

2014

DEVELOPMENT FINANCING OVERVIEW



CHICAGO HOUSING
AUTHORITY™

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Section 1 – Introduction

The Chicago Housing Authority (CHA) is the third largest public housing authority in the country and serves more than 17,000 households in public housing and more than 37,000 households through the Housing Choice Voucher program.

Since 2000, CHA has been fully engaged in completing the Plan for Transformation (PFT), the largest and most ambitious redevelopment effort of public housing in the history of the United States. In 2013, CHA launched a new strategic plan, Plan Forward, which lays out strategies to plan for a new future for CHA, residents and communities, while fulfilling CHA’s obligations under the original PFT.

For more information about CHA, please visit www.thecha.org.

1.1 Development Goals

The cornerstone of Plan Forward is the goal of delivering 25,000 new or renovated units. By the end of 2013, CHA completed 87 percent of this unit goal originally set forth in the Plan for Transformation (“PFT”). Specifically, PFT outlined a strategy to deliver approximately 15,000 units of housing for families and 10,000 units for seniors. CHA has already achieved its unit goal for senior housing and the work ahead is focused on delivering family units.

With Plan Forward, CHA continues to focus on providing quality housing in healthy and vibrant communities that enables low-income families to maximize their potential for long-term economic success. CHA currently has 42,000 households on its wait list who need affordable housing. Approximately 80 percent of these households seek one- or two-bedroom units; more than half are interested in mixed-income housing.

In order to achieve this unit goal, CHA invites applications from developers and residential property owners for financial assistance for new construction and rehabilitation projects or existing units ready for occupancy.

1.2 Development Priorities

Collectively, CHA’s development financing programs aim to provide affordable housing opportunities throughout the City of Chicago. Specifically, priority consideration will be given to applications that meet some or all of the parameters detailed below.

1. **Healthy, Vibrant Neighborhoods.** CHA seeks units in neighborhoods that at a minimum satisfy HUD’s site and neighborhood standards, and generally are conducive to a healthy family life and economic opportunity. CHA is also interested in neighborhoods that are demonstrably revitalizing or have a realistic likelihood of revitalizing as a result of new

housing development initiatives. Preference will be given to developments in **Opportunity and/or General Areas**. CHA also is committed to the continued development of mixed-income communities under the PFT.

2. **Economic Diversity**. CHA-assisted units should usually not constitute more than 33% of the units in any development. CHA desires that the remaining units have both a more market-oriented financial structure and that overall a development's residents will represent a range of incomes. CHA will agree to a percentage of CHA-assisted units lower than 33%, as long as the total number is not so small as to be excessively costly on a transactional and oversight basis. The CHA-assisted units must be distributed throughout the development and—in most cases—represent a proportional distribution of unit sizes.
3. **Target Population**. CHA has a general need for a variety of unit sizes and will work with developers and building owners to provide a unit mix that meets the needs of our wait list applicants. Of the 42,000 households currently on CHA's waitlist, approximately 80% seeks one or two bedroom units and more than half are interested in living in mixed-income housing.

The vast majority of the applicants on the waitlist do not require any special services or age restrictions, therefore supportive housing that targets special needs populations or a specific age group (such as seniors) will be considered on a limited basis. Moreover, CHA is engaged in other housing initiatives with respect to populations with special needs.

