and recordation by the applicant of a development agreement, as required pursuant to Section 150.2104 of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(c) Concurrent Review of Preliminary and Final Plans. Notwithstanding any provision of this Article to the contrary, the Housing Commission and City Council shall review the preliminary and final Inclusionary Housing Plans concurrently for all Covered Development Projects that are not Planned Developments, pursuant to the final Inclusionary Housing Plan review procedure set forth in Section 150.2103(B)(2)(b) of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(3) Standards of Review. The Housing Commission shall not recommend the approval of a preliminary or final Inclusionary Housing Plan, and the City Council shall not approve a preliminary or final Inclusionary Housing Plan, except upon making the following findings: **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(a) That the applicant has demonstrated that the proposed affordable housing units are designed to accommodate the needs of the target households; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(b) That the location, floor plan, fixtures and finishes, and amenities of each proposed affordable housing unit satisfy the applicable provisions of this Article and are suitable for the needs of the target households; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(c) That each affordable housing unit is designed to accommodate family living needs for common space and dining areas; and **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(d) That the proposed affordable housing units, and the development as a whole, conform to the applicable standards and requirements of this Chapter. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

**Sec. 150.2104 Development Agreement and Other Documents.**

Prior to issuance of a building permit for any covered development, the applicant shall have entered into a development agreement with the City regarding the specific requirements and restrictions regarding affordable housing and the covered development. The applicant shall execute any and all documents deemed necessary by the City, including without limitation, restrictive covenants and other related instruments, to ensure the continued affordability of the affordable housing units in accordance with this Article. The development agreement shall set forth the commitments and obligations of the City and the applicant and shall incorporate,

among other things, the inclusionary housing plan and quality assurance requirements. The development agreement shall also contain the agreements and decisions regarding the applicability of any one or more of the alternatives to the provision of on-site affordable housing units as set forth in Section 150.2108 of this Article.

Sec. 150.2105 Development Cost Off-Sets.

An applicant that fully complies with the requirements of this Article shall, upon written request, receive from the City, with regard to the affordable housing units in the covered development, a waiver of all of the otherwise applicable application fees, building permit fees, plan review fees, inspection fees, sewer and water tap-on fees, demolition permit fees, the demolition tax, and such other development fees and costs which may be imposed by the City; provided, however, that this waiver shall not apply to third-party legal, engineering, and other consulting or administrative fees, costs, and expenses incurred or accrued by the City in connection with the review and processing of plans for the covered development. The waiver of fees and costs under this Section shall only apply to the affordable units. All applicable fees and costs under this Code shall apply to all market rate units. To the extent that there are impact fees attributable to the affordable housing units, those impact fees shall be paid from funds in the Affordable Housing Trust Fund. (Ord. 45-07, J. 33, p. 251-253, passed 6/11/07)

Sec. 150.2106 Density Bonuses.

(A) Bonus Units for Affordable Housing Provided. For all covered developments under this Article, a density bonus shall be provided equal to one market rate unit for each affordable housing unit that is required and provided under this Article. The density bonus set forth in this Section 150.2106(A) shall be provided regardless of whether the affordable housing unit or units are provided on-site pursuant to Section 150.2102 of this Article, or off-site pursuant to Section 150.2108(B)(3) of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) PUD Discretionary Bonus. If an applicant is required or chooses to utilize the Planned Unit Development process as outlined in Article V of this Chapter and provides affordable housing units on the site of the covered development in accordance with this Article, then the applicant may, as part of the Planned Unit Development process, seek a density bonus in addition to the density bonus authorized under Subsection (A) of this Section. The additional density bonus under this Subsection may be authorized up to 0.5 market rate units for each affordable housing unit required under this Article that is provided within the Development, but only upon the recommendation of the Plan Commission and the approval of the City Council, in accordance with and pursuant to the standards and procedures for Planned Developments, as set forth in Article V of this Chapter. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(C) No Density Bonuses with Payment of Fee-In-Lieu. No density bonus shall be provided pursuant to this Section 150.2106 for any development for which a cash payment in lieu of construction of the required affordable units is made pursuant to Section 150.2103 of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Sec. 150.2107 Integration of Affordable Housing Units.

(A) Location of Affordable Housing Units. Affordable housing units shall be dispersed among the market rate units throughout the covered development.

(B) Phasing of Construction. The inclusionary housing plan and the development agreement shall include a phasing plan that provides for the timely and integrated development of the affordable housing units as the covered development project is built out. The phasing plan shall provide for the development of the affordable housing units concurrently with the market rate units. Building permits shall be issued for the covered development project based upon the phasing plan. The phasing plan may be adjusted by the Director when necessary in order to account for the different financing and funding environments, economies of scale, and infrastructure needs applicable to development of the market rate and the affordable housing units. The phasing plan shall also provide that the affordable housing units shall not be the last units to be built in any covered development.

(C) Exterior Appearance. The exterior appearance of the affordable housing units in any covered development shall be visually compatible with the market rate units in the development. External building materials and finishes shall be substantially the same in type and quality for affordable housing units as for market rate units.

(D) Unit Amenities: Amenities that are provided with a market rate unit shall also be provided, with the affordable units. For purposes of this Subsection (D), “amenities” shall include, without limitation, basements, front porches, storage lockers, balconies, roof decks, outdoor patios, off-street parking, enclosed parking, appliances, and similar unit features and additions. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(E) Interior Appearance and Finishes. Affordable housing units may differ from market rate units with regard to interior finishes and gross floor area, provided that:

(1) The bedroom mix of affordable units shall be in equal proportion to the bedroom mix of the market rate units.

(2) The differences between the affordable housing units and the market rate units shall not include improvements related to energy efficiency, including mechanical equipment and plumbing, insulation, windows, and heating and cooling systems.

(3) The interior gross floor area for the affordable housing units shall be no less than the lesser of (a) 75 percent of the gross floor area of market rate units with a comparable number of bedrooms, or (b) the minimum size requirements outlined in the table below; provided, however, that interior gross floor area shall not include areas devoted to vertical circulation, basements, off-street parking, lockers and similar storage areas, and mechanical rooms. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Number of Bedrooms	Unit Type	
	Single Story Dwelling Units	Multi-Story Dwelling Units
Studio	450 square feet	--
1	750 square feet	--
2	950 square feet	1,000 square feet
3	1,175 square feet	1,350 square feet
4	1,350 square feet	1,600 square feet

(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)

Sec. XXXX Quality Assurance for Affordable Housing Units

(A) Energy-efficiency Audit of Affordable Housing Units. Prior to issuance of a certificate of occupancy, an energy-efficiency audit must be conducted for the affordable housing units, and any defect identified in the audit must be corrected. The cost for the energy –efficiency audit by a licensed or certified auditor shall be paid from funds in the Affordable Housing Trust Fund. [Note: staff recalls this suggestion from previous Meeting, so placed here for additional discussion.] Correction of any defect identified in the energy-efficiency audit is the responsibility of the seller. The seller shall submit proof of remediating any defects to the Director of Community Development or their designee [or to the Building Department?].

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(B) Inspection of Affordable Housing Units. Prior to issuance of a certificate of occupancy, the Building Department will inspect all affordable housing units to insure compliance with City Code and compliance with Section 150.2107.

(C) Warranties for Affordable Housing Units. The seller must provide a warranty for major mechanical systems and appliances for one year from the date of transfer of title.

(D) Escrow. The seller must provide an escrow of one percent of the sales price of each affordable housing unit sold in order to insure payment of the warranties.

[Question: Should these requirements only apply to the initial sale?]

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Sec. 150.2108 Alternatives to On-Site Affordable Housing Units.

(A) Applicability. In lieu of the provision of affordable housing on the site of the covered development as otherwise required by Section 150.2102 of this Article, the City Council, following consideration by and a recommendation from the Housing Commission, may approve one or more of the three alternatives for affordable housing as set forth in Subsection B of this Section. Utilization and the requirements of the provisions of this Section shall be specifically set forth in the affordable housing development agreement for the covered development. This Section shall not be utilized unless the applicant demonstrates to the satisfaction of

the City Council that the alternate means of compliance will further affordable housing opportunities in the City to an equal or greater extent than compliance with the otherwise applicable on site requirements of this Article.

(B) Available Alternatives. Any one or more of the following affordable housing alternatives may be utilized in lieu of all or part of the otherwise applicable on site requirements set forth in Section 150.2102 of this Article: **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(1) A cash payment to be deposited directly into the Affordable Housing Trust Fund for purposes authorized under Section 33.1133 of this Code in an amount not less than the per unit payment established pursuant to Section 150.2102(C)(2) of this Article; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(2) A dedication of land to the Highland Park Housing Commission or the Commission's not-for-profit designee; or

(3) The provision of affordable housing units at another site within the City.

Sec. 150.2109 Target Income Levels for Affordable Housing Units.

(A) For-Sale Affordable Housing Units. In covered development projects that contain for-sale units, at least one affordable housing unit and no less than 50 percent of the affordable housing units shall be sold to low-income households at a price, as determined pursuant to Subsection (C) of this Section, that, on average, is affordable to a household with an annual income that is 65 percent of area median income. Any remaining affordable units shall be sold to moderate-income households at a price, as determined pursuant to Subsection (C) of this Section, that, on average, is affordable to a household with an annual income that is 100 percent of area median income. The owner shall execute and record any documents required by Section 150.2104 of this Article to ensure compliance with this Subsection.

(B) Rental of Affordable Housing Units. In covered development projects that contain rental units: (i) no less than 33 percent of the affordable housing units shall be rented or leased to households with gross incomes from zero percent to 50 percent of the Chicago area median income at a price, as determined pursuant to Subsection (C) of this Section, that, on average, is affordable to a household with an annual income that is 45 percent of area median income; (ii) no less than 33 percent of the affordable housing units shall be rented or leased to households with gross incomes between 51 percent and 80 percent of the Chicago area median income at a price, as determined pursuant to Subsection (C) of this Section, that, on average, is affordable to a household with an annual income that is 65 percent of area median income; and (iii) no more than 33 percent of the affordable housing units shall be rented or leased to households with gross incomes between 81 percent and 120 percent of the Chicago area median income at a price, as determined pursuant to Subsection (C) of this Section, that, on average, is affordable to a household with an annual income that is 100 percent of area median income. If fewer than three affordable units will be provided, such units shall be rented or leased to low-income households at a price, as determined pursuant to Subsection (C) of this Section, that

does not exceed what is affordable to a household with an annual income that is 65 percent of area median income.

(C) Pricing Schedule. The City, through the Director of Community Development, shall publish a pricing schedule of rental and sales prices for affordable housing units (“Pricing Schedule”), which Pricing Schedule shall be updated at least once every 12 months. The Director of Community Development may, in his or her discretion, include the Pricing Schedule within administrative guidelines adopted pursuant to Section 150.2115 of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Sec. 150.2110 Eligibility of Households.

(A) For-Sale Affordable Housing Units. Only eligible households shall be permitted to purchase an affordable housing unit for purposes of this Article. Priority will be given first to households who live in Highland Park or households in which the head of the household or the spouse or domestic partner works in Highland Park as part of employment by the City of Highland Park, the Highland Park Library District, the Park District of Highland Park, the Lake County Forest Preserve District, the County of Lake, Moraine Township, West Deerfield Township, School Districts 112 or 113, the Northern Suburban Special Education District, the North Shore Sanitary District, or the South Lake County Mosquito Abatement District, and then to households in which the head of the household or the spouse or domestic partner works in Highland Park for any other employer. At the applicant’s request, the City or its not-for-profit designee shall select eligible households for the affordable housing units at an additional charge to the applicant at an amount to be determined by the City. If, during possession, the gross income of the eligible household increases above the eligible income levels, set forth in Section 150.2109 of this Article, the eligible household may continue to own the affordable housing unit. The owner shall execute and record any documents required by Section 150.2104 of this Article to ensure compliance with this Subsection. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) Rental Affordable Housing Units. Only eligible households shall be permitted to rent an affordable housing unit for purpose of this Article. Priority will be given first to households who live in Highland Park or households in which the head of the household or the spouse or domestic partner works in Highland Park as part of employment by the City of Highland Park, the Highland Park Library District, the Park District of Highland Park, the Lake County Forest Preserve District, the County of Lake, Moraine Township, West Deerfield Township, School Districts 112 or 113, the Northern Suburban Special Education District, or the South Lake County Mosquito Abatement District, and then to households in which the head of the household or the spouse or domestic partner works in Highland Park for any other employer. At the applicant’s request, the City or its not-for-profit designee shall select eligible households for the affordable housing units at an additional charge to the applicant at an amount to be determined by the City. If, during possession, the gross income of the eligible household increases above the eligible income levels, set forth in Section 150.2109 of this Article, the eligible household may continue to lease the unit and may renew the lease as well. The owner shall execute and record any documents required by Section 150.2104 of this

Article to ensure compliance with this Subsection. (Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)

Sec. 150.2111 Marketing of the Affordable Housing Units.

(A) Good Faith Marketing Required. All sellers and lessors of affordable units are responsible for marketing the affordable units, and shall engage in good faith marketing efforts to inform members of the public who are qualified to purchase or rent affordable units of the availability of such units for sale or rent. Prior to the initiation of public marketing efforts to sell or lease an affordable housing unit, the seller or lessor thereof shall submit to the Director of Community Development a description of the marketing plan that the applicant proposes to utilize and implement to promote the sale or rental of the affordable units within the development to the appropriate income groups. (Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)

(B) City Assistance with Marketing. At the applicant's request, the City or its designee shall assist the applicant in marketing the affordable housing units to eligible households, for an additional charge to be determined by the City. (Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)

Sec. 150.2112 Period of Affordability.

(A) Sale of Affordable Housing Units. In covered developments that contain for-sale units, affordable housing units shall be resold to low and moderate income households in perpetuity or as long as permissible by law. The owner shall execute and record any documents required by Section 150.2104 of this Article to ensure compliance with this Subsection.

(B) Rental of Affordable Housing Units. In developments that contain rental units, affordable housing units shall be rented to low and moderate income households in accordance with Section 150.2110 of this Article for 25 years from the date of the issuance of the certificate of occupancy for the respective unit. The owner shall execute and record any documents required by Section 150.2104 of this Article to ensure compliance with this Subsection.

(1) In the event that the owner of a covered rental development sells the development before the end of the 25-year affordability period, the new owner shall be required to continue to provide the affordable housing units in accordance with Section 150.2110 of this Article for the remainder of the 25-year period.

(2) If the owner of a covered rental development converts the development to condominiums or other form of individual unit ownership, the development shall be subject to the for-sale development requirements set forth in Subsection 150.2109(A) of this Article. (Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)

(3) The Housing Commission or its designee shall have the right, but not the obligation, to purchase any for-sale affordable housing units in the development pursuant to Section 150.2113 of this Article.

