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## **AFFORDABLE HOUSING FUND GUIDELINES FOR HOMEOWNERSHIP PROJECTS**

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### **I. PURPOSE**

The purpose of this document is to serve as a supplement to the Affordable Housing Fund General Guidelines, with regulations specific to homeownership projects.

### **II. AFFORDABLE HOUSING FUND**

The General Guidelines of the Affordable Housing Fund apply to this program in addition to those guidelines contained herein.

### **III. PROJECT ACQUISITION/DISPOSITION**

It is anticipated that resources will be made available to eligible entities to acquire and develop (or redevelop) homeownership housing. Upon site identification and acquisition, any funds disbursed for said acquisition will require the execution of all necessary agreements and security instruments. This includes a mortgage and note for the full amount of the award (with terms of 0% interest and deferred payment of principal) with conditions related to timing of project completion and the resulting sale/disposition of the property to an eligible homebuyer.

### **IV. LEGAL UNITS**

Upon completion of homeownership projects developed under the AHF program, the resulting housing units must meet all applicable local development standards in order to be transferred individually to eligible homebuyers.

### **V. HOUSEHOLD ELIGIBILITY**

For all Homeownership Projects, households must meet the following eligibility requirements:

1. Income Eligibility: Annual household incomes must be within thresholds delineated by the applicable program, adjusted for family size. (See Exhibit C of the General Guidelines.) These figures are updated and published annually by HUD. The income limits apply only to the household's initial income at the time of occupancy. Incomes may and will change over the time the household resides in the unit. Applicant households must provide documentation of their income that satisfies HUD standards and is acceptable to the County. Those who cannot or do not furnish such documentation will be determined ineligible.

2. Household Financial Contribution: For downpayment assistance, households must make a minimum, out-of-pocket 1% cash down payment from their own funds, not gifted or borrowed.
3. Buyer Eligibility: Assisted units are not to be restricted to first-time homebuyers.
4. Homebuyer Education Class: Homebuyers must complete a HUD-approved homebuyer education class offered through a HUD certified Housing Counseling Agency. This class must have been taken (and a certificate of completion issued) within the twelve-month period prior to the date of the homebuyer's purchase of the home.

## **VI. HOMEBUYER SELECTION/UNDERWRITING**

Working in conjunction with County Staff, homebuyers will be selected using the following criteria:

1. Creditworthiness: Homebuyers must demonstrate the ability to obtain a first mortgage by presenting either a mortgage pre-approval letter or a mortgage commitment letter from an Illinois mortgage licensee. The first mortgage must meet the County's Mortgage guidelines.
2. Affordable Payments: A Homebuyer's total monthly housing payment ratio (a.k.a. front-end ratio) must be between 25%-32% of household income. The total debt ratio (a.k.a. back-end ratio) must not exceed 50% of household income, as certified by the applicant's mortgage lender.
3. Homebuyer Education: All offers to purchase must be accompanied by documentation of registration for the required homebuyer education course.
4. Most Competitive Offer: In the event multiple offers satisfy the above criteria, the homebuyer whose offer is determined to be most advantageous to the program will be selected at the sole discretion of the County.

For Acquisition/Disposition projects, in the event there are multiple prospective buyers for a specific housing unit, the County has determined those buyers have met the first three qualifying factors listed above, and the offers are equally advantageous to the program, the County will employ a first-come, first-served approach in selecting the homebuyer.

## **VII. AFFORDABILITY PERIOD**

Affordability restrictions remain in force, regardless of transfer of ownership, for the entire affordability period unless repayment of "direct assistance" to the homebuyer is remitted to the County. Direct assistance is in the form of a second mortgage from the County to the

homebuyer under terms that reduce the amount and cost of their first mortgage. (See XII. Affordability Periods in the General Guidelines).

### **VIII. OCCUPANCY REQUIREMENTS**

All Homeownership projects are subject to the requirement that the assisted household must occupy the unit as their principal residence for the entire period of affordability. If the household does not continue to occupy the unit as their principal residence for the duration of the period of affordability, the County will require repayment of the direct assistance they received. Occupancy requirements will be enforced with a Note and Recorded Mortgage.

### **IX. SALE PRICE**

For Acquisition/Disposition projects, both the sale price (to the homebuyer) and the after-rehabilitation value of units assisted by the Affordable Housing Fund cannot exceed 95 percent of the area median purchase price for single family housing, as determined by HUD. (See Appendix A for specific limits.) While these limits represent an absolute ceiling, the County further requires that assisted units be sold at prices that are affordable to homebuyers at the target income level, as determined by the County's homebuyer underwriting process.

## APPENDIX A

### HOME Sales Price Limits

IL - Kane County - Chicago-Joliet-Naperville, IL HUD Metro FMR Area  
Effective: 06-01-2021

Existing Homes After-Rehab Value Limits			
1-Unit	2-Unit	3-Unit	4-Unit
\$240,000	\$307,000	\$372,000	\$461,000

New Construction Value Limits			
1-Unit	2-Unit	3-Unit	4-Unit
\$272,000	\$348,000	\$421,000	\$522,000