1.3 Qualifications for Developers

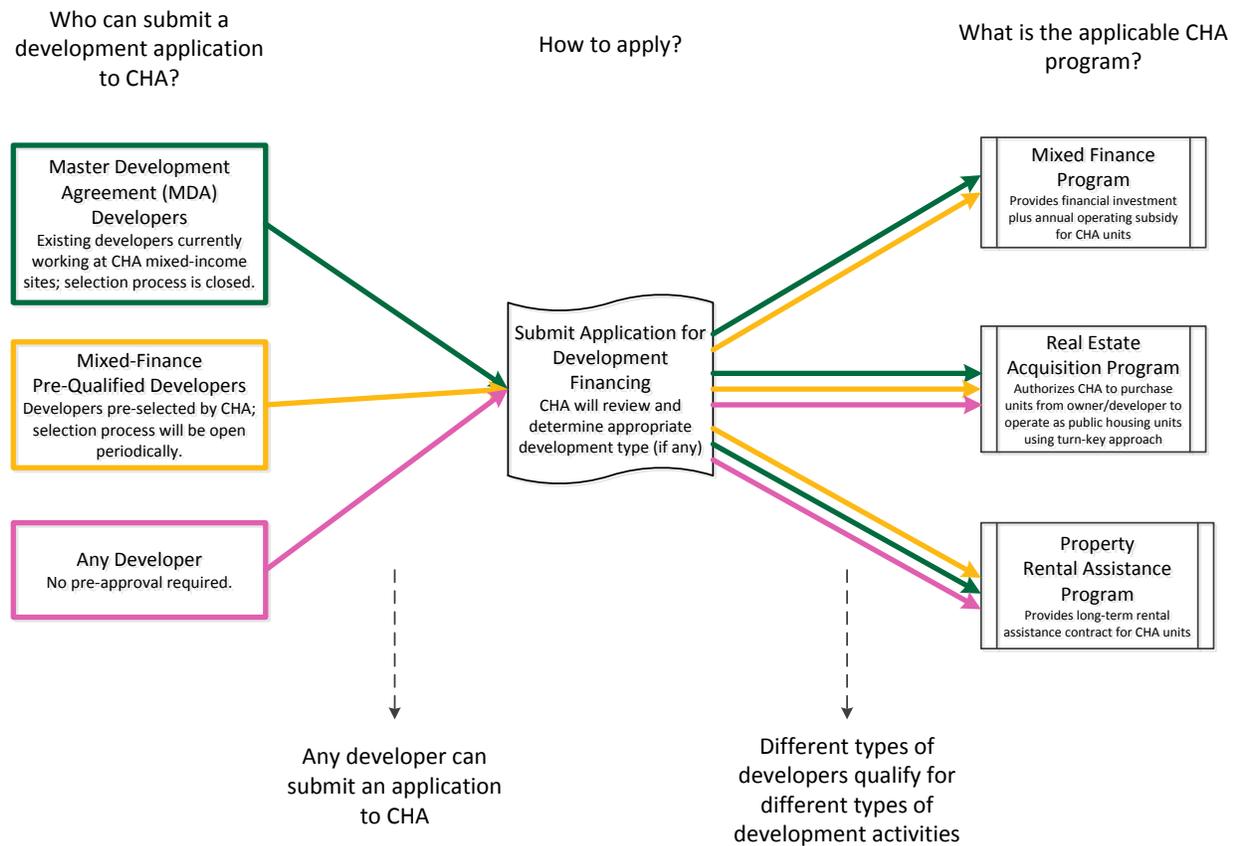
Qualifications for application submittal vary based on type of financing being sought. (See **Figure 1**)

Master Development Agreement (“MDA”) Developers: Developers selected through a competitive process for redevelopment of CHA-owned land as part of the Plan for Transformation must have a current and active MDA. Such developers are eligible to participate in any of the Unit Delivery Programs.

Mixed Finance Prequalified Developers: Developers selected through other CHA competitive processes for Mixed Finance including, but not limited to, Pre-Qualification for Development Teams. Such developers are eligible to participate in any of the Unit Delivery Programs. For more information on the developer selection/approval process, which will be open periodically, please visit CHA's webpage.

Any Developer: Developers who have not been preapproved by CHA are eligible to sell units to CHA and participate in property-based rental assistance.

FIGURE 1: CHA Development Financing Options



1.4 Types of Development Financing

Interested developers or building owners can apply for the following types of assistance:

- **Capital loan operating subsidy through the Mixed Finance Program.** This is a typical structure for developments that are part of the Plan for Transformation or Plan Forward and are owned by the developer. This structure can also be used on other developments on CHA and non-CHA owned land. (MDA Developers and Mixed Finance Prequalified Developers)
- **Sale of residential property to CHA through the Real Estate Acquisition Program.** This program, using a “turnkey model,” will facilitate the sale of residential units to CHA for

the long-term public housing use. In this structure, the developer facilitates all required capital improvements and then sells the units to CHA. (Any Developer)

- **Rental assistance only through the Property Rental Assistance Program.** In this structure, the property is developer-owned and CHA enters into a long-term rental assistance contract with the owner for a specified number of units designated for public housing. (Any Developer)

The Development Financing Overview and the accompanying “Application for Development Financing” should guide development proposals submitted for CHA consideration. Please note: Developers seeking a capital loan with operating subsidy will also be required to submit a Part Two application after initial determination of CHA interest and project feasibility. In such cases, applications for financing submitted to the Illinois Housing Development Authority or the City of Chicago’s Multi-Family Finance programs will be accepted as CHA’s Part Two application.