Sec. 150.2113 Affordability Controls.

(A) For-Sale Affordable Housing Units.

(1) Housing Commission Purchases. The Housing Commission, or a not-for-profit agency designated by the Housing Commission, shall have the pre-emptive option and right, but not an obligation, to purchase each of the for-sale affordable housing units prior to any sale of any such unit. If the City, or the designated not-for-profit, exercises the option and purchases the affordable housing unit, the affordable housing unit shall be subject to such documents deemed necessary by the City, including, without limitation, restrictive covenants and other related instruments, to ensure the continued affordability of the affordable housing units in accordance with this Article. Such documentation shall include the provisions of this Article and shall provide, at a minimum, each of the following: **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(a) The calculated maximum resale price is an upper limit, but shall not be construed as a guarantee that the unit will be resold at that price. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(b) Market conditions, and characteristics of the affordable housing unit, may result in the sale of an affordable housing unit at a price lower than the calculated maximum resale price. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(2) Private Party Purchases. In all other sales of for-sale affordable housing units, the parties to the transaction shall execute and record such documentation as required by Section 150.2104 of this Article to ensure the provision and continuous maintenance of the affordable housing units. Such documentation shall include the provisions of this Article and shall provide, at a minimum, each of the following:

(a) The affordable housing unit shall be sold to and occupied by an eligible household.

(b) The affordable housing unit shall be conveyed subject to restrictions that shall permanently maintain the affordability of such affordable housing units for eligible households.

(c) Preference for the affordable housing units shall be given to eligible households pursuant to the priorities set forth in Section 150.2110 of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(d) The calculated maximum resale price is an upper limit, but shall not be construed as a guarantee that the unit will be resold at that price. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(e) Market conditions, and characteristics of the affordable housing unit, may result in the sale of an affordable housing unit at a price lower

than the calculated maximum resale price. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) Rental Affordable Housing Units. For covered rental developments that contain affordable housing units, the owner of the development shall execute and record such documentation as required by Section 150.2104 of this Article to ensure the provision and continuous maintenance of the affordable housing units. Such documentation shall include the provisions of this Article and shall provide, at a minimum, each of the following:

(1) The affordable housing units must be leased and occupied by eligible households.

(2) The affordable housing units must be leased at rent levels affordable to eligible households for a period of 25 years from the date of the initial certificate of occupancy.

(3) Preference for the affordable housing units shall be given to eligible households pursuant to the priorities set forth in Section 150.2110 of this Article.

(4) The calculated maximum rental price is an upper limit, but shall not be construed as a guarantee that the unit will be rented at that price. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(5) Market conditions, and characteristics of the affordable housing unit, may result in the rental of an affordable housing unit at a price lower than the calculated maximum rental price. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(C) Subleasing Prohibited. Subleasing of affordable units shall not be permitted without the express written consent of the Director. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Section 150.2114 Departures from Requirements.

The Housing Commission may recommend, and the City Council may approve, departures from any of the standards set forth in this Article, upon making each of the following findings: **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(A) Due to specific and unique circumstances, undue hardship would be caused by the literal enforcement of the standards and requirements set forth in this Article; **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(B) By virtue of excellence in design, the proposed departure from the standards does not result in a diminished or lower quality affordable dwelling unit, but provides a functionally equivalent dwelling unit; and **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(C) The proposed affordable housing units otherwise meet the purpose and intent of this Article. **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

Section 150.2115 Administrative Guidelines.

The City Director of Community Development shall have the right, but not the obligation, to adopt, and to amend from time to time, administrative guidelines to assist in the effective implementation of this Article by participants in the Inclusionary Housing Program; provided, however, that any administrative guidelines adopted or amended pursuant to this Section 150.2115 shall not be inconsistent with this Article, and that in the event of a conflict between the administrative guidelines and this Article, this Article shall control **(Ord. 16-09, J. 35, p. 32-48, passed 2/9/09)**

(Article 21 added by Ord. 52-03, J. 29, p. 174-185, passed 8/25/03)

## Agenda Item 5



# Memorandum

To: Housing Commission  
From: Mary Cele Smith, Housing Planner  
Date: January 1, 2013  
Re: **Consideration of a Recommendation to City Council regarding draft Illinois Legislation for Permissive Authority for a Lake County Affordable Housing Trust Fund**

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### Summary

Last March, the Housing Commission made a recommendation to City Council to support draft Illinois enabling legislation for a Lake County Affordable Housing Trust Fund (HTF). The City Council adopted the recommendation, and Mayor Rotering sent a letter of support. The City Council's support also enabled the Housing Commission to express support directly for the legislation.

While there is no legislation pending at present, in the interest of positioning the Housing Commission to take action when needed, staff is submitting this to you now for consideration. The County Board once again adopted an HTF as one of three top legislative priorities. Supporters anticipate that the bill will be identical to last year's with the same lead sponsors (Representative Osmond, the senior Republican on the County's state legislative delegation in the House, and Senator Link, the senior Democrat in the Senate).

### Background

#### **The Problem:**

*Financially-strapped families, deteriorating neighborhoods, and inadequate resources*

- Lake County families and individuals of low and moderate incomes are struggling to afford safe and decent housing, with 2 out of 5 households paying more than the federally-recommended 30% of their income towards housing costs.<sup>1</sup>
- The foreclosure crisis is devastating families and de-stabilizing communities. In 2011 there were nearly 6,000 foreclosure filings in Lake County.<sup>2</sup> A recent GAO report

<sup>1</sup> U.S. Census Bureau, 2006-2010 American Community Survey (ACS).

<sup>2</sup> Woodstock Institute, *2<sup>nd</sup> Half 2011 Foreclosure Filings and Auctions*.

found that one foreclosed, demolished vacant property decreased the value of the surrounding 13 homes by an average of \$17,000 per property.<sup>3</sup>

- Applications for funding in Lake County far exceed the resources available. Demonstration of a local funding commitment is key to leveraging federal and state dollars, and nearly all housing projects require multiple funding sources.
- State and federal resources for affordable housing often come with “one-size-fits-all” strings attached that do not address the unique needs of suburban and rural communities.

### **The Solution:**

#### **A Lake County Trust Fund:**

- By establishing its own affordable housing trust fund with a dedicated revenue source, the County Board can create its own priorities and rules to ensure that funds are used to address **Lake County’s most important housing needs** – e.g., workforce housing near jobs or transit centers, acquisition and rehab of vacant or foreclosed properties, new construction on vacant land, down-payment assistance to put more people in housing, production of rental housing, etc.
- A Lake County Trust Fund would be funded by a \$5 recording fee on real estate related documents. To impose such a fee, the County needs the permission of the state legislature.
- The Lake County Recorder’s Office estimated that based on the number of filings in 2011 revenue collected from such fee would generate more than \$600,000 per year for the trust fund. **All of the funds will remain in the county.**
- **Nationally, every dollar invested in affordable housing by a county trust fund leverages an average of \$10.46 in other public and private resources.** At that rate, a county investment of \$600,000 a year would translate into infusion of more than \$60 million over 10 years in the County’s real estate market.

### **Recommendation**

Staff requests that the Housing Commission consider whether to make a recommendation to City Council to support the legislation providing permissive authority for a Lake County Affordable Housing Trust Fund and to take action when necessary to communicate that support to county and state officials.

<sup>3</sup> Government Accounting Office, *Vacant Properties: Growing Number Increases Communities’ Costs and Challenges*, Nov. 2011.

## **Agenda Item 7**

### **MEMORANDUM**

Date: February 1, 2013

To: Housing Commissioners

From: Mary Cele Smith, Housing Planner

#### **RE: Lake County Strategic Plan Community Forums**

Staff received the attached announcement from Lake County regarding the 2013 Strategic Plan Forums. The County last conducted similar forums in 2008. The input the County received helped lay the groundwork for the inclusion of affordable housing in the County's Strategic Plan, incorporating the creation of an affordable housing trust fund as a specific strategy. While there was no formal case made by anyone for affordable housing and no one speaking on behalf any organization, the County Housing Action Coalition encouraged members to attend and contribute their perspectives. As you will see, the county is holding 5 forums. Unfortunately, the closest one is on the day of the next Housing Commission Meeting.

## 2013 STRATEGIC PLAN COMMUNITY FORUMS



### Provide Input at Community Forums and Help Shape Lake County's Future

Share your thoughts on ...TRANSPORTATION...ECONOMIC DEVELOPMENT... SUSTAINABILITY...PUBLIC SAFETY.

The Lake County Board wants to know what's important to you so our strategic plan represents the community's priorities. Lake County is holding **five community forums** to engage in meaningful dialogue with residents and stakeholders. You can help shape important policy and budget decisions, and influence where the County will focus its resources. The Lake County Board will thoughtfully consider this input as it develops its long-term strategic plan. You have a voice in this process!

#### 6 - 7 p.m. Open House

Visit informational displays, ask questions, and learn about County services and programs.

#### 7 p.m. Community Forum

Share your input and participate

**L**ISTEN TO CITIZENS  
**A**SSESS AND IDENTIFY PRIORITIES  
**K**EEP IMPROVING SERVICES  
**E**VALUATE RESULTS

in interactive exercises.

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## Community Forum Dates

### **Wednesday, Feb. 27**

Lake County Permit Facility

500 W. Winchester Road, Libertyville

### **Tuesday, March 5**

Antioch Township Multi-Purpose Building

1625 Deep Lake Road, Lake Villa

### **Wednesday, March 6**

Trinity International University - Melton Hall (Waybright Center)

2065 Half Day Rd, Deerfield

### **Tuesday, March 12**

Lake County Health Department

3010 Grand Avenue, Waukegan

### **Wednesday, March 13**

Lakewood Forest Preserve

27277 N. Forest Preserve Rd Wauconda

(IL Route 176 & N. Fairfield Rd)

# FRANK B. PEERS HOUSING

## Balance Sheet

Month Ending 12/31/12

### ASSETS

#### Current Assets

1110-0000 - Petty Cash	300.00
1121-0000 - Cash - Operating	15,516.56
1130-0000 - Tenant/member accounts receivable	845.00
1131-0000 - Accounts receivable - subsidy	54,629.00
1240-0000 - Prepaid property and liability insurance	12,219.66
Total Current Assets	<u>83,510.22</u>

#### Other Assets

1290-0000 - Misc Prepaid Expenses	335.40
1192-0000 - Tenant Sec Dep	20,827.61
1310-0000 - Real estate tax escrow	100,367.29
1311-0000 - Insurance escrow	17,902.95
1330-0000 - Debt Service Escrow	138,749.66
1140-0000 - Accounts Receivable - Other	3,284.36
1320 - Replacement Reserve	139,902.83
1340 - Residual Receipt	31,874.69
Total Other Assets	<u>453,244.79</u>

#### Fixed Assets

1420-0000 - Building	1,848,860.15
1430-0000 - Land Improvements	1,619,406.39
1450-0000 - Furniture for project/tenant use	497,004.28
1497-0000 - Site improvements	172,218.77
4120-0000 - Accum depr - buildings	(2,989,647.56)
1498-0000 - Current F/A	126,905.93
Total Fixed Assets	<u>1,274,747.96</u>

#### Financing Costs

1900-0001 - Deferred Financing Costs	192,398.85
1999-0000 - Accum Amort - Bond Costs	(49,374.58)
Total Financing Costs	<u>143,024.27</u>

#### Partnership Assets

1701-0000 - Cash - Partnership	12,902.66
1702-0000 - Partnership MM	2,123,150.37
1703-0000 - Partnership Receivable	267,013.69
Total Partnership Assets	<u>2,403,066.72</u>

### Total Assets

**4,357,593.96**

# FRANK B. PEERS HOUSING

## Balance Sheet

Month Ending 12/31/12

### Liabilities & Equity

#### Current Liabilities

2110-0000 - Accounts payable	20,218.23
2113-0000 - Flex Benefit Payable	7.92
2120-0000 - Accrued wages and p/r taxes payable	3,206.52
2150-0000 - Accrued property taxes	94,140.00
2180-0000 - Misc current liabilities	16,041.29
Total Current Liabilities	<u>133,613.96</u>

#### Non-Current Liabilities

2190-0000 - Sec. Dep. In Transit	25.00
2191-0000 - Security deposits-residential	16,817.00
2191-0001 - Pet Deposit	895.00
2210-0000 - Prepaid Rent	21.00
2211-0000 - Prepaid HUD	35,959.00
2320-1000 - Mortgage payable - 2nd note	2,290,000.00
2320-0000 - Mortgage Payable (long term)	1,880,587.77
Total Non-Current Liabilities	<u>4,224,304.77</u>

#### Owner's Equity

3100-0000 - Limited Partners Equity	2,402,918.63
3209-0000 - Prior Year Retained Earnings	(2,601,328.52)
3210-0000 - Retained earnings	177,710.72
Current YTD Earnings	20,374.40
Total Owner's Equity	<u>(324.77)</u>

