

**Village of Deerfield Policies and Procedures for the  
Administration  
of the Affordable Housing Regulations of “The Deerfield  
Zoning Ordinance 1978”**

*From Pre-Development through Applicant Eligibility Verification, Rental Re-  
Certification, and Owner-Occupied Re-Sale*



## I. Introduction

The Village of Deerfield adopted affordable housing regulations in Section 2.14 of “The Deerfield Zoning Ordinance 1978,” as amended (the “Zoning Ordinance”). The Village’s affordable housing program (“the Program”), in accordance with Section 2.14, entitled “Affordable Housing in Governed Developments,” is intended to promote the public health, safety and welfare of existing and future Deerfield residents by requiring certain residential developments or mixed use developments to incorporate a specified percentage of dwelling units to be sold or rented at an affordable price to households with income at or below 100% of Area Median Income.

The Policies and Procedures for the administration of the Affordable Housing Regulations (“Policies and Procedures”) outlines the policies and procedures for compliance with the Program, from the pre-development phase through initial lease-up and sales, and periodically as tenants and homeowners leave and units turnover to new tenants or homeowners.

The Developer (“Developer”) of the development project is responsible for following these Policies and Procedures, which are intended to be used in conjunction with Article 2.14 of the Zoning Ordinance, for submitting Affordable Housing Compliance Plans (“Compliance Plans”) to the Village for review by the Plan Commission and approval by the Village of Deerfield Board of Trustees (“the Village Board”). The Village may refer Developer to a designee for consultation about the Village of Deerfield’s Affordable Housing Program (“Village Designee”), which Village Designee is currently Community Partners for Affordable Housing (“CPAH”). The Village reserves the right to appoint another Village Designee or to have Village staff perform the Village Designee’s responsibilities at any time.

## II. Governed Residential Development Affordable Housing Compliance Plan Process and Regulations

### A. Governed Developments

Governed developments are developments that result in the addition of or contain (i) eleven or more residential multi-family dwelling units or (ii) 30 or more residential single family detached dwelling units. This includes:

- (1) 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 building that increases the number of residential dwelling units from the number of dwelling units in the original structure,

- (3) a development that will change the use of an existing building from non-residential or that will change the class of residential use from single family to multi-family, and
- (4) a development that includes the conversion of rental property to private ownership of individual dwelling units, or of ownership of individual ownership units to rental.

## **B. Excluded Developments**

The following housing types are excluded from the Village's affordable housing requirements:

- (1) Any subdivision or development resulting in 10 or fewer residential units,
- (2) A non-residential development,
- (3) Assisted living facilities, and
- (4) Nursing facilities

## **C. When the Village Receives an Inquiry About Possible New Development, Renovation, Reconstruction, or Conversion of Residential Dwelling Units**

When the Village receives an inquiry from a party interested in constructing a new residential development, or rehabilitating or converting property:

- (1) Village staff will determine if the development is governed by the Affordable Housing Program.
- (2) If the development is governed by the Affordable Housing Program, Village staff will suggest a meeting with the developer and Village staff, and possibly with the Village Designee.
- (3) Village staff and the Village Designee will work with the Developer to answer questions and provide guidance on the Program.

## **D. General Compliance Guidelines for Developers**

The following is a summary of the ordinance requirements.

- (1) Governed developments are those that add or contain 11 or more residential multi-family units or 30 or more single family units. These developments shall provide a specified number of affordable units based on the size of the development. (See Chart A below.) The units must be within the physical envelope of the development. When calculation of the total number of units is a fractional number:
  - (a) if the fraction is equal to or greater than 0.5, the required number of affordable units will be rounded up to the next whole number,
  - (b) if the fraction is equal to or less than 0.5, the required number of affordable housing units will be rounded down to the next whole number.
- (2) Affordable rental and owner-occupied units will remain affordable in perpetuity. In the case of a conversion from rental to owner-occupied or owner-occupied to rental, the

ordinance requirements and the restrictive covenants recorded against the property will continue to apply to those units.

- (3) For rental development with 50 or fewer units, the affordable units will be attainable to households with income at or below 100% AMI. For rental developments with 51 or more units, at least ½ of the required units must be attainable for households with income at or below 80% AMI, and the remaining required affordable units must be attainable for households with income at or below 100% AMI.
- (4) In a development of homes for sale, the affordable units