Section 2 – Development Financing Programs

2.1 Mixed Finance Program (Mixed Finance)

Mixed Finance offers development assistance and financing to developers and building owners to construct or rehabilitate multi-family, mixed-finance, mixed-income, and mixed-use projects. CHA’s Development division works with other public agencies such as the City of Chicago’s Department of Planning and Development (“DPD”) and the Illinois Housing Development Authority (“IHDA”) to provide financial assistance with various loan programs which serve as supplemental funding to conventional loans provided by private market lenders.

1. Development staff provide relationship management working with selected developers in planning, designing, and financing multi-family, mixed-finance, mixed-income and mixed-use, new construction and rehabilitation projects.
2. Development staff also assist with any required approvals.

Mixed Finance is interested in working with developers that will build or rehabilitate mixed-income residential projects that provide a combination of public housing, affordable, and market rate units. A mixed-use component (e.g. retail, recreational space) is also encouraged, when feasible, that provides a service to directly enhance the quality of life for CHA residents.

In return for CHA’s investment, long-term use restrictions will be recorded against the property to ensure a certain number of units will be set aside for use as public housing units during a period of at least 40 years and are subject to HUD’s 10 year tail requirement.

The Capital Construction Department (“CCD”) works with Development to review and approve architectural and site plans to ensure the development adheres to quality design principles and guidelines and represents the type of housing CHA requires in order to improve the quality of life for residents and the surrounding neighborhood.

2.2 Real Estate Acquisition Program (REAP)

REAP is a unit delivery strategy that will assist CHA in providing its residents access to quality, sustainable, subsidized family housing throughout Chicago’s Opportunity and General Areas. REAP will provide an opportunity for developers to partner with CHA to deliver public housing units in mixed-income, mixed-use developments in **Opportunity and/or General Areas** using a turnkey approach.

2.3 Property Rental Assistance Program (PRA)

PRA provides developers and residential property owners with a rental subsidy for a period of 5-30 years for new construction and rehabilitation developments, as well as existing units ready for occupancy. PRA is a component of CHA’s Housing Choice Voucher (HCV) Program (formerly known as “Section 8”). All units in the HCV Program are owned by private landlords who receive a monthly payment from CHA equal to the difference between the contract rent for that unit and the tenant’s income-based rent.

The most common type of Housing Choice Voucher is the “tenant voucher” which allows a tenant to choose an apartment in the private market. In contrast to the tenant-based HCV program, the Property Rental Assistance program is based on a long-term contract for a specific number of units within a property or portfolio of properties. The developers or owners of approved properties will enter into a Housing Assistance Payment (HAP) contract (“Contract”) with CHA to receive rental subsidy for a number of specific units.

CHA seeks to provide affordable units for the long-term and therefore prefers Contract terms of 15-30 years; however, shorter terms will be considered (e.g. 5-year base term with 5-year option renewals). The rental assistance remains with the property for the term of the Contract as long as eligible tenants occupy the unit and the units meet all relevant physical condition standards.

Section 3 – Program Eligibility

3.1 Eligibility Thresholds

In order to be considered for assistance through any of CHA’s development financing programs, all applications, at minimum, must meet the following conditions:

- a) Proposed property/development must be located in the City of Chicago.

- b) Applications must include a minimum of eight assisted units distributed throughout the property. The assisted units may be part of a portfolio of multiple buildings. Exceptions to the minimum unit threshold may be granted on a case-by-case basis with written explanation.
- c) Assisted units must be leased to families earning 80% or less of the Area Median Income (AMI). See the following table for 2013 income maximums. If the developer or owner obtains financing with separate income requirements, the developer or owner must ensure that the requirements for all programs are met; CHA residents will pay no more than 30% of their adjusted household income for both rent and utilities.