### Total Liability & Owner Equity

**4,357,593.96**

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

	Month Ending 12/31/12			Year To Date 12/31/12			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
<b>GROSS OPERATING INCOME</b>							
<b>RESIDENTIAL RENTAL INCOME</b>							
5120-0000 - Apartment rent	19,285.00	16,789.60	2,495.40	233,190.00	201,475.60	31,714.40	201,475.60
5121-0000 - Tenant assistant payments	64,663.00	67,158.40	(2,495.40)	774,186.00	805,900.80	(31,714.80)	805,900.80
5140-0000 - Commercial base rent	60.00	60.00	0.00	1,159.81	720.00	439.81	720.00
<b>TOTAL RESIDENTIAL RENTAL INCOME</b>	<b>84,008.00</b>	<b>84,008.00</b>	<b>0.00</b>	<b>1,008,535.81</b>	<b>1,008,096.40</b>	<b>439.41</b>	<b>1,008,096.40</b>
<b>VACANCIES &amp; ADJUSTMENTS</b>							
5220-0000 - Vacancy loss - apartments	(2,486.00)	(1,500.00)	(986.00)	(28,051.00)	(18,000.00)	(10,051.00)	(18,000.00)
5221-0000 - Non-Revenue Units	(1,243.00)	(1,243.00)	0.00	(14,916.00)	(14,916.00)	0.00	(14,916.00)
<b>TOTAL VACANCIES &amp; ADJUSTMENTS</b>	<b>(3,729.00)</b>	<b>(2,743.00)</b>	<b>(986.00)</b>	<b>(42,967.00)</b>	<b>(32,916.00)</b>	<b>(10,051.00)</b>	<b>(32,916.00)</b>
<b>OTHER INCOME</b>							
5910-0000 - Laundry income	0.00	212.00	(212.00)	1,962.75	2,500.00	(537.25)	2,500.00
5922-0000 - Late fees	0.00	15.00	(15.00)	49.00	180.00	(131.00)	180.00
5945-0000 - Damages	0.00	100.00	(100.00)	0.00	1,200.00	(1,200.00)	1,200.00
5990-0000 - Misc other income	532.00	51.00	481.00	668.08	1,050.40	(382.32)	1,050.40
5413-0000 - Interest income - escrow	0.00	20.00	(20.00)	3.29	50.39	(47.10)	50.39
<b>TOTAL OTHER INCOME</b>	<b>532.00</b>	<b>398.00</b>	<b>134.00</b>	<b>2,683.12</b>	<b>4,980.79</b>	<b>(2,297.67)</b>	<b>4,980.79</b>
<b>GROSS OPERATING INCOME</b>	<b>80,811.00</b>	<b>81,663.00</b>	<b>(852.00)</b>	<b>968,251.93</b>	<b>980,161.19</b>	<b>(11,909.26)</b>	<b>980,161.19</b>
<b>ADVERTISING &amp; RENTING EXPENSE</b>							
6213-0000 - Employee Recruitment	0.00	0.00	0.00	355.80	300.00	(55.80)	300.00
6253-0000 - Credit Report Fees	0.00	30.00	30.00	218.00	360.00	142.00	360.00
<b>TOTAL ADVERTISING &amp; RENTING EXPENSE</b>	<b>0.00</b>	<b>30.00</b>	<b>30.00</b>	<b>573.80</b>	<b>660.00</b>	<b>86.20</b>	<b>660.00</b>
<b>ADMINISTRATIVE EXPENSE</b>							
6311-0000 - Office supplies	402.14	247.00	(155.14)	2,611.14	2,964.00	352.86	2,964.00
6316-0000 - Office Equipment	205.07	300.00	94.93	3,624.04	3,600.00	(24.04)	3,600.00
6320-0000 - Management fee	3,844.55	4,150.00	305.45	47,922.43	49,800.00	1,877.57	49,800.00
6340-0000 - Legal Expense - Project	0.00	80.00	80.00	1,320.00	960.00	(360.00)	960.00
6350-0000 - Audit Expense	0.00	0.00	0.00	12,700.00	13,700.00	1,000.00	13,700.00
6360-0000 - Telephone	675.50	725.00	49.50	8,733.74	8,700.00	(33.74)	8,700.00
6360-0001 - Answering Service/ Pagers	121.61	61.00	(60.61)	667.14	732.00	64.86	732.00
6365-0000 - Training & Education Expense	2.40	110.00	107.60	108.00	1,320.00	1,212.00	1,320.00
6370-0000 - Bad debts	0.00	0.00	0.00	1,144.00	6,000.00	4,856.00	6,000.00
6371-0000 - Fees Dues & Contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6380-0000 - Consulting/study costs	3,000.00	0.00	(3,000.00)	14,520.00	3,750.00	(10,770.00)	3,750.00
6385-0000 - Temporary Help	0.00	0.00	0.00	3,271.60	0.00	(3,271.60)	0.00
6390-0000 - Misc administrative expenses	297.00	120.00	(177.00)	1,652.31	1,440.00	(212.31)	1,440.00
6390-0002 - Computer Supplies/Data Processing	244.44	150.00	(94.44)	2,175.10	1,800.00	(375.10)	1,800.00
6395-0000 - Tenant Retention	982.26	2,000.00	1,017.74	6,913.46	7,299.00	385.54	7,299.00
6431-0000 - Travel & Expense Reimbursement	511.45	185.00	(326.45)	2,281.95	2,220.00	(61.95)	2,220.00
6851-0000 - Bank Service Fees	21.62	0.00	(21.62)	21.62	0.00	(21.62)	0.00
6860-0000 - Security Deposit Interest	(0.53)	(12.00)	(11.47)	(9.94)	(81.53)	(71.59)	(81.53)
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>10,307.51</b>	<b>8,116.00</b>	<b>(2,191.51)</b>	<b>109,656.59</b>	<b>104,203.47</b>	<b>(5,453.12)</b>	<b>104,203.47</b>
<b>PAYROLL &amp; RELATED COSTS</b>							
6310-0000 - Office salaries	4,952.37	4,428.00	(524.37)	53,952.90	58,088.00	4,135.10	58,088.00

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

	Month Ending 12/31/12			Year To Date 12/31/12			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6510-0000 - Janitor and cleaning payroll	2,067.38	1,167.00	(900.38)	15,509.31	15,172.00	(337.31)	15,172.00
6540-0000 - Repairs payroll	4,520.99	3,800.00	(720.99)	48,726.86	49,140.00	413.14	49,140.00
6900-0000 - Social Service Coordinator	0.00	1,200.00	1,200.00	9,483.23	15,600.00	6,116.77	15,600.00
6715-0000 - Payroll Taxes	967.90	1,230.00	262.10	13,948.74	14,760.00	811.26	14,760.00
6722-0000 - Workers compensation	271.25	285.00	13.75	3,256.65	3,339.12	82.47	3,339.12
6723-0000 - Employee health insurance	1,566.23	1,724.00	157.77	21,265.54	20,030.52	(1,235.02)	20,030.52
6724-0000 - Union Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6726-0001 - Contingency	0.00	0.00	0.00	1,298.00	2,821.00	1,523.00	2,821.00
<b>TOTAL PAYROLL &amp; RELATED COSTS</b>	<b>14,346.12</b>	<b>13,834.00</b>	<b>(512.12)</b>	<b>167,441.23</b>	<b>178,950.64</b>	<b>11,509.41</b>	<b>178,950.64</b>
<b>OPERATING EXPENSES</b>							
6515-0000 - Janitors and cleaning supplies	413.59	300.00	(113.59)	3,295.86	3,600.00	304.14	3,600.00
6518-0000 - Uniforms	0.00	0.00	0.00	0.00	500.00	500.00	500.00
6519-0000 - Exterminating Contract	0.00	1,105.00	1,105.00	1,215.00	3,260.00	2,045.00	3,260.00
6520-0000 - Miscellaneous Repair Contractors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6525-0000 - Rubbish removal	322.84	410.00	87.16	4,131.04	4,120.00	(11.04)	4,120.00
6490-0000 - Misc operating expenses	0.00	50.00	50.00	222.01	600.00	377.99	600.00
<b>TOTAL OPERATING EXPENSES</b>	<b>736.43</b>	<b>1,865.00</b>	<b>1,128.57</b>	<b>8,863.91</b>	<b>12,080.00</b>	<b>3,216.09</b>	<b>12,080.00</b>
<b>UTILITIES</b>							
6450-0000 - Electricity	1,228.95	1,500.00	271.05	15,505.64	22,515.36	7,009.72	22,515.36
6451-0000 - Water	969.99	800.00	(169.99)	10,678.05	9,420.80	(1,257.25)	9,420.80
6452-0000 - Gas	6,356.99	5,000.00	(1,356.99)	19,573.06	36,000.63	16,427.57	36,000.63
6453-0000 - Sewer	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL UTILITIES</b>	<b>8,555.93</b>	<b>7,300.00</b>	<b>(1,255.93)</b>	<b>45,756.75</b>	<b>67,936.79</b>	<b>22,180.04</b>	<b>67,936.79</b>
<b>MAINTENANCE EXPENSES</b>							
6536-0000 - Ground supplies	0.00	0.00	0.00	18.94	4,000.00	3,981.06	4,000.00
6537-0000 - Grounds Contractor (Landscaper)	(1,724.00)	0.00	1,724.00	10,992.66	6,400.00	(4,592.66)	6,400.00
6541-0000 - Repair materials (general supplies)	(1,299.32)	400.00	1,699.32	4,153.74	4,800.00	646.26	4,800.00
6541-0001 - Appliance Parts	0.00	50.00	50.00	98.93	250.00	151.07	250.00
6541-0002 - Plumbing Supplies	13.28	100.00	86.72	999.89	1,200.00	200.11	1,200.00
6541-0003 - Electrical Supplies	0.00	100.00	100.00	356.43	1,200.00	843.57	1,200.00
6541-0004 - Heating/Cooling Supplies	0.00	0.00	0.00	26.80	400.00	373.20	400.00
6541-0005 - Hand Tools	0.00	0.00	0.00	0.00	600.00	600.00	600.00
6541-0006 - Expendable Tools	0.00	50.00	50.00	0.00	600.00	600.00	600.00
6541-0007 - Safety Equipment	0.00	50.00	50.00	0.00	600.00	600.00	600.00
6541-0009 - Window Supplies	0.00	0.00	0.00	0.00	200.00	200.00	200.00
6541-0010 - Carpentry/Hardware	0.00	50.00	50.00	419.67	600.00	180.33	600.00
6545-0000 - Elevator Contractor (Annual Maintenance Contract)	0.00	300.00	300.00	7,097.20	3,500.00	(3,597.20)	3,500.00
6546-0000 - Heating/Cooling Contractor	(1,007.50)	500.00	1,507.50	2,823.59	9,027.79	6,204.20	9,027.79
6548-0000 - Snow removal	0.00	1,000.00	1,000.00	2,517.00	15,659.48	13,142.48	15,659.48
6551-0000 - Elevator Contractor (Special Repairs)	0.00	125.00	125.00	0.00	625.00	625.00	625.00
6560-0000 - Decorating (Tenant Pntg-Cycle/Turnover by Contractor)	105.00	500.00	395.00	7,100.50	12,000.00	4,899.50	12,000.00
6562-0000 - Laundry Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6564-0000 - Decorating (Common Areas - by Contractor)	0.00	0.00	0.00	0.00	2,000.00	2,000.00	2,000.00
6580-0000 - Equipment repairs	158.04	0.00	(158.04)	507.53	500.00	(7.53)	500.00
6581-0000 - Window Washing	0.00	0.00	0.00	0.00	1,500.00	1,500.00	1,500.00
6582-0000 - Fire Protection	0.00	400.00	400.00	4,399.68	4,800.00	400.32	4,800.00
6582-0001 - Fire Safety Equipment	0.00	0.00	0.00	0.00	6,000.00	6,000.00	6,000.00

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

	Month Ending 12/31/12			Year To Date 12/31/12			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6590-0000 - Miscellaneous Repair	0.00	100.00	100.00	0.00	855.00	855.00	855.00
6591-0000 - Electrical Repairs	0.00	300.00	300.00	2,375.39	2,271.69	(103.70)	2,271.69
6592-0000 - Boiler Repairs	0.00	500.00	500.00	2,663.06	6,000.00	3,336.94	6,000.00
6594-0000 - Carpentry Repairs	330.80	100.00	(230.80)	435.80	655.44	219.64	655.44
6595-0000 - Plumbing Repairs	122.00	810.00	688.00	8,227.08	7,457.06	(770.02)	7,457.06
6596-0000 - Floor Repairs/Cleaning	0.00	150.00	150.00	710.90	1,800.00	1,089.10	1,800.00
6598-0000 - Roof Repairs	0.00	0.00	0.00	0.00	1,200.00	1,200.00	1,200.00
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>(3,301.70)</b>	<b>5,585.00</b>	<b>8,886.70</b>	<b>55,924.79</b>	<b>96,701.46</b>	<b>40,776.67</b>	<b>96,701.46</b>
<b>TAXES AND INSURANCE</b>							
6710-0000 - Real estate taxes	7,845.00	7,845.00	0.00	114,001.41	94,140.00	(19,861.41)	94,140.00
6719-0000 - Miscellaneous Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6720-0000 - Property and liability insurance	2,036.62	1,525.00	(511.62)	20,923.20	17,853.48	(3,069.72)	17,853.48
6721-0000 - Fidelity bond insurance	0.00	0.00	0.00	22.00	91.00	69.00	91.00
<b>TOTAL TAXES AND INSURANCE</b>	<b>9,881.62</b>	<b>9,370.00</b>	<b>(511.62)</b>	<b>134,946.61</b>	<b>112,084.48</b>	<b>(22,862.13)</b>	<b>112,084.48</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>40,525.91</b>	<b>46,100.00</b>	<b>5,574.09</b>	<b>523,163.68</b>	<b>572,616.84</b>	<b>49,453.16</b>	<b>572,616.84</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>40,285.09</b>	<b>35,563.00</b>	<b>4,722.09</b>	<b>445,088.25</b>	<b>407,544.35</b>	<b>37,543.90</b>	<b>407,544.35</b>
<b>FINANCIAL EXPENSES</b>							
6820-0000 - Mortgage interest	20,326.34	20,376.15	49.81	247,150.43	247,732.30	581.87	247,732.30
7104-0000 - Replacement Reserve	1,863.67	2,020.00	156.33	49,048.58	24,240.00	(24,808.58)	24,240.00
7108-0000 - Mortgage Payable (long term)	10,161.20	10,161.20	0.00	118,700.05	118,700.05	0.00	118,700.05
<b>TOTAL FINANCIAL EXPENSES</b>	<b>32,351.21</b>	<b>32,557.35</b>	<b>206.14</b>	<b>414,899.06</b>	<b>390,672.35</b>	<b>(24,226.71)</b>	<b>390,672.35</b>
<b>NET OPER INC/(LOSS) BEFORE CAP. EXP.</b>	<b>7,933.88</b>	<b>3,005.65</b>	<b>4,928.23</b>	<b>30,189.19</b>	<b>16,872.00</b>	<b>13,317.19</b>	<b>16,872.00</b>
<b>DEPRECIATION &amp; AMORTIZATION</b>							
<b>TOTAL DEPRECIATION &amp; AMORTIZATION</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>0.00</b>
<b>NET INCOME (LOSS)</b>	<b>7,933.88</b>	<b>3,005.65</b>	<b>4,928.23</b>	<b>30,189.19</b>	<b>16,872.00</b>	<b>13,317.19</b>	<b>16,872.00</b>
<b>Partnership Income</b>							
8005-0000 - Mortgagor Entity Income	415.65	200.00	215.65	3,781.30	3,820.37	(39.07)	3,820.37
8010-0000 - Other Entity Expense	0.00	0.00	0.00	(3,634.00)	606,164.50	(609,798.50)	606,164.50
<b>Total Partnership Activity</b>	<b>415.65</b>	<b>200.00</b>	<b>215.65</b>	<b>147.30</b>	<b>609,984.87</b>	<b>(609,837.57)</b>	<b>609,984.87</b>
<b>CAPITAL EXPENDITURES &amp; ESCROWS</b>							
7105-0000 - Replacement Reserve Reimbursement	0.00	0.00	0.00	(78,511.54)	(70,000.00)	8,511.54	(70,000.00)
6991-0000 - Capital expenditures	0.00	0.00	0.00	104,684.92	15,000.00	(89,684.92)	15,000.00
6991-0002 - Windows	0.00	0.00	0.00	14,293.00	560,000.00	545,707.00	560,000.00
6991-0006 - Kitchen - Rehab	0.00	0.00	0.00	0.00	97,300.00	97,300.00	97,300.00
6991-0010 - Parking Lot	0.00	0.00	0.00	0.00	12,000.00	12,000.00	12,000.00
6993-0000 - Appliance Replacement	0.00	120.00	120.00	1,036.00	1,440.00	404.00	1,440.00
6993-0003 - A/C Replacements	0.00	0.00	0.00	2,604.51	2,700.00	95.49	2,700.00
6994-0000 - Carpet & tile	526.50	650.00	123.50	4,287.50	7,800.00	3,512.50	7,800.00
<b>TOTAL CAPITAL EXPENDITURES &amp; ESCROWS</b>	<b>526.50</b>	<b>770.00</b>	<b>243.50</b>	<b>48,394.39</b>	<b>626,240.00</b>	<b>577,845.61</b>	<b>626,240.00</b>
<b>GAIN/(LOSS) AFTER CAPITAL EXP. &amp; ESCROWS</b>	<b>7,823.03</b>	<b>2,435.65</b>	<b>5,387.38</b>	<b>(18,057.90)</b>	<b>616.87</b>	<b>(18,674.77)</b>	<b>616.87</b>