Household Size	1	2	3	4	5	6	7	8
2014 Income Limits*	\$40,550	\$46,350	\$52,150	\$57,900	\$62,550	\$67,200	\$71,800	\$76,450

*Subject to change and published by HUD

- d) Properties should be located in neighborhoods with access to a variety of neighborhood amenities that will benefit the target population such as schools, transportation, parks, recreation, retail shopping options and access to jobs and medical facilities. CHA will consider neighborhood characteristics including:
 - i. Public and private investments and revitalization efforts occurring in the area.
 - ii. Relative concentration of other assisted and/or low income housing in the area.
- e) Applicants must own the subject property, or provide evidence of pending ownership/site control. Long-term, master-leased units may also be considered in lieu of direct ownership.
- f) Applicants must have previous experience in developing or managing a residential development that included public housing units and/or affordable units in a mixed – income project. If the developer has no previous experience developing or managing such a development, then evidence of a joint partnership with a developer or property manager that has this specific previous experience is required.
- g) Evidence of leveraging CHA funding is required *for new construction or rehabilitation developments*. This may be provided in the form of Letter of Interest or Intent from other public and private lenders to provide financing.
- h) Construction must start within one year of a project closing *for new construction or rehabilitation developments* that have received HUD and CHA approval, are supported by any City of Chicago approved ordinance action for City assistance, and are issued City of Chicago permits for all work related to the proposed project.

- i) **PRA Only** - Studio and Single Room Occupancy (SRO) units are eligible.

3.2 Ineligible Units

Certain housing types are NOT eligible for CHA assistance. These include, but are not limited to the following:

- a) Transitional housing (including emergency shelters)
- b) Owner-occupied housing
- c) Shared housing including shared kitchens and bathrooms
- d) Manufactured housing (e.g., trailer or mobile homes)
- e) Section 202 & Section 236 housing
- f) Two bedroom units or larger that incorporate a “borrowed light” feature in all of bedrooms
- g) **REAP & Mixed Finance Only** – Studio and Single Room Occupancy (SRO) units
- h) **PRA Only** - Public housing (either constructed using capital funds or receiving other operating subsidy)
- i) **PRA Only** - Units receiving other local, state, or federal rent or operating subsidies (For example, units assisted by the Chicago Low-Income Housing Trust Fund program are ineligible. However, units receiving capital assistance such as TIF loans, or LIHTC equity are eligible.)

Section 4 – Application & Selection Process

4.1 Application Deadline & Process

Owners interested in participating in one or more of these CHA programs should complete and submit the Application for Development Financing. Applications will be accepted and evaluated on a first-come, first-served basis throughout the year. Based on the review of an application, CHA may contact the owner for additional information or for clarifying documents. All applications require submission of basic information about the property, owner, property manager, and the tenant selection criteria.

Applications for new construction or rehabilitation properties or supportive housing projects require submission of additional supplemental information as detailed in the Application. *Mixed Finance projects will also require completion of the Development Part Two Application, subject to approval of Part One Application submission by Development staff.*

CHA shall have no obligation to compensate any applicant for any costs incurred to prepare an Application. CHA reserves the right to reject any and all applications. CHA may amend and/or terminate the Application and Selection process at any time.

CHA will periodically host informational sessions for property owners and developers interested in these programs. The dates and times of these sessions will be listed on the CHA website at www.thecha.org/developmentfinancing.

All questions must be submitted in writing to developmentfinancing@thecha.org. Questions will receive an emailed response and may also be posted on CHA's Frequently Asked Questions (FAQ) website for the CHA funding. Selection of questions and answers for the FAQ website will be based upon the general applicability of the subject matter; this determination will be at the sole discretion of CHA.

4.2 Application Requirements

For each proposed development, applicants are required to submit one original and one copy of the application, each in a three ring binder containing side pockets, plus an electronic version (on a CD, "zip-drive", or via email to developmentfinancing@thecha.org).

Submit applications and CD to:

**CHA Development Financing Programs
Chicago Housing Authority
60 E. Van Buren
13th Floor
Chicago, IL 60605
Attn: Application Coordinator**

If sent by messenger service, the drop-off location is:

**Message Center at the CNA Building
CHA Development Financing Programs
Chicago Housing Authority
60 E. Van Buren, 1st Floor
Chicago, IL 60605**

Applications are to be organized in tabs with the correct number and order of tabs, according to the property type. Each tab is to be labeled by topic as indicated in the Application. Some application requirements are only necessary for Supportive Housing or New/Rehab properties.

4.3 Non-Responsive or Non-Compliant Applications

All application document requirements described in the Application must be submitted in order for an application to be evaluated. If an application is non-responsive or non-compliant

with the program, application requirements, or HUD program regulations, CHA will provide a letter describing application deficiencies within 10 days of receipt of the application. The letter will be emailed and mailed to the Contact Person listed in the Application. Missing information may be emailed or mailed to the addresses in Section 4.2. There is no required re-submission deadline. Only complete/compliant applications will be evaluated.

Submissions deemed non-responsive or non-compliant will be maintained at CHA for a period of twelve (12) months from application date. After the twelve (12) months, these submissions will be destroyed and discarded. Non-responsive or non-compliant applications may be revised and resubmitted at any time; there is no required re-submission deadline. Only complete/compliant applications will be evaluated.

4.4 Selection Process

Once an application is determined to be complete and responsive, it will be evaluated and scored by the evaluation committee designated by CHA. Projects are considered independently and scored competitively against the criteria defined in the Program Goals and not against other applications.

4.5 Selection Criteria

Mixed Finance

Applications for Projects Located on CHA-owned Property: Development will review the application (as a “Part One” submission) requesting mixed financing assistance primarily for complete disclosure of information. Any applicant that submits an incomplete application and/or contains unclear responses will be contacted during the application review period and asked to re-submit a new application with all requested information provided for further consideration.

Applications for Projects Not Located on CHA-owned Property: Development will review the application (as a “Part One” submission) for complete disclosure of information during the application review process. Once the application contains complete information, it will then be reviewed by the evaluation committee to further evaluate information that meet certain threshold criteria including:

- Project description
- Neighborhood description
- Responsiveness to Plan Forward goals
- Project follows the guidelines of a publicly-supported neighborhood plan

This evaluation committee may require additional information in order for the project to be eligible for a “Part Two” application submission.

REAP & PRA

REAP and PRA will use the scoring criteria in this section to evaluate and select properties that meet the goals and objectives of the program, subject to available funding. Each evaluation factor has an associated point value. The total points awarded to an application will be reviewed as a percentage of the total points available for the type of property proposed. All complete and responsive applications will be evaluated on the following factors as described in this document and the Application. Applications will be evaluated based on the criteria for their applicable programs and not compared to proposals for a different program.

Evaluation Factor	Tab	Max Points
Property Description: CHA seeks a variety of property types, unit mixes and income distribution that provide residents access to quality, sustainable, subsidized family housing throughout Chicago. The applicant should explain how the property meets the needs of the targeted population. CHA’s program goal is to ensure long-term availability of affordable housing as provided by the application’s proposed term.	2	15 Points
Target Population: CHA is seeking non-supportive, family housing. Only applications for family housing will be eligible for points in this category.	2	15 Points
Owner/Developer Experience: The applicant has a demonstrated, successful track record of owning, and, if applicable, developing housing of a similar scale to the proposed project.	4	15 Points
Neighborhood Description: CHA seeks developments in neighborhoods that have a demonstrated public and/or private investment in established or revitalizing areas that support the target population.	5	15 Points

Financial Feasibility: CHA seeks a variety of applications with feasible development plans and financing. CHA will also consider the development timeline, projected operating budgets, and results of the market study.	3, 7	15 Points
Management Experience (PRA Only): CHA seeks a Property Manager with demonstrated ability to manage housing similar to the proposed project in the application. Proposed supportive housing developments should also provide comprehensive, on-site services with the appropriate level of services for the target population.	4, 6, 8	15 Points
Opportunity or General Area: CHA seeks proposals that demonstrate a geographical location within an Opportunity or General Area.	2	10 Points

In summary, the maximum points for various types of applications are as follows:

Property Type	Max Points
REAP	85
PRA	100

Using the scoring criteria, applications will be classified into the following categories:

- Recommended
- Conditionally Recommended
- No Decision (pending more information)
- Not Recommended

Conditionally recommended applications may be fully recommended subject to specific revisions to proposed elements of the application (e.g., unit mix, deconcentration, rent schedule, etc.). The evaluation committee may require additional information to facilitate a final decision. For conditionally recommended applications and for those not decided, CHA will provide the applicant with a request for clarification or revision. Recommended applications will be submitted for approval by the CHA Board of Commissioners.

4.6 Notification

For approved applications, CHA will provide the selected applicant with a copy of the approval documentation.

CHA will provide timely written notice to all applicants not selected after they have been reviewed by the evaluation committee. Owners of properties not selected may participate in a debriefing session about their application if requested in writing within 15 days of notification of not being selected.

Section 5 – Physical Conditions & Other Requirements

5.1 Physical Conditions

Physical Condition Standards. The assisted units and common areas of the property must meet the physical condition standards of the applicable CHA program at initial occupancy and throughout the contract term. CHA or its designee will be responsible for initial inspections of the units and common areas. All units must also comply with City of Chicago building code.