# WALNUT PLACE

## Balance Sheet

Month Ending 12/31/12

### ASSETS

#### Current Assets

1110-0000 - Petty Cash	900.00
1121-0000 - Cash - Operating	7,042.76
1130-0000 - Tenant/member accounts receivable	20,797.43
1131-0000 - Accounts receivable - subsidy	45,222.00
1240-0000 - Prepaid property and liability insurance	12,219.66
Total Current Assets	<u>86,181.85</u>

#### Other Assets

1290-0000 - Misc Prepaid Expenses	463.71
1192-0000 - Tenant Sec Dep	20,986.16
1310-0000 - Real estate tax escrow	131,381.12
1311-0000 - Insurance escrow	20,742.74
1330-0000 - Debt Service Escrow	136,095.17
1320 - Replacement Reserve	163,400.17
1340 - Residual Receipt	27,094.46
Total Other Assets	<u>500,163.53</u>

#### Fixed Assets

1410-0000 - Land	220,000.00
1420-0000 - Building	2,907,088.00
1430-0000 - Land Improvements	317,988.00
1440-0000 - Building Equipment Portable	354,185.56
1450-0000 - Furniture for project/tenant use	369,718.19
4120-0000 - Accum depr - buildings	(3,344,854.25)
1498-0000 - Current F/A	55,826.32
Total Fixed Assets	<u>879,951.82</u>

#### Financing Costs

1900-0001 - Deferred Financing Costs	174,813.03
1999-0000 - Accum Amort - Bond Costs	(42,601.51)
Total Financing Costs	<u>132,211.52</u>

#### Partnership Assets

1701-0000 - Cash - Partnership	104,501.54
Total Partnership Assets	<u>104,501.54</u>

### Total Assets

1,703,010.26

# WALNUT PLACE

## Balance Sheet

Month Ending 12/31/12

### Liabilities & Equity

#### Current Liabilities

2110-0000 - Accounts payable	4,870.67
2113-0000 - Flex Benefit Payable	7.92
2120-0000 - Accrued wages and p/r taxes payable	3,206.46
2150-0000 - Accrued property taxes	115,920.00
2155-0000 - Accrued professional services	14,714.00
2180-0000 - Misc current liabilities	8,431.31
Total Current Liabilities	<u>147,150.36</u>

#### Non-Current Liabilities

2190-0000 - Sec. Dep. In Transit	(12,407.00)
2191-0000 - Security deposits-residential	18,849.00
2191-0001 - Pet Deposit	1,175.00
2210-0000 - Prepaid Rent	262.00
2211-0000 - Prepaid HUD	17,192.00
2320-1000 - Mortgage payable - 2nd note	2,546,000.00
2320-4000 - Deferred Revenue	247,127.00
2320-0000 - Mortgage Payable (long term)	1,922,387.51
Total Non-Current Liabilities	<u>4,740,585.51</u>

#### Owner's Equity

3100-0000 - Limited Partners Equity	104,375.87
3209-0000 - Prior Year Retained Earnings	(3,627,757.44)
3210-0000 - Retained earnings	313,840.11
Current YTD Earnings	24,815.85
Total Owner's Equity	<u>(3,184,725.61)</u>

### Total Liability & Owner Equity

1,703,010.26

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

	Month Ending 12/31/12			Year To Date 12/31/12			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
<b>GROSS OPERATING INCOME</b>							
<b>RESIDENTIAL RENTAL INCOME</b>							
5120-0000 - Apartment rent	19,828.00	19,926.28	(98.28)	250,180.00	239,115.36	11,064.64	239,115.36
5121-0000 - Tenant assistant payments	66,808.00	66,709.72	98.28	789,452.00	800,516.64	(11,064.64)	800,516.64
5140-0000 - Commercial base rent	0.00	0.00	0.00	269.99	0.00	269.99	0.00
<b>TOTAL RESIDENTIAL RENTAL INCOME</b>	<b>86,636.00</b>	<b>86,636.00</b>	<b>0.00</b>	<b>1,039,901.99</b>	<b>1,039,632.00</b>	<b>269.99</b>	<b>1,039,632.00</b>
<b>VACANCIES &amp; ADJUSTMENTS</b>							
5220-0000 - Vacancy loss - apartments	0.00	(2,750.00)	2,750.00	(17,176.00)	(33,000.00)	15,824.00	(33,000.00)
5221-0000 - Non-Revenue Units	(1,260.00)	(1,260.00)	0.00	(15,127.00)	(15,108.00)	(19.00)	(15,108.00)
<b>TOTAL VACANCIES &amp; ADJUSTMENTS</b>	<b>(1,260.00)</b>	<b>(4,010.00)</b>	<b>2,750.00</b>	<b>(32,303.00)</b>	<b>(48,108.00)</b>	<b>15,805.00</b>	<b>(48,108.00)</b>
<b>OTHER INCOME</b>							
5910-0000 - Laundry income	0.00	286.00	(286.00)	2,802.25	3,432.00	(629.75)	3,432.00
5920-0000 - Nsf check fee	0.00	0.00	0.00	25.00	0.00	25.00	0.00
5922-0000 - Late fees	18.00	10.00	8.00	57.00	120.00	(63.00)	120.00
5990-0000 - Misc other income	0.00	100.00	(100.00)	348.00	1,200.00	(852.00)	1,200.00
5413-0000 - Interest income - escrow	0.00	15.00	(15.00)	3.67	180.00	(176.33)	180.00
<b>TOTAL OTHER INCOME</b>	<b>18.00</b>	<b>411.00</b>	<b>(393.00)</b>	<b>3,235.92</b>	<b>4,932.00</b>	<b>(1,696.08)</b>	<b>4,932.00</b>
<b>GROSS OPERATING INCOME</b>	<b>85,394.00</b>	<b>83,037.00</b>	<b>2,357.00</b>	<b>1,010,834.91</b>	<b>996,456.00</b>	<b>14,378.91</b>	<b>996,456.00</b>
<b>ADVERTISING &amp; RENTING EXPENSE</b>							
6213-0000 - Employee Recruitment	0.00	0.00	0.00	355.80	300.00	(55.80)	300.00
6253-0000 - Credit Report Fees	0.00	30.00	30.00	263.50	360.00	96.50	360.00
<b>TOTAL ADVERTISING &amp; RENTING EXPENSE</b>	<b>0.00</b>	<b>30.00</b>	<b>30.00</b>	<b>619.30</b>	<b>660.00</b>	<b>40.70</b>	<b>660.00</b>
<b>ADMINISTRATIVE EXPENSE</b>							
6311-0000 - Office supplies	402.14	300.00	(102.14)	2,491.19	3,600.00	1,108.81	3,600.00
6316-0000 - Office Equipment	205.07	300.00	94.93	3,624.01	3,600.00	(24.01)	3,600.00
6320-0000 - Management fee	3,935.90	4,083.00	147.10	50,023.31	48,996.00	(1,027.31)	48,996.00
6340-0000 - Legal Expense - Project	0.00	0.00	0.00	1,320.00	2,000.00	680.00	2,000.00
6350-0000 - Audit Expense	0.00	0.00	0.00	10,500.00	13,000.00	2,500.00	13,000.00
6360-0000 - Telephone	792.93	850.00	57.07	10,252.00	10,200.00	(52.00)	10,200.00
6360-0001 - Answering Service/ Pagers	121.59	61.00	(60.59)	667.10	732.00	64.90	732.00
6365-0000 - Training & Education Expense	2.40	110.00	107.60	108.00	1,320.00	1,212.00	1,320.00
6370-0000 - Bad debts	0.00	2,000.00	2,000.00	751.00	7,000.00	6,249.00	7,000.00
6371-0000 - Fees Dues & Contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6380-0000 - Consulting/study costs	0.00	0.00	0.00	2,552.00	3,750.00	1,198.00	3,750.00
6385-0000 - Temporary Help	0.00	0.00	0.00	3,271.59	0.00	(3,271.59)	0.00
6390-0000 - Misc administrative expenses	1,387.00	155.00	(1,232.00)	2,239.70	1,860.00	(379.70)	1,860.00
6390-0002 - Computer Supplies/Data Processing	244.62	150.00	(94.62)	2,177.26	1,800.00	(377.26)	1,800.00
6395-0000 - Tenant Retention	1,299.12	1,000.00	(299.12)	6,183.59	6,500.00	316.41	6,500.00
6431-0000 - Travel & Expense Reimbursement	511.44	187.00	(324.44)	2,281.90	2,244.00	(37.90)	2,244.00
6851-0000 - Bank Service Fees	21.62	0.00	(21.62)	35.12	0.00	(35.12)	0.00
6860-0000 - Security Deposit Interest	(0.53)	(12.00)	(11.47)	(10.69)	(84.35)	(73.66)	(84.35)
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>8,923.30</b>	<b>9,184.00</b>	<b>260.70</b>	<b>98,467.08</b>	<b>106,517.65</b>	<b>8,050.57</b>	<b>106,517.65</b>
<b>PAYROLL &amp; RELATED COSTS</b>							
6310-0000 - Office salaries	4,949.32	4,428.00	(521.32)	53,915.03	58,088.00	4,172.97	58,088.00

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

	Month Ending 12/31/12			Year To Date 12/31/12			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6510-0000 - Janitor and cleaning payroll	1,178.58	1,167.00	(11.58)	14,620.45	15,172.00	551.55	15,172.00
6540-0000 - Repairs payroll	4,520.98	3,800.00	(720.98)	47,189.71	49,140.00	1,950.29	49,140.00
6900-0000 - Social Service Coordinator	0.00	1,200.00	1,200.00	9,483.23	15,600.00	6,116.77	15,600.00
6715-0000 - Payroll Taxes	967.68	1,230.00	262.32	13,944.05	14,760.00	815.95	14,760.00
6722-0000 - Workers compensation	271.25	305.00	33.75	3,359.70	3,562.20	202.50	3,562.20
6723-0000 - Employee health insurance	1,569.26	1,724.00	154.74	21,303.37	20,030.52	(1,272.85)	20,030.52
6724-0000 - Union Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6726-0001 - Contingency	0.00	0.00	0.00	1,298.00	2,821.00	1,523.00	2,821.00
<b>TOTAL PAYROLL &amp; RELATED COSTS</b>	<b>13,457.07</b>	<b>13,854.00</b>	<b>396.93</b>	<b>165,113.54</b>	<b>179,173.72</b>	<b>14,060.18</b>	<b>179,173.72</b>
<b>OPERATING EXPENSES</b>							
6515-0000 - Janitors and cleaning supplies	293.38	310.00	16.62	3,908.11	3,720.00	(188.11)	3,720.00
6518-0000 - Uniforms	0.00	0.00	0.00	0.00	500.00	500.00	500.00
6519-0000 - Exterminating Contract	0.00	400.00	400.00	1,050.00	4,800.00	3,750.00	4,800.00
6520-0000 - Miscellaneous Repair Contractors	(1,558.00)	0.00	1,558.00	0.00	0.00	0.00	0.00
6525-0000 - Rubbish removal	323.21	350.00	26.79	4,220.81	4,200.00	(20.81)	4,200.00
6490-0000 - Misc operating expenses	0.00	50.00	50.00	357.01	450.00	92.99	450.00
<b>TOTAL OPERATING EXPENSES</b>	<b>(941.41)</b>	<b>1,110.00</b>	<b>2,051.41</b>	<b>9,535.93</b>	<b>13,670.00</b>	<b>4,134.07</b>	<b>13,670.00</b>
<b>UTILITIES</b>							
6450-0000 - Electricity	823.80	1,500.00	676.20	12,882.07	16,310.04	3,427.97	16,310.04
6451-0000 - Water	444.87	400.00	(44.87)	6,173.26	6,340.49	167.23	6,340.49
6452-0000 - Gas	2,463.66	4,500.00	2,036.34	15,158.24	28,504.14	13,345.90	28,504.14
6453-0000 - Sewer	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL UTILITIES</b>	<b>3,732.33</b>	<b>6,400.00</b>	<b>2,667.67</b>	<b>34,213.57</b>	<b>51,154.67</b>	<b>16,941.10</b>	<b>51,154.67</b>
<b>MAINTENANCE EXPENSES</b>							
6536-0000 - Ground supplies	0.00	0.00	0.00	260.00	4,000.00	3,740.00	4,000.00
6537-0000 - Grounds Contractor (Landscaper)	0.00	0.00	0.00	6,819.23	5,200.00	(1,619.23)	5,200.00
6541-0000 - Repair materials (general supplies)	4.63	200.00	195.37	3,979.15	2,400.00	(1,579.15)	2,400.00
6541-0001 - Appliance Parts	0.00	50.00	50.00	82.36	600.00	517.64	600.00
6541-0002 - Plumbing Supplies	0.00	100.00	100.00	314.70	1,200.00	885.30	1,200.00
6541-0003 - Electrical Supplies	0.00	100.00	100.00	450.81	1,200.00	749.19	1,200.00
6541-0004 - Heating/Cooling Supplies	0.00	0.00	0.00	26.80	1,000.00	973.20	1,000.00
6541-0005 - Hand Tools	13.75	0.00	(13.75)	24.11	600.00	575.89	600.00
6541-0006 - Expendable Tools	0.00	50.00	50.00	0.00	600.00	600.00	600.00
6541-0007 - Safety Equipment	0.00	50.00	50.00	0.00	600.00	600.00	600.00
6541-0009 - Window Supplies	0.00	200.00	200.00	0.00	2,400.00	2,400.00	2,400.00
6541-0010 - Carpentry/Hardware	0.00	50.00	50.00	167.72	600.00	432.28	600.00
6545-0000 - Elevator Contractor (Annual Maintenance Contract)	0.00	190.00	190.00	4,518.20	2,280.00	(2,238.20)	2,280.00
6546-0000 - Heating/Cooling Contractor	0.00	385.00	385.00	6,374.46	7,620.00	1,245.54	7,620.00
6548-0000 - Snow removal	0.00	1,000.00	1,000.00	6,365.00	11,832.48	5,467.48	11,832.48
6551-0000 - Elevator Contractor (Special Repairs)	0.00	100.00	100.00	916.00	1,200.00	284.00	1,200.00
6560-0000 - Decorating (Tenant Pntg-Cycle/Turnover by Contractor)	0.00	500.00	500.00	12,605.81	12,000.00	(605.81)	12,000.00
6564-0000 - Decorating (Common Areas - by Contractor)	0.00	0.00	0.00	0.00	1,000.00	1,000.00	1,000.00
6580-0000 - Equipment repairs	158.03	0.00	(158.03)	732.51	500.00	(232.51)	500.00
6581-0000 - Window Washing	0.00	0.00	0.00	0.00	1,400.00	1,400.00	1,400.00
6582-0000 - Fire Protection	0.00	300.00	300.00	3,147.85	3,600.00	452.15	3,600.00
6582-0001 - Fire Safety Equipment	146.18	25.00	(121.18)	146.18	5,300.00	5,153.82	5,300.00
6590-0000 - Miscellaneous Repair	0.00	100.00	100.00	0.00	500.00	500.00	500.00