Annual inspections of each assisted unit and common areas will be the responsibility of the owner/manager. The owner agrees to make all assisted units available to CHA at any time to perform Quality Control inspections and verification, subject to any required tenant notifications. Information on physical condition standards and CHA’s inspection procedures are available upon request.

For Mixed Finance developments, CCD will monitor and inspect all project structures to be constructed or rehabilitated throughout the construction period. CCD staff will be responsible for working with the development team in tracking issuance of certificates of occupancy from the City of Chicago and certificates of completion from project architects construction is complete. Details of this process are provided in the Mixed Finance Part Two application.

Lead-based paint requirements. For existing properties and those involving rehabilitation of structures built prior to 1978, federal requirements regarding the treatment or removal of lead based paint apply. Applicants will have to obtain lead clearance prior to occupancy. Further information on these requirements is available upon request.

Physical Accessibility Requirements. The selected developer/property owner will be expected to prepare plans that include housing that is accessible, adaptable and visitable by people with disabilities. CHA and the City of Chicago place a high priority on meeting and exceeding Federal, State and City requirements for accessibility. CHA is under obligation to deliver 5.3% of its housing as accessible for people with mobility impairments and 2.1% as accessible for people with sensory impairments. Federal requirements include Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act. The Fair Housing Amendments Act (“FHAA”) requires every covered dwelling unit in a privately financed or

government financed structure that contains 4 or more units to meet ANSI A117.1 Type B requirements. State requirements include the Illinois Accessibility Code (“IAC”), which requires government owned or financed units contain 5 or more units to ensure that at least 10% of the total units are visitable by a person with mobility impairment. CHA encourages developers to provide 10% adaptable and 10% visitable units on the privately financed, unsubsidized units. The developer/property owner must ensure that all final plans are in conformance with these requirements and the units can be certified by the CHA certifying agent.

Existing properties where no rehabilitation is anticipated shall adhere to regulations put forth under 24 CFR § 100.203 that permit a person with a disability at his or her own expense to make reasonable modifications to existing premises if such a modification is necessary to afford the person with a disability full enjoyment of the premises.

Green Guidelines. Though not a requirement, CHA strongly encourages new construction and substantial rehabilitation proposals that address prudent sustainable green measures that improve the quality of resident’s lives, benefit the CHA and its residents in terms of financial cost savings, and encourage energy and resource conservation.

CHA requires new construction developments to incorporate exterior green space that is age-appropriate for its resident population. Rehabilitation of existing housing and properties ready for occupancy are strongly encouraged to incorporate age-appropriate green space where feasible.

CHA also strongly encourages all properties with CHA-assisted units to include a smoke-free policy.

5.2 Other Requirements

Section 3. The purpose of Section 3 is to make HUD-financed employment and economic opportunities available to low-income residents. Under CHA’s Section 3 program, there are multiple requirements for every contract. Hiring and Contracting are both required under Section 3, and vendors cannot choose between the two. 30% of all new hires must be Section 3 employees. In addition, 10% of the total construction contract value and 3% of the total value of non-construction contracts must be awarded to Section 3 Businesses. Section 3 does not apply to Supply & Delivery contracts. CHA’s Section 3 requirements are outlined in HUD’s 24 CFR 135. As CHA’s Section 3 policy may be amended, please visit our website for the most recent information.

Davis Bacon. The Davis Bacon Act (DBA) requires the payment of appropriate prevailing wage rates for all Federal construction projects in excess of \$2,000. The Department of Labor (DOL)

determines the customary wage. The goal of the Davis-Bacon Act is to protect the statutory rights of construction workers by ensuring they are being paid appropriately for HUD or HUD "Related Acts" construction projects.

MBE/WBE/DBE. The Chicago Housing Authority mandates that Minority, Women and Disadvantaged Business Enterprises have the maximum opportunity to participate in the execution of contracts financed in whole or in part with federal funds. Therefore, bidders, proposers or contractors and their subcontractors or suppliers must comply with [CHA's MBE/WBE/DBE Policy](#) to ensure these business enterprises can benefit through every contract with the Authority.

Disbarred/Watch Lists. As part of this application process, CHA will also investigate to see if applicants and members of their development team are listed on federal and City of Chicago databases that identify vendors disqualified from participating in projects supported with public funds due to factors that include, but not limited to, lack of or non-performance and financial default. The applicant will be contacted immediately during the application review period if any party named in the application is identified in any of these databases. The applicant may be asked to substitute a new party depending on the status of the findings.