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

	Month Ending 12/31/12			Year To Date 12/31/12			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6591-0000 - Electrical Repairs	1,244.85	450.00	(794.85)	3,596.48	3,237.08	(359.40)	3,237.08
6592-0000 - Boiler Repairs	0.00	200.00	200.00	2,412.11	2,400.00	(12.11)	2,400.00
6594-0000 - Carpentry Repairs	0.00	100.00	100.00	730.16	1,200.00	469.84	1,200.00
6595-0000 - Plumbing Repairs	0.00	600.00	600.00	9,150.74	7,200.00	(1,950.74)	7,200.00
6596-0000 - Floor Repairs/Cleaning	526.50	100.00	(426.50)	2,089.50	1,200.00	(889.50)	1,200.00
6598-0000 - Roof Repairs	0.00	0.00	0.00	1,483.62	2,014.62	531.00	2,014.62
6599-0000 - Window repairs	0.00	100.00	100.00	0.00	1,200.00	1,200.00	1,200.00
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>2,093.94</b>	<b>4,950.00</b>	<b>2,856.06</b>	<b>66,393.50</b>	<b>86,084.18</b>	<b>19,690.68</b>	<b>86,084.18</b>
<b>TAXES AND INSURANCE</b>							
6710-0000 - Real estate taxes	9,660.00	9,660.00	0.00	141,156.23	115,920.00	(25,236.23)	115,920.00
6719-0000 - Miscellaneous Taxes	0.00	0.00	0.00	1,200.00	0.00	(1,200.00)	0.00
6720-0000 - Property and liability insurance	2,036.62	1,375.00	(661.62)	20,060.70	16,090.98	(3,969.72)	16,090.98
6721-0000 - Fidelity bond insurance	0.00	0.00	0.00	23.00	97.00	74.00	97.00
<b>TOTAL TAXES AND INSURANCE</b>	<b>11,696.62</b>	<b>11,035.00</b>	<b>(661.62)</b>	<b>162,439.93</b>	<b>132,107.98</b>	<b>(30,331.95)</b>	<b>132,107.98</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>38,961.85</b>	<b>46,563.00</b>	<b>7,601.15</b>	<b>536,782.85</b>	<b>569,368.20</b>	<b>32,585.35</b>	<b>569,368.20</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>46,432.15</b>	<b>36,474.00</b>	<b>9,958.15</b>	<b>474,052.06</b>	<b>427,087.80</b>	<b>46,964.26</b>	<b>427,087.80</b>
<b>FINANCIAL EXPENSES</b>							
6820-0000 - Mortgage interest	21,625.17	21,625.17	0.00	263,195.48	263,195.48	0.00	263,195.48
7104-0000 - Replacement Reserve	1,836.67	2,055.00	218.33	22,043.12	24,660.00	2,616.88	24,660.00
7108-0000 - Mortgage Payable (long term)	11,861.78	11,861.78	0.00	138,647.92	138,647.92	0.00	138,647.92
<b>TOTAL FINANCIAL EXPENSES</b>	<b>35,323.62</b>	<b>35,541.95</b>	<b>218.33</b>	<b>423,886.52</b>	<b>426,503.40</b>	<b>2,616.88</b>	<b>426,503.40</b>
<b>NET OPER INC/(LOSS) BEFORE CAP. EXP.</b>	<b>11,108.53</b>	<b>932.05</b>	<b>10,176.48</b>	<b>50,165.54</b>	<b>584.40</b>	<b>49,581.14</b>	<b>584.40</b>
<b>NET INCOME (LOSS)</b>	<b>11,108.53</b>	<b>932.05</b>	<b>10,176.48</b>	<b>50,165.54</b>	<b>584.40</b>	<b>49,581.14</b>	<b>584.40</b>
<b>Partnership Income</b>							
8005-0000 - Mortgagor Entity Income	8.87	0.00	8.87	135.67	258.56	(122.89)	258.56
8010-0000 - Other Entity Expense	0.00	0.00	0.00	(10.00)	(10.00)	0.00	(10.00)
<b>Total Partnership Activity</b>	<b>8.87</b>	<b>0.00</b>	<b>8.87</b>	<b>125.67</b>	<b>248.56</b>	<b>(122.89)</b>	<b>248.56</b>
<b>CAPITAL EXPENDITURES &amp; ESCROWS</b>							
7105-0000 - Replacement Reserve Reimbursement	0.00	0.00	0.00	0.00	(50,000.00)	(50,000.00)	(50,000.00)
7107-0000 - Residual Receipt Reserve Reimbursement	0.00	0.00	0.00	0.00	(14,000.00)	(14,000.00)	(14,000.00)
6991-0000 - Capital expenditures	0.00	0.00	0.00	31,500.32	15,000.00	(16,500.32)	15,000.00
6991-0006 - Kitchen - Rehab	0.00	0.00	0.00	0.00	17,690.00	17,690.00	17,690.00
6991-0011 - Miscellaneous	0.00	0.00	0.00	6,695.39	4,800.00	(1,895.39)	4,800.00
6991-0012 - Parking Lot - Reseal	0.00	0.00	0.00	3,388.00	10,000.00	6,612.00	10,000.00
6993-0000 - Appliance Replacement	0.00	200.00	200.00	2,393.00	2,400.00	7.00	2,400.00
6993-0002 - Water Heaters	0.00	0.00	0.00	0.00	2,300.00	2,300.00	2,300.00
6993-0003 - A/C Replacements	0.00	0.00	0.00	9,899.61	4,000.00	(5,899.61)	4,000.00
6994-0000 - Carpet & tile	0.00	650.00	650.00	1,950.00	7,800.00	5,850.00	7,800.00
<b>TOTAL CAPITAL EXPENDITURES &amp; ESCROWS</b>	<b>0.00</b>	<b>850.00</b>	<b>850.00</b>	<b>55,826.32</b>	<b>(10.00)</b>	<b>(55,836.32)</b>	<b>(10.00)</b>
<b>GAIN/(LOSS) AFTER CAPITAL EXP. &amp; ESCROWS</b>	<b>11,117.40</b>	<b>82.05</b>	<b>11,035.35</b>	<b>(5,535.11)</b>	<b>842.96</b>	<b>(6,378.07)</b>	<b>842.96</b>

# RAVINIA HOUSING

## Balance Sheet

Month Ending 12/31/12

### ASSETS

#### Current Assets

1110-0000 - Petty Cash	150.00
1121-0000 - Cash - Operating	26,058.16
1130-0000 - Tenant/member accounts receivable	37,240.60
1131-0000 - Accounts receivable - subsidy	17,985.00
1240-0000 - Prepaid property and liability insurance	3,234.64
1250-0000 - Prepaid Mortgage Insurance	340.43
<b>Total Current Assets</b>	<b>85,008.83</b>

#### Other Assets

1290-0000 - Misc Prepaid Expenses	173.47
1192-0000 - Tenant Sec Dep	7,157.98
1310-0000 - Real estate tax escrow	14,582.64
1311-0000 - Insurance escrow	3,364.09
1312-0000 - Mortgage Insurance Escrow	1,570.82
1140-0000 - Accounts Receivable - Other	36,635.36
1350-0000 - Construction Escrow	246,701.51
1320 - Replacement Reserve	628,521.58
<b>Total Other Assets</b>	<b>938,707.45</b>

#### Fixed Assets

1420-0000 - Building	1,074,166.20
1430-0000 - Land Improvements	214,491.66
1450-0000 - Furniture for project/tenant use	137,161.38
1497-0000 - Site improvements	102,351.00
4120-0000 - Accum depr - buildings	(1,035,491.65)
1498-0000 - Current F/A	133,306.28
<b>Total Fixed Assets</b>	<b>625,984.87</b>

#### Financing Costs

1800-0000 - Organization costs	41,848.00
1900-0001 - Deferred Financing Costs	35,658.71
1999-0000 - Accum Amort - Bond Costs	(29,117.54)
<b>Total Financing Costs</b>	<b>48,389.17</b>

#### Partnership Assets

1701-0000 - Cash - Partnership	81,874.02
<b>Total Partnership Assets</b>	<b>81,874.02</b>

### **Total Assets**

**1,779,964.34**

# RAVINIA HOUSING

## Balance Sheet

Month Ending 12/31/12

### Liabilities & Equity

#### Current Liabilities

2110-0000 - Accounts payable	(2,778.32)
2113-0000 - Flex Benefit Payable	2.16
2114-0000 - 401K Payable	24.00
2120-0000 - Accrued wages and p/r taxes payable	874.49
2130-0000 - Accrued interest - mortgage	1,540.96
2131-0001 - Accrued Interest - 2nd Note	7,426.35
2150-0000 - Accrued property taxes	33,000.00
2180-0000 - Misc current liabilities	1,690.31
Total Current Liabilities	<u>41,779.95</u>

#### Non-Current Liabilities

2190-0000 - Sec. Dep. In Transit	341.00
2191-0000 - Security deposits-residential	6,901.06
2210-0000 - Prepaid Rent	1,121.00
2211-0000 - Prepaid HUD	6,864.00
2320-1000 - Mortgage payable - 2nd note	713,396.28
2320-0000 - Mortgage Payable (long term)	410,921.85
Total Non-Current Liabilities	<u>1,139,545.19</u>

#### Owner's Equity

3100-0000 - Limited Partners Equity	144,465.21
3111-0000 - Contributions - Current Year	62,062.71
3209-0000 - Prior Year Retained Earnings	388,704.59
3210-0000 - Retained earnings	(6,634.43)
Current YTD Earnings	10,041.12
Total Owner's Equity	<u>598,639.20</u>

### Total Liability & Owner Equity

1,779,964.34

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

	Month Ending 12/31/12			Year To Date 12/31/12			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
<b>GROSS OPERATING INCOME</b>							
<b>RESIDENTIAL RENTAL INCOME</b>							
5120-0000 - Apartment rent	5,987.00	8,685.20	(2,698.20)	75,764.00	104,222.40	(28,458.40)	104,222.40
5121-0000 - Tenant assistant payments	15,726.00	13,027.80	2,698.20	184,314.00	156,333.60	27,980.40	156,333.60
<b>TOTAL RESIDENTIAL RENTAL INCOME</b>	<b>21,713.00</b>	<b>21,713.00</b>	<b>0.00</b>	<b>260,078.00</b>	<b>260,556.00</b>	<b>(478.00)</b>	<b>260,556.00</b>
<b>VACANCIES &amp; ADJUSTMENTS</b>							
5220-0000 - Vacancy loss - apartments	0.00	(1,275.00)	1,275.00	(8,780.00)	(15,300.00)	6,520.00	(15,300.00)
<b>TOTAL VACANCIES &amp; ADJUSTMENTS</b>	<b>0.00</b>	<b>(1,275.00)</b>	<b>1,275.00</b>	<b>(8,780.00)</b>	<b>(15,300.00)</b>	<b>6,520.00</b>	<b>(15,300.00)</b>
<b>OTHER INCOME</b>							
5990-0000 - Misc other income	3,030.06	0.00	3,030.06	3,030.06	0.00	3,030.06	0.00
5413-0000 - Interest income - escrow	23.97	0.00	23.97	338.28	0.00	338.28	0.00
<b>TOTAL OTHER INCOME</b>	<b>3,054.03</b>	<b>0.00</b>	<b>3,054.03</b>	<b>3,368.34</b>	<b>0.00</b>	<b>3,368.34</b>	<b>0.00</b>
<b>GROSS OPERATING INCOME</b>	<b>24,767.03</b>	<b>20,438.00</b>	<b>4,329.03</b>	<b>254,666.34</b>	<b>245,256.00</b>	<b>9,410.34</b>	<b>245,256.00</b>
<b>ADVERTISING &amp; RENTING EXPENSE</b>							
6213-0000 - Employee Recruitment	0.00	0.00	0.00	13.97	0.00	(13.97)	0.00
6253-0000 - Credit Report Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL ADVERTISING &amp; RENTING EXPENSE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>13.97</b>	<b>0.00</b>	<b>(13.97)</b>	<b>0.00</b>
<b>ADMINISTRATIVE EXPENSE</b>							
6311-0000 - Office supplies	617.03	521.00	(96.03)	6,245.84	6,252.00	6.16	6,252.00
6316-0000 - Office Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6320-0000 - Management fee	634.34	765.00	130.66	8,910.85	9,497.07	586.22	9,497.07
6340-0000 - Legal Expense - Project	0.00	36.00	36.00	391.40	432.00	40.60	432.00
6350-0000 - Audit Expense	0.00	0.00	0.00	10,000.00	11,820.00	1,820.00	11,820.00
6360-0000 - Telephone	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6360-0001 - Answering Service/ Pagers	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6365-0000 - Training & Education Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6370-0000 - Bad debts	0.00	433.00	433.00	1,777.00	5,196.00	3,419.00	5,196.00
6371-0000 - Fees Dues & Contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6385-0000 - Temporary Help	0.00	0.00	0.00	480.81	0.00	(480.81)	0.00
6390-0000 - Misc administrative expenses	1,517.10	350.00	(1,167.10)	2,667.86	4,200.00	1,532.14	4,200.00
6390-0002 - Computer Supplies/Data Processing	95.01	66.00	(29.01)	921.00	792.00	(129.00)	792.00
6395-0000 - Tenant Retention	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6431-0000 - Travel & Expense Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6851-0000 - Bank Service Fees	21.62	0.00	(21.62)	21.62	0.00	(21.62)	0.00
6860-0000 - Security Deposit Interest	(0.18)	0.00	0.18	(3.44)	0.00	3.44	0.00
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>2,884.92</b>	<b>2,171.00</b>	<b>(713.92)</b>	<b>31,412.94</b>	<b>38,189.07</b>	<b>6,776.13</b>	<b>38,189.07</b>
<b>PAYROLL &amp; RELATED COSTS</b>							
6310-0000 - Office salaries	1,400.54	1,175.00	(225.54)	15,455.52	14,100.00	(1,355.52)	14,100.00
6510-0000 - Janitor and cleaning payroll	2,887.65	1,717.00	(1,170.65)	18,013.81	20,604.00	2,590.19	20,604.00
6540-0000 - Repairs payroll	(444.40)	0.00	444.40	0.00	0.00	0.00	0.00
6715-0000 - Payroll Taxes	267.79	238.00	(29.79)	3,557.76	2,856.00	(701.76)	2,856.00
6722-0000 - Workers compensation	71.46	134.00	62.54	857.52	1,608.00	750.48	1,608.00
6723-0000 - Employee health insurance	468.34	444.00	(24.34)	6,358.51	5,328.00	(1,030.51)	5,328.00
6724-0000 - Union Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

	Month Ending 12/31/12			Year To Date 12/31/12			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6726-0000 - Other employee benefits	0.00	0.00	0.00	0.00	11.11	11.11	11.11
6726-0001 - Contingency	0.00	0.00	0.00	354.00	0.00	(354.00)	0.00
<b>TOTAL PAYROLL &amp; RELATED COSTS</b>	<b>4,651.38</b>	<b>3,708.00</b>	<b>(943.38)</b>	<b>44,597.12</b>	<b>44,507.11</b>	<b>(90.01)</b>	<b>44,507.11</b>
<b>OPERATING EXPENSES</b>							
6515-0000 - Janitors and cleaning supplies	207.36	215.00	7.64	1,141.88	2,580.00	1,438.12	2,580.00
6520-0000 - Miscellaneous Repair Contractors	43.10	2,575.00	2,531.90	18,984.94	30,900.00	11,915.06	30,900.00
6525-0000 - Rubbish removal	460.59	632.00	171.41	5,604.48	7,584.00	1,979.52	7,584.00
6490-0000 - Misc operating expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL OPERATING EXPENSES</b>	<b>711.05</b>	<b>3,422.00</b>	<b>2,710.95</b>	<b>25,731.30</b>	<b>41,064.00</b>	<b>15,332.70</b>	<b>41,064.00</b>
<b>UTILITIES</b>							
6450-0000 - Electricity	0.00	270.00	270.00	2,028.27	3,218.00	1,189.73	3,218.00
6451-0000 - Water	0.00	27.00	27.00	209.09	324.00	114.91	324.00
6452-0000 - Gas	0.00	125.00	125.00	360.40	1,500.00	1,139.60	1,500.00
6453-0000 - Sewer	0.00	89.00	89.00	25.54	1,068.00	1,042.46	1,068.00
<b>TOTAL UTILITIES</b>	<b>0.00</b>	<b>511.00</b>	<b>511.00</b>	<b>2,623.30</b>	<b>6,110.00</b>	<b>3,486.70</b>	<b>6,110.00</b>
<b>MAINTENANCE EXPENSES</b>							
6537-0000 - Grounds Contractor (Landscaper)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6541-0000 - Repair materials (general supplies)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6546-0000 - Heating/Cooling Contractor	0.00	38.00	38.00	86.75	500.00	413.25	500.00
6548-0000 - Snow removal	0.00	1,340.00	1,340.00	5,101.00	10,840.00	5,739.00	10,840.00
6590-0000 - Miscellaneous Repair	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6591-0000 - Electrical Repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6594-0000 - Carpentry Repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6595-0000 - Plumbing Repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>0.00</b>	<b>1,378.00</b>	<b>1,378.00</b>	<b>5,187.75</b>	<b>11,340.00</b>	<b>6,152.25</b>	<b>11,340.00</b>
<b>TAXES AND INSURANCE</b>							
6710-0000 - Real estate taxes	2,750.00	2,750.00	0.00	42,890.00	33,000.00	(9,890.00)	33,000.00
6719-0000 - Miscellaneous Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6720-0000 - Property and liability insurance	539.10	415.00	(124.10)	5,919.60	5,002.00	(917.60)	5,002.00
6721-0000 - Fidelity bond insurance	0.00	28.00	28.00	7.00	28.00	21.00	28.00
<b>TOTAL TAXES AND INSURANCE</b>	<b>3,289.10</b>	<b>3,193.00</b>	<b>(96.10)</b>	<b>48,816.60</b>	<b>38,030.00</b>	<b>(10,786.60)</b>	<b>38,030.00</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>11,536.45</b>	<b>14,383.00</b>	<b>2,846.55</b>	<b>158,382.98</b>	<b>179,240.18</b>	<b>20,857.20</b>	<b>179,240.18</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>13,230.58</b>	<b>6,055.00</b>	<b>7,175.58</b>	<b>96,283.36</b>	<b>66,015.82</b>	<b>30,267.54</b>	<b>66,015.82</b>
<b>FINANCIAL EXPENSES</b>							
6820-0000 - Mortgage interest	3,026.23	1,543.00	(1,483.23)	27,916.86	22,372.88	(5,543.98)	22,372.88
6850-0000 - Mortgage Service Fee	170.19	156.00	(14.19)	2,369.97	2,208.00	(161.97)	2,208.00
7104-0000 - Replacement Reserve	1,333.33	2,046.00	712.67	13,333.30	21,884.00	8,550.70	21,884.00
7108-0000 - Mortgage Payable (long term)	567.26	567.26	0.00	5,578.15	11,973.76	6,395.61	11,973.76
<b>TOTAL FINANCIAL EXPENSES</b>	<b>5,097.01</b>	<b>4,312.26</b>	<b>(784.75)</b>	<b>49,198.28</b>	<b>58,438.64</b>	<b>9,240.36</b>	<b>58,438.64</b>
<b>NET OPER INC/(LOSS) BEFORE CAP. EXP.</b>	<b>8,133.57</b>	<b>1,742.74</b>	<b>6,390.83</b>	<b>47,085.08</b>	<b>7,577.18</b>	<b>39,507.90</b>	<b>7,577.18</b>
<b>NET INCOME (LOSS)</b>	<b>8,133.57</b>	<b>1,742.74</b>	<b>6,390.83</b>	<b>47,085.08</b>	<b>7,577.18</b>	<b>39,507.90</b>	<b>7,577.18</b>

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

	Month Ending 12/31/12			Year To Date 12/31/12			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Partnership Income							
8005-0000 - Mortgagor Entity Income	6.96	0.00	6.96	112.65	0.00	112.65	0.00
8010-0000 - Other Entity Expense	0.00	0.00	0.00	(62,702.49)	0.00	(62,702.49)	0.00
Total Partnership Activity	<u>6.96</u>	<u>0.00</u>	<u>6.96</u>	<u>(62,589.84)</u>	<u>0.00</u>	<u>(62,589.84)</u>	<u>0.00</u>
<b>CAPITAL EXPENDITURES &amp; ESCROWS</b>							
7105-0000 - Replacement Reserve Reimbursement	(36,000.00)	0.00	36,000.00	(92,750.00)	0.00	92,750.00	0.00
6991-0000 - Capital expenditures	81,109.62	0.00	(81,109.62)	133,306.28	0.00	(133,306.28)	0.00
6994-0000 - Carpet & tile	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL CAPITAL EXPENDITURES & ESCROWS	<u>45,109.62</u>	<u>0.00</u>	<u>(45,109.62)</u>	<u>40,556.28</u>	<u>0.00</u>	<u>(40,556.28)</u>	<u>0.00</u>
<b>GAIN/(LOSS) AFTER CAPITAL EXP. &amp; ESCROWS</b>	<u>(36,969.09)</u>	<u>1,742.74</u>	<u>(38,711.83)</u>	<u>(56,061.04)</u>	<u>7,577.18</u>	<u>(63,638.22)</u>	<u>7,577.18</u>

Sunset Woods Housing  
Income Statement  
Compared with Budget  
For the Twelve Months Ending December 31, 2012

	Current Month Actual	Current Month Budget	Current Month	Year to Date Actual	Year to Date Budget	Year to Date Variance
<b>Revenues</b>						
Rents	\$ 9,010.00	\$ 9,388.00	(378.00)	\$ 107,076.00	\$ 112,655.00	(5,579.00)
Misc. Income	0.00	333.00	(333.00)	0.00	4,000.00	(4,000.00)
Interest Income Assn	8.15	0.00	8.15	189.29	0.00	189.29
Interest Income	4.10	0.00	4.10	32.79	0.00	32.79
<b>Total Revenues</b>	<b>9,022.25</b>	<b>9,721.00</b>	<b>(698.75)</b>	<b>107,298.08</b>	<b>116,655.00</b>	<b>(9,356.92)</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>9,022.25</b>	<b>9,721.00</b>	<b>(698.75)</b>	<b>107,298.08</b>	<b>116,655.00</b>	<b>(9,356.92)</b>
<b>Expenses</b>						
Office Supplies	11.25	4.00	7.25	279.24	50.00	229.24
Management Fee	633.10	632.00	1.10	7,132.43	7,583.00	(450.57)
Legal and Accounting Assn	0.00	0.00	0.00	9,542.00	0.00	9,542.00
Exterminating	0.00	0.00	0.00	135.71	0.00	135.71
Credit Ck Fees	850.00	6.00	844.00	850.00	50.00	800.00
Government Fees	0.00	0.00	0.00	1,150.00	0.00	1,150.00
Carpet Cleaning	0.00	0.00	0.00	568.44	0.00	568.44
Heating & Air	0.00	42.00	(42.00)	520.82	500.00	20.82
Electrical & Plumbing Maint	255.00	42.00	213.00	1,055.00	500.00	555.00
Painting & Decorating Assn	0.00	83.00	(83.00)	0.00	1,000.00	(1,000.00)
Painting & Decorating	2,045.00	0.00	2,045.00	2,045.00	0.00	2,045.00
Appliance Repairs	70.00	42.00	28.00	799.00	500.00	299.00
Supplies	0.00	42.00	(42.00)	515.54	500.00	15.54
Locks Assn	0.00	0.00	0.00	38.50	0.00	38.50
Locks	0.00	0.00	0.00	104.97	0.00	104.97
Carpet	0.00	42.00	(42.00)	0.00	500.00	(500.00)
Maintenance	1,225.00	42.00	1,183.00	2,784.96	500.00	2,284.96
Security	0.00	8.00	(8.00)	168.00	100.00	68.00
Condo Assessment Rental Units	2,442.94	3,167.00	(724.06)	29,315.28	38,000.00	(8,684.72)
Cable TV	448.20	583.00	(134.80)	5,378.40	7,000.00	(1,621.60)
Postage/Shipping Assn	0.00	0.00	0.00	28.71	0.00	28.71
Real Estate tax expense	0.00	1,667.00	(1,667.00)	13,019.38	20,000.00	(6,980.62)
Loan Interest	1,641.62	3,038.00	(1,396.38)	24,061.37	36,455.00	(12,393.63)
Filing Fees Assn	0.00	0.00	0.00	10.00	0.00	10.00
Bank Service Charge Assn	93.38	0.00	93.38	(1,406.62)	0.00	(1,406.62)
Bank Service Charges	0.00	0.00	0.00	60.00	0.00	60.00
Bldg Insurance	0.00	250.00	(250.00)	2,188.00	3,000.00	(812.00)
<b>Total Expenses</b>	<b>9,715.49</b>	<b>9,690.00</b>	<b>25.49</b>	<b>100,344.13</b>	<b>116,238.00</b>	<b>(15,893.87)</b>
<b>Net Income</b>	<b>(\$ 693.24)</b>	<b>\$ 31.00</b>	<b>(724.24)</b>	<b>\$ 6,953.95</b>	<b>\$ 417.00</b>	<b>\$ 6,536.95</b>



Sunset Woods Housing  
**Account Register**  
For the Period From Dec 1, 2012 to Dec 31, 2012  
1103M13 - FBHP General Checking

<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			25,502.44
12/1/12	12/1/12	Deposit	Tenant	348.00		25,850.44
		Deposit	Tenant	381.00		26,231.44
		Deposit	Tenant	257.00		26,488.44
		Deposit	Tenant	695.00		27,183.44
		Deposit	Tenant	717.00		27,900.44
		Deposit	Tenant	663.00		28,563.44
		Deposit	Tenant	241.00		28,804.44
		Deposit	Tenant	302.00		29,106.44
		Deposit	Tenant	411.00		29,517.44
12/1/12	1495	Withdrawal	Sunset Woods Condominium Assoc		2,891.14	26,626.30
12/1/12	loan1212	Other	ihda/auto pymt		100.00	26,526.30
12/5/12	12/10/12	Deposit	Tenant	795.00		27,321.30
		Deposit	Tenant	137.00		27,458.30
		Deposit	Tenant	159.00		27,617.30
		Deposit	Tenant	423.00		28,040.30
		Deposit	Tenant	362.00		28,402.30
		Deposit	Tenant	473.00		28,875.30
		Deposit	Tenant	407.00		29,282.30
		Deposit	Tenant	835.00		30,117.30
		Deposit	Tenant	145.00		30,262.30
		Deposit	Tenant	253.00		30,515.30
12/13/12	1496	Withdrawal	RC Paint & Home Improvements		3,415.00	27,100.30
12/13/12	1497	Withdrawal	RC Paint & Home Improvements		1,030.00	26,070.30
12/26/12	loan1212	Other	FBHP/auto pymt		3,331.64	22,738.66
12/28/12	1498	Withdrawal	Housing Opportunity Dev. Corp.		644.35	22,094.31
1/4/13	1/9/13	Deposit	Tenant	316.00		22,410.31
			Total	8,320.00	11,412.13	

Sunset Woods - December 31, 2012

Ending balance checking	\$	22,739
Ending balance operating reserve	\$	<u>9,105</u>
TOTAL	\$	31,844

FILING FEE IS \$10.  
IF LATE, ADD PENALTY OF \$3.