Federal, State and Local Requirements. Developers or Building Owners must comply with all Federal, State and local laws and ordinances relating to the development of a project. This includes but is not limited to, federal, state and local requirements relating to employment, fair housing, obtaining bonds and licenses, complying with building codes and zoning requirements, Davis Bacon, Uniform Relocation Act, Section 106 Historic Review, Section 504 Accessibility regulation and others.

Section 6: Leasing & Waitlist Process

6.1 Mixed Finance & REAP

Priority for resident referrals for Mixed Finance and REAP housing units is as follows:

1. Residents covered under the Relocation Rights Contract. Developers or Building Owners will be responsible through its management agent for using CHA's Relocation Management Tracking System to generate a list of CHA residents who have been relocated due to rehabilitation or demolition.
2. Transfer Residents. Upon completion of Plan Forward and/or satisfaction of the right of return of CHA residents under all governing agreements, CHA will provide Developers, through its management agent, a list of CHA families who wish to transfer.

3. Public Housing Waiting List. Upon exhaustion of the above two categories, the Developer, through its management agent, will be provided with a referral list comprised of individuals from the overall public housing waiting list. The waiting list shall be operated in accordance with governing court orders, consent decrees, other agreements, policies and procedures approved by CHA and adopted as part of its Annual Plan, in accordance with HUD requirements. The management agent shall use the waiting list to select applicants for occupancy, subject to screening and eligibility requirements.

6.2 PRA

For assisted units, the CHA will refer prospective tenants from its wait list to the owner/manager of properties with HAP Contracts in accordance with its Administrative Plan. Prospective tenant referrals will be:

- 50% from the Public Housing Program with families relocating pursuant to the Plan for Transformation having the highest priority, followed by families on the general public housing waiting list; and
- 50% from the Housing Choice Voucher Program Project-Based Waitlist with geographic preference.

Owners of participating properties will determine their own property-specific tenant screening and selection criteria for applicants referred by CHA, which is part of the application process and subject to CHA approval. Owner/Manager must apply the same screening criteria to all tenants at property, regardless of PRA assistance. The lease used at the property must comply with the Chicago Residential Landlord Tenant Ordinance and fair housing laws.

Owner/Manager is responsible for ensuring that all units are leased to qualified families. Leasing assisted units to ineligible tenants is a violation of the HAP Contract and will result in the loss of rental subsidy.

CHA may make vacancy payments as follows:

- Initial Lease up
 - 50% of contract rent for up to 60-days during initial lease-up period for vacant PRA units.
 - Option to extend initial lease-up period for vacant units for an additional 30 days with 100% payment of contract rent.
- Turnover
 - Owner keeps rental assistance if PRA tenant moves out mid-month.

- Full rent may be available for up to 60 days if vacancy is not due to owner's fault.

Section 7 – Approved Development

Properties selected for one or more CHA program(s) will be awarded assistance, subject to CHA funding availability and in accordance with the project agreement or contract.

7.1 New Construction or Rehabilitation Applications

Prior to the execution of the contract or project agreement, the following items must be approved:

- **Subsidy Layering Review**
Properties that utilize tax credits or other governmental housing assistance for construction or development from federal, state or local agencies are subject to a HUD Subsidy Layering Review (see 24 CFR 983.55) to prevent excessive public assistance. (See 24 CFR 983.55) CHA will provide a Subsidy Layering Review checklist to selected applicants. Applicants shall provide any additional documentation not included in this application that may be required to complete the subsidy layering review.
- **Environmental Review**
PRA activities are subject to HUD environmental regulations in 24 CFR 983.58. Applicant must supply CHA with necessary documentation for submittal to obtain environmental clearance from the responsible entity that conducts the federal environmental review and approves or categorically excludes the requirements under the National Environmental Policy Act of 1969.
- **PRA Only - Initial Rent**
CHA will estimate the amount of initial Contract rent to owner based on applicant's proposed contract rent per unit and the fair market rents in the neighborhood for comparable units and property types. This estimate will be documented in the AHAP, but the actual amount of the initial Contract rent will be established at the beginning of the Contract term after construction or rehabilitation is complete.

Prior to the execution of the Contract, the following items must be submitted to CHA:

- Certificate of Occupancy issued by the City of Chicago.
- Architect's Certificate of Completion.
- For applications of new/rehabilitated structures, all assisted units will either be inspected by CHA or a certificate of occupancy may be substituted for the physical inspection. This substitution will be at the sole discretion of CHA.