**General Not For Profit Corporation Act**

**ANNUAL REPORT**

(Form NFPCAF - Rev. 09/30/2009)

\*\* THIS REPORT CAN BE FILED ON-LINE @ [www.cyberdriveillinois.com](http://www.cyberdriveillinois.com) WITH AN EXPEDITED FEE. \*\*  
(USE BLACK INK)

04-15-03  
COOK COUNTY

PEERS HOUSING ASSOCIATION  
% BRUCE PHILLIP MASON  
1033 SKOKIE BLVD #250  
NORTHBROOK IL 60062

Item 1. Verify that the corporate name is correct.

Item 5. Please complete this item.

Item 2. Verify that the name of the registered agent and the address of the registered office are correct. You cannot change the registered agent and/or registered office on the annual report form printed below. In order to change the registered agent and/or registered office, it will be necessary to file with the Secretary of State form NFP 105.10/105.20. Mail the NFP 105.10/105.20, Annual Report and \$5 filing fee TOGETHER in the SAME envelope. This form can be downloaded from our internet web site at [www.cyberdriveillinois.com](http://www.cyberdriveillinois.com). Click on "Departments", then "Business Services" then "Publications and Forms".

Item 6. Please mark the appropriate box where indicated in response to the following questions:

(a) Is this corporation a **CONDOMINIUM** Association as established under the Condominium Property Act?

(b) Is this corporation a **COOPERATIVE HOUSING CORPORATION** defined in Section 216 of the Internal Revenue Code of 1954?

(c) Is this corporation a **HOMEOWNER'S ASSOCIATION** which administers a Common Interest Community as defined in Subsection (c) of Section 9-102 of the Code of Civil Procedure?

Item 7. Please complete this item.

Item 8. **THIS REPORT MUST BE SIGNED BY A DULY AUTHORIZED OFFICER OF THE CORPORATION!** Please type or print the name and title of the officer signing this report as well as the date of signing.

Items 3(a), 3(b). Verify printed information is correct.

Item 4. Must set forth the names and addresses of all officers and directors of the corporation as of the date of signing. **ILLINOIS CORPORATIONS MUST HAVE AT LEAST THREE (3) DIRECTORS!** If there are additional officers and/or more than three directors, you must attach a list to this report setting forth all other name(s), title(s) and address(es). Please write the file number on all attachments.

**DETACH AT PERFORATION - DO NOT SUBMIT A PHOTOCOPY**

Page #: 001254

1) Corporate Name <b>PEERS HOUSING ASSOCIATION</b>		File Number N 5627-453-7
4) President Name/Address SEE ATTACHED LIST	Secretary Name/Address "	3a) Date of Inc./Qual. 02-08-1991
Treasurer Name/Address "	Director Name/Address "	3b) State of Inc. ILLINOIS
Director Name/Address "	Director Name/Address "	<b>Annual Report General Not For Profit Corporation Act</b>
Director Name/Address "	5) Brief Description of the corporation's activities: BENEVOLENT AND CIVIC PURPOSES	
7) Principal Address of the Corporation (Street, City, State, Zip Code) 1150 HALF DAY ROAD, HIGHLAND PARK, IL 60035	Year of: 2013	
2) Registered Agent % BRUCE PHILLIP MASON 04-15-03 1033 SKOKIE BLVD #250 NORTHBROOK IL 60062 COOK COUNTY	6a) Is this Corporation a CONDOMINIUM ASSOCIATION? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	6b) Is this Corporation a COOPERATIVE HOUSING CORP.? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	6c) Is this Corporation a HOMEOWNER'S ASSOCIATION? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	

Under the penalty of perjury and as an authorized officer, I declare that this annual report, pursuant to the provisions of the General Not For Profit Corporation Act, has been examined by me and is, to the best of my knowledge and belief, true, correct and complete.

8) Signature

*Kathryn S. Naftzger*, Secretary

Kathryn S. Naftzger

Title | 1/16/13

Date

SECRETARY OF STATE JESSE WHITE  
STATE OF ILLINOIS

General Not For Profit Corporation Act

ANNUAL REPORT  
(Form NFPCAB - Rev. 03/10/2009)

NOTICE

The filing fee is \$10, payable to the "Secretary of State". Add penalty of \$3 if the annual report is late. Enter the total due where indicated below on the annual report.

Definitions: "Anniversary" means that day each year exactly one year or more after:

(1) The date stamped on the Articles of Incorporation filed under Section 102.15 of the General Not For Profit Corporation Act, in the case of a domestic corporation.

(2) The date stamped on the Application for Authority filed under Section 113.20 of the General Not For Profit Corporation Act, in the case of a foreign corporation.

"Anniversary Month" means the month in which the anniversary of the corporation occurs.

CHECKLIST:

Items 4, 5, 6 and 7 have been completed. \_\_\_\_\_

Item 8 is signed by a duly authorized officer. \_\_\_\_\_

A check for the total due is enclosed. \_\_\_\_\_

Write File Number on check. Do not staple or paper clip check to the annual report. \_\_\_\_\_

RETURN TO:

Jesse White, Secretary of State  
Department of Business Services  
Springfield, IL 62756  
Telephone (217) 782-7808  
www.cyberdriveillinois.com

Restart #: 022572

Corporate Name	PEERS HOUSING ASSOCIATION
----------------	---------------------------

File Number	N 5627-453-7	
File Prior To:	2-1-2013	
FILING FEE		\$10.00
LATE FEE IS \$3.00		
<b>Total Due</b>		\$10.00

Jesse White Secretary of State  
Department of Business Services  
501 S 2nd Street Rm 328  
Springfield IL 62756-5520

562745370215201301300010002

**HOUSING COMMISSION  
CITY OF HIGHLAND PARK  
Year 2013**

**The persons listed serve as the Commissioners of the Housing Commission of the  
City of Highland Park as well as officers of the following associations:**

- **Peers Housing Association**                      **File Number: N5627-453-7**
- Ravinia Housing Association
- Sunset Woods Association
- Walnut Housing Association

**Jami Sharfman**                                      **President**  
124 South Deere Park Dr.  
Highland Park, IL 60035

**David T. Meek**                                      **Vice-President**  
1369 Linden Avenue  
Highland Park, IL 60035

**Kenneth Barber**                                      **Treasurer**  
3463 Summit Avenue  
Highland Park, IL 60035

**Kathryn Naftzger**                                      **Secretary**  
2674 St. Johns Avenue  
Highland Park, IL 60035

**Charles Adler**                                      **Director**  
3360 Dato  
Highland Park, IL 60035

**Mary Kaltman**                                      **Director**  
130 Prospect Avenue  
Highland Park, IL 60035

**David F. Wigodner**                                      **Director**  
515 Burton Avenue  
Highland Park, IL 60035

1052

**PEERS HOUSING ASSOCIATION**

1150 HALF DAY ROAD  
HIGHLAND PARK, IL 60035

DATE 1/17/2013 70-2533-719

PAY  
TO THE  
ORDER OF

Illinois Secretary of State

\$ 10.00

Ten and 00/100

DOLLARS  Security Features Included. Details on Back.

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

*[Signature]*

FOR Peers Hsg # N5627-453-7

⑈001052⑈ ⑆071925334⑆ ⑈8200011321⑈

<http://www.huduser.org/portal/periodicals/em/fall12/highlight3.html>

### Shared Equity Models Offer Sustainable Homeownership

#### Highlights

- Shared equity homeownership programs facilitate broader access to affordable, low-risk homeownership opportunities for low-income families.
- One Roof Community Land Trust fills the need for quality, affordable housing and provides pre- and postpurchase support for homebuyers in Duluth, Minnesota and surrounding areas.
- San Francisco's Below Market Rate Ownership Program balances wealth creation for existing owners of deed-restricted housing units with preservation of affordability for future buyers.



One Roof Community Housing was established by grassroots activists to provide affordable homeownership opportunities for residents of Duluth, Minnesota. The social and economic benefits of stable homeownership, particularly the potential for wealth-building among low- and moderate-income families, are well documented.<sup>1</sup> Homeownership continues to be out of reach for many of these households, however, particularly in the wake of the economic crisis. (See "Paths to Homeownership for Low-Income and Minority Households") Although home prices have fallen in many localities and interest rates are at record-low levels, stringent lending standards and significant drops in household incomes have prevented many interested low-income buyers from becoming homeowners. The Center for Housing Policy reports that from 2008 to 2010, renters earning no more than 120 percent of the area median income saw their household incomes decrease by 4 percent even as housing costs went up 4 percent. As a result, the number of severely cost-burdened renter households — those paying more than half of their income towards housing costs — rose by 2.8 percent during this period.<sup>2</sup> Meanwhile, the foreclosure crisis has heightened awareness of the risks of homeownership for low-income and minority families and the need for solutions that help attain as well as sustain homeownership. Faced with these challenges, a growing number of communities are turning to shared equity homeownership.

#### **An Alternative Homeownership Option**

Shared equity homeownership offers an alternative option to renting and traditional homeownership. The term refers to an array of programs that create long-term, affordable homeownership opportunities by imposing restrictions on the resale of subsidized housing units. Typically, a nonprofit or government entity provides a subsidy to lower the purchase price of a housing unit, making it affordable to a low-income buyer. This subsidy can be explicit, in the form of direct financial assistance, or implicit, in the form of developer incentives for inclusionary housing. In return for the subsidy, the buyer agrees to share any home price appreciation at the time of resale with the entity providing the subsidy, which helps preserve affordability for subsequent homebuyers. Although several types of shared equity homeownership programs exist, Rick Jacobus, director of Cornerstone Partnership Initiative at NCB Capital Impact, and Jeffrey Lubell, executive director of the Center for Housing Policy, describe two basic approaches: shared appreciation loans and subsidy retention programs.<sup>3</sup> Shared appreciation loans are second mortgages provided by a public or nonprofit agency that buyers repay in full at the time of resale along with a percentage of home value appreciation. These funds are then reinvested to make homeownership

affordable to another low-income buyer.<sup>4</sup> With the more common shared retention approach, resale price restrictions ensure that the subsidy remains with the home.<sup>5</sup> The most widely implemented subsidy retention programs include community land trusts (CLTs), deed-restricted housing programs, and limited equity housing cooperatives.

CLTs increase affordability by removing the cost of the land from the sale price of a home — homebuyers purchase the structure but lease the land from the CLT, which retains ownership. Resale price restrictions are built into the ground lease to maintain affordability for future income-eligible buyers.

Currently, more than 250 CLTs are operating in 46 states and the District of Columbia.<sup>6</sup>

- In a deed-restricted housing program, resale restrictions are recorded with the property's deed and generally remain valid for more than 30 years.

Estimates place the number of deed-restricted housing units at between 100,000 and 300,000 nationwide.<sup>7</sup>

Residents of limited equity housing cooperatives are shareholders; instead of a housing unit, buyers purchase a share of stock in the cooperative, which entitles them to occupy one housing unit, at a much lower price. Limits on the resale price of the cooperative shares ensure affordability. The National

Association of Housing Cooperatives estimates the number of limited- or zero-equity cooperative units at 425,000.<sup>8</sup>

The maximum resale prices for shared equity homes in these models are established using formulas based on the appraised value of a home at the time of resale, changes to the consumer price index, or increases in the area median income.

#### **Benefits of Shared Equity Housing**

Although the different types of shared equity programs vary in structure, they are all distinguished by a common emphasis on owner occupancy, long-term or perpetual affordability, and equity sharing.<sup>9</sup> These defining features enable shared equity models to facilitate broader access to affordable homeownership for low-income families. "Equally important," notes John Emmeus Davis, one of the nation's leading authorities on shared equity housing, these alternative models preserve "this opportunity for the same class of people over a very long period of time, while preventing the loss of the public (and private) subsidies that made this housing affordable in the first place."<sup>10</sup> In markets where home prices are rising faster than household incomes and in gentrifying neighborhoods, shared equity mechanisms generate workforce housing that remains affordable over the long term, giving workers more local housing options while allowing communities to retain essential employees. For local governments dealing with large volumes of vacant and abandoned housing as a result of the foreclosure crisis, shared equity homeownership offers an avenue to transform vacant properties into permanently affordable housing and retain any public subsidies invested in them.

Shared equity programs also help reduce some of the risks associated with homeownership for low-income and minority households. As Jeffrey Lubell observes, "There are two main ways in which shared equity homeownership reduces risks. First, by buying homes at below-market prices, shared equity homebuyers are insulated to a significant extent from falling home values. It's still possible to lose money on a shared equity home purchase, but it's much more difficult since prices need to fall considerably before shared equity owners are forced to sell at a loss. Second, the purchase of a less expensive shared equity home may free up funds in some buyers' budgets to invest in other asset classes, such as retirement savings, education savings, etc., improving the diversification of assets."<sup>11</sup> At the same time, homeowners have the opportunity to build equity. An evaluation of seven shared equity homeownership programs conducted by the Urban Institute shows that, despite being subject to resale price restrictions, households in these programs earned significant returns on selling their homes. The study, which also analyzed outcomes related to affordability, security of tenure, and mobility for the programs, reveals lower delinquency and foreclosure rates among shared equity homeowners compared with owners of market-rate housing.<sup>12</sup> A separate study commissioned by the National Community Land Trust Network (CLT Network) found that at the end of 2010, only 1.3 percent of CLT home loans were seriously delinquent compared with 8.6 percent of conventional market-rate home loans.<sup>13</sup>

Many of these benefits are illustrated in the following examples of two types of shared equity programs operating in localities with vastly different housing market conditions: a CLT serving northern Minnesota and a deed-restricted housing program that promotes affordable homeownership in San Francisco, California. The programs, both of which are included in the Urban Institute study, show that shared equity models can effectively promote long-term affordable homeownership opportunities in strong and weak housing markets.

#### **One Roof Community Housing**

One of 10 CLTs in the state of Minnesota, the Northern Communities Land Trust (NCLT) was established in 1990 by grassroots activists to provide affordable homeownership opportunities for low- and moderate-income families in the city of Duluth and surrounding areas. In January 2012, NCLT merged with Neighborhood Housing Services of Duluth, an organization with a similar mission, to form One Roof Community Housing. As with most of the community land trusts in the nation, One Roof Community Housing is structured as a tax-exempt nonprofit, governed by a board of directors that is elected annually by its more than 500 members.<sup>14</sup> One of the distinguishing features of the CLT model is its tripartite governance structure, which balances the interests of multiple stakeholder groups. A typical CLT board includes equal representation from land trust leaseholders; community residents; and public officials, local leaders, or advocates who oversee the community's interests.<sup>15</sup> One Roof's 16-member board follows this classic structure; one-third of the organization's board is composed of representatives from low-income neighborhoods, including four CLT homeowners.

#### **A Path to Affordable Homeownership**

One Roof Community Housing's operations are designed to meet the unique housing needs of the community it serves. At \$41,092, Duluth's median household income is nearly 30 percent lower than the state median. Over one-third of the residents pay more than 30 percent of their income towards mortgage expenses in the city, where the median home value of owner-occupied units is \$151,300.<sup>16</sup> "Duluth has really old housing stock and very low incomes, and while some would say there is plenty of affordable housing in town, it's challenging for low-income families when they have to spend a lot of their time and income updating the homes," notes Jeff Corey, One Roof's executive director.<sup>17</sup> To fill this need for quality affordable housing, the land trust builds and rehabilitates houses that it sells to families earning less than 80 percent of area median income (AMI) — the actual median household

income of the land trust's current homeowners is closer to 60 percent of AMI.



The Olson family owns a One Roof Community Land Trust home and leases the ground beneath for a small monthly fee.

The land trust currently rehabilitates vacant, blighted properties that it acquires from county foreclosure sales, the National First Look Program, and other bank programs.<sup>18</sup> The rehabilitation work is done by One Roof's own construction company, Common Ground. "We had to do things differently, compared to places with high property values like Boston or Austin," says Corey. "We don't have much housing being built to scale like in some communities — there are few developers of owner-occupied housing and no general contractors that specialize in building affordable housing. We weren't able to get contractors to bid on our work, so we started building ourselves."

The renovated homes, all of which incorporate green building features, are sold to income-eligible buyers at prices 20 to 25 percent lower than appraised value.<sup>19</sup> As with most CLTs, One Roof creates this subsidy by retaining ownership of land beneath the homes. Buyers enter into a 99-year ground lease and pay a small lease fee to the land trust every month. To keep the homes, which must be owner-occupied at all times, affordable to subsequent low-income buyers, One Roof employs a resale formula that is appraisal-based; homeowners receive 25 percent of any appreciation in appraised value of the property and 100 percent of investment in eligible capital improvements made to the home.

Except for the resale and occupancy restrictions, One Roof's homeowners enjoy many of the same rights and rewards as owners of market-rate homes, such as predictable mortgage payments, privacy, and an opportunity to accumulate wealth. Owners pay property taxes and are free to remodel or improve their CLT homes, which can eventually be passed on to heirs.<sup>20</sup> When the homeowner wants to sell the land trust home, they have the option to choose One Roof as their real estate agent. The organization has its own realty company, a full brokerage through which it lists and sells land trust homes. Once again, a lower-priced housing market meant that One Roof needed to participate fully in the real estate industry. "Our price points aren't so dramatically different from market rate that if we had sort of thumbed our nose at the realtor community, we could have put ads in the newspaper and had people come running. They are our colleagues and business partners, and working with them helps us meet our mission in the community," notes Corey.

#### Pre- and Postpurchase Support

Homebuyer education is essential to helping buyers become informed, successful homeowners. One Roof offers free one-on-one homebuyer counseling sessions and requires buyers applying for land trust homes to complete an eight-hour, HUD-certified homebuyer education class and attend an orientation session about the community land trust program. Although it does not require applicants to get fixed-rate mortgages, the land trust does require mortgage preapproval from one of the four participating One Roof lenders and has the right to review and approve mortgages before purchase. Strict lending standards following the foreclosure crisis have left many land trust homebuyers unable to obtain a mortgage. A quarter of the CLTs that participated in a 2011 survey conducted in partnership with the CLT Network reported that buyers who qualified for their programs often were not able to purchase homes because they could not qualify for a mortgage. Nearly half of the respondents cited higher credit score and down payment requirements as the primary barriers to securing financing.<sup>21</sup> Building and maintaining partnerships with lending institutions is one way to ensure that CLT homebuyers are able to overcome this hurdle to achieving homeownership.



One Roof Community Land Trust acquires and rehabilitates vacant, blighted properties and sells the renovated houses to Duluth area families earning

no more than 80 percent of the area median income.

One Roof homebuyers are offered no-interest second mortgages to cover down payment and closing costs ranging from \$2,000 to \$6,000. An additional \$2,000 in employer-assisted funding is also available to buyers who work for two of the area's medical centers as long as they purchase homes close to their place of employment.<sup>22</sup>

To help owners keep their homes in good condition, One Roof disseminates newsletters, offers free home maintenance classes, and operates a tool lending library. Community residents can borrow tools free of charge from the library to complete necessary repairs and other home improvement projects. In addition, the organization assists CLT homeowners unable to make their mortgage payments due to temporary setbacks, such as a medical emergency, by providing small, no-interest loans paid directly to the lender. Homeowners in default due to long-term financial hardships are referred to Lutheran Social Services for foreclosure prevention counseling. This type of prepurchase support and ongoing stewardship "helps explain why owners of CLT homes rarely become delinquent," says Emily Thaden, research and policy development manager for the CLT Network and author of the CLT foreclosure study. "Legal contracts for shared equity homeownership are not self-enforcing, and the challenges faced by lower income households do not entirely disappear just because their home is affordable. CLTs know this, which is why they steward both their homes and homeowners on an ongoing basis."<sup>23</sup>

Such long-term guardianship is expensive, however, and CLTs require large amounts of capital investment to build a housing portfolio. Most of One Roof's capital funding comes from HOME and Community Development Block Grant (CDBG) program funds awarded by local municipalities; other sources include the Minnesota State Housing Finance Agency and the Greater Minnesota Housing Fund. In addition, the organization generates substantial fee income, including lease fees, developer fees, and realty commissions, to finance its operations.

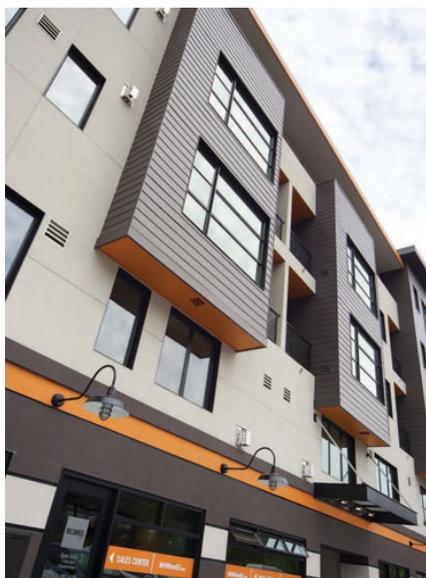
#### **A Viable Model**

The Urban Institute's evaluation of One Roof (before the merger) found that the land trust has been successful at maintaining affordability and building wealth for its homeowners. Although the minimum income required to purchase a land trust home slightly increased, the homes remain affordable to most low-income households. One Roof's homeowners, on average, realized a 38.7 percent annualized rate of return on resale, and 95 percent of homeowners who purchased 5 years prior to the study period had retained their homeownership status. Furthermore, only 1.1 percent of CLT homes — nearly all of which were financed with a 30-year, fixed-rate mortgage — were in the foreclosure process as of December 2009, compared with 4.4 percent of Duluth area homes.<sup>24</sup> A separate study prepared for the Lincoln Institute of Land Policy, in which authors compared the One Roof land trust program with another low-income housing program in Duluth, found that the trust employed a more efficient use of subsidies and preserved affordability for multiple generations of low-income buyers.<sup>25</sup> To date, One Roof has recycled more than \$3.25 million in subsidies, overseen 67 resales, and helped 295 low-income families attain homeownership; one-third to half of these families are comprised of single mothers with dependent children.

One Roof Community Housing is unique in the scope of its services, which are structured to reflect market conditions and the community's needs. "I think we are different in that very few land trusts do all of the things that we do. There are a couple of CLTs that have realtors on staff, quite a few act as developers, and there may be some that have their own construction company, but I don't know any land trust that does all three," observes Corey. He stresses that CLTs operating in low-priced housing markets have to have a viable business plan and differentiate their product from what's on the market: "We have to be stronger than a typical nonprofit housing developer because we don't go away after the homes are built. We have a responsibility to maintain strong organizational capacity to carry out the stewardship role for our homes and homeowners going forward." With 228 units under its stewardship, the organization is presently working on expanding its geographic service area.<sup>26</sup>

#### **San Francisco Below Market Rate Ownership Program**

In sharp contrast to One Roof Community Housing, San Francisco's Below Market Rate Ownership Program (Below Market program) assists households in one of the nation's most expensive housing markets with a median home value of \$785,191, more than four times the national median.<sup>27</sup> According to a study prepared for the San Francisco Mayor's Office of Housing (Housing Office), in 2011, only 7 percent of market-rate homes for sale in the city were affordable to households earning 80 percent of AMI.<sup>28</sup> Not surprisingly, San Francisco's homeownership rate of 37.5 percent is almost half the national homeownership rate.<sup>29</sup> Since 1992, the city has been adding affordable units to its housing stock through the Residential Inclusionary Affordable Housing Program. The program, which has been amended multiple times over the years, currently requires 15 percent of housing units in all developments of 5 or more units to be set aside for low- and median-income families. The set-aside requirement increases to 20 percent if the units are provided offsite or if developers elect to pay fees in lieu of providing affordable units. Through the Below Market program, the city makes the inclusionary units in for-sale developments available at below-market, affordable rates to first-time homebuyers earning no more than 100 percent of AMI.



Sale prices for the two- to three-bedroom, below-market units in the Millwheel South development in San Francisco's Dogpatch neighborhood range from about \$280,000 to \$350,000. *Steph Dewey with Reflex Imaging*

More than 850 Below Market program units — most of them condominiums — are in the city's portfolio. These units are overseen by the Housing Office, which also administers the Residential Inclusionary Affordable Housing Program. The department posts information on below-market units available for purchase on its website and requires developers to advertise the units in at least five local newspapers that reach low- and moderate-income and minority households in the city.<sup>30</sup> As with One Roof Community Housing, income-eligible buyers are required to participate in a first-time homebuyer workshop conducted by designated housing counseling agencies. These agencies receive CDBG funds from the city to promote homeownership counseling and build capacity in minority communities. Buyers must finance their purchase through 15- to 40-year fixed-rate mortgages from approved lenders. Housing Office staff members review the mortgages to make sure that buyers are not subjected to predatory lending practices. For both new and resale units, buyers are chosen by public lottery from a pool of qualified applicants. The Housing Office offers prospective homeowners assistance with down payment and closing costs ranging from \$10,000 to \$36,000.<sup>31</sup> The funds are structured as shared appreciation loans to be repaid by the homeowner at the time of resale along with a certain percentage of the property's price appreciation; the amount of home value appreciation to be shared with the city depends on the portion of the original purchase price covered by the loan.

#### Long-Term Affordability

To protect the long-term affordability of below-market units, resale restrictions are recorded with the property deed; purchasers sign a secondary deed of trust and related documents acknowledging the restrictions. Such restrictions or covenants are a widely used mechanism to preserve affordability. Hundreds of jurisdictions across the country employ deed restrictions to impose controls on affordable housing units produced through inclusionary zoning, and many CLTs use them in lieu of long-term ground leases, particularly for condominium developments. Unlike a CLT ground lease, however, the length of the affordability period in deed-restricted housing programs can vary depending on state statutes. Some states specify a limit to the affordability period, while very few explicitly define or authorize perpetual affordability restrictions.<sup>32</sup> The restrictions placed on San Francisco's below-market units are applicable for the life of the project and survive foreclosure; for units that were created before June 2007, the restrictions apply for 50 years but restart every time a unit is sold.<sup>33</sup> The units, which must be owner-occupied at all times, can be passed to heirs only if the heirs meet all of the program qualifications (income-eligible, first-time homebuyer). The Housing Office monitors compliance by requiring below-market owners to submit an annual occupancy certification and report any changes in ownership status. The office also reserves the right of first refusal to purchase below-market units listed for resale.

#### A Balancing Act

In 2007, the city revised its homeownership program in response to changing market conditions. Previously, the resale price for below-market units was based on one of two formulas: changes to the consumer price index or a mortgage-based formula. The latter formula calculates the resale price by arriving at a mortgage payment that is affordable (defined as no more than 33 percent of gross income) to a household earning 100 percent of AMI. Along with a 10-percent down payment, the formula takes into account interest rates, taxes, homeowners association fees, and insurance costs at the time of resale. This formula "yielded perfect affordability," notes Myrna Melgar, who oversaw the changes to the Below Market program as the Housing Office's homeownership director during this time.<sup>34</sup> As interest rates began to rise in 2006, however, homeowners who had purchased their deed-restricted units when the rates were low found themselves having to sell at a loss. The city responded by changing the resale formula. "We made the decision to sacrifice perfect affordability to ensure more predictability for individual homeowners," explains Melgar. With the new formula, the resale price is calculated based on the changes to AMI, providing a more stable equity building opportunity for owners. Sellers receive the resale price excluding loans, closing costs, and any shared appreciation related to the city's down payment assistance. Sellers also get reimbursed for capital improvements made to homes 10 years or older, although this amount is capped at 7 percent of home's resale price.<sup>35</sup>

Melgar observes that the AMI formula may make below-market units more expensive over time, especially when interest rates are high. But given the city's strong housing market, the program still meets a need for affordable housing for moderate-income families. "A number of homeowners were able to build a nest egg and move on to market-rate homeownership, which is the program's goal," Melgar notes. The Urban Institute's evaluation of the Below Market program substantiates this conclusion based on an analysis of 771 sales and resales between 1999 and 2009. Study findings show that during this 10-year period, below-market units were purchased by first-time buyers with a median household income of about \$60,000 at a median price of nearly half the units' appraised value. Moreover, homeowners in the program were able to realize an annual rate of return of 11.3 percent on resale.<sup>36</sup>

San Francisco's ownership program is not without challenges, however, and chief among them is limited access to credit for many income-qualified households. Few lenders are willing to provide first mortgages for the below-market units. Buyers at the lower end of the income scale who do manage to secure a mortgage often face high homeowners association fees in some neighborhoods, which significantly decrease affordability. Another challenge involves the substantial amount of resources needed to reach out to and serve the city's high percentage of minority households. The Housing Office overcomes some of these problems by supporting a network of outside organizations. "The key is having good partners," notes Melgar. "The city does a good job of training lenders and title companies, funding counseling agencies, and including stakeholders in any policy decisions. All of that is important to keep the program healthy and productive."<sup>37</sup>

#### A Way Forward

Shared equity homeownership continues to gain popularity as a viable alternative to traditional homeownership. Shared equity programs have proven successful at providing stable, affordable homeownership opportunities to low-income families who would otherwise be priced out of the housing market. At the same time, these programs ensure that public resources invested in affordable housing are maximized. Homeowners realize many of the same benefits offered by traditional homeownership, only with much lower risk. Inherent safeguards — such as mandatory homebuyer education and fixed-rate mortgage requirements — continuous monitoring, and other stewardship activities that are a part of shared equity models support a sustainable homeownership experience. Just as important, the One Roof CLT in Duluth and the Below Market program in San Francisco show that, regardless of market conditions, shared equity models that balance preservation of affordability with wealth creation have the potential to help lower-income households build equity and move up the housing ladder.

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