7.2 Ready for Occupancy Applications

For applications for units that are ready for occupancy, all assisted units will be inspected by CHA or as otherwise required under the program.

- Approved units must meet physical condition standards of the program.
- CHA and the owner must agree upon and execute a project agreement, contract and/or other associated documents.
- The contract term will be determined, in part, by the regulations of the applicable program, contingent upon the availability of federal appropriations.

EXHIBIT A - Definitions

Accessible

When used with respect to the design, construction, or alteration of housing and non-housing programs, "accessible" means that the program or portion of the program when designed, constructed, altered or adapted, can be approached, entered, and used by individuals who use wheelchairs. A program that is designed, constructed, altered or adapted to be in compliance with the Uniform Federal Accessibility Standards ("UFAS").

Adaptable

The ability of certain elements of an otherwise accessible dwelling unit, such as kitchen counters, sinks and grab bars, to be added to, raised, lowered, or otherwise altered, to accommodate the needs of persons with disabilities or to accommodate the needs of persons with different types or degrees of disability.

Agreement to enter Housing Assistance Payment Contract (AHAP or Agreement)

The Agreement is a written contract between the public housing authority (in this case, CHA) and the owner in the form prescribed by HUD. The Agreement defines requirements for development of housing to be assisted under PRA. When development is completed by the owner in accordance with the Agreement, the housing authority enters into a Housing Assistance Payment (HAP) contract with the owner. The Agreement is not used for existing housing assisted under PRA. HUD will keep the public informed about changes to the Agreement and other forms and contracts related to this program through appropriate means.

Assisted Units or CHA-Assisted Units

Residential units that are subsidized through an ACC contract, or a Housing Assistance Payment contract utilizing Section 8 funding.

CHA General Area

An area determined to have less than 30% African American population and is desired in order to fulfill its obligations under the Gautreaux consent decree. CHA may consider development opportunities in other areas, for example in areas designated by the Gautreaux court as a "revitalizing" area.

CHA Opportunity Area

A census tract with less than 20% of its individuals with income below the poverty level and a low concentration of subsidized housing.

Housing Assistance Payment (HAP or Contract)

The monthly assistance payment for a PRA unit by a CHA, which includes: (1) A payment to the owner for rent to owner under the family's lease minus the tenant rent; and (2) An additional payment to or on behalf of the family, if the utility allowance exceeds the total tenant payment, in the amount of such excess.

Mixed Finance Developer

An individual or team deemed qualified to develop mixed income housing using a variety of financing sources in conformance to 24 CFR 941 subpart F and 24 CFR 941.102.

Ready for Occupancy

Housing units that already exist on the selection date and that substantially comply with Housing Quality Standards on that date.

Rehabilitation Housing

To qualify as rehabilitation, the proposed repairs/upgrades must exceed \$5,000 per unit or total property repairs/upgrades must be in excess of \$100,000. Rehabilitation is defined as reconstruction to cure deferred maintenance; repair or replacement of major building systems or components in danger of failure; and renovation or alteration for the conversion of existing structures for housing use;. Cosmetic improvements alone do not qualify as rehabilitation housing. Rehabilitation must be completed as proposed in the application and the Agreement to enter into a Housing Assistance Payment contract. Further, the terms rehabilitation and substantial rehabilitation are synonymous for the purposes of this application.

Senior Housing

Housing with a minimum age restriction defined in the Tenant Selection Criteria.

Supportive Housing

Supportive housing is affordable housing blended with on-site supportive services that help people live more stable, productive lives. Supportive housing benefits individuals and families facing complex challenges, including those who are homeless or at risk of becoming homeless and those facing serious, persistent issues such as substance use, mental illness and HIV/AIDS. Supportive Housing may have specific target populations such as intergenerational families, individuals with developmental disabilities, or veterans.

Turnkey Developer

An individual or team deemed qualified to develop housing subject to the terms of a Turnkey Contract of Sales as required under 24 CFR 941.102.

Visitable

A basic level of accessibility that enables persons with disabilities to visit friends, relatives, and neighbors in their homes within a community. Visitability can be achieved for little cost, with the use of two simple design standards: (1) providing a 32-inch clear opening in all interior and bathroom doorways; and (2) providing at least one accessible means of egress/ingress for each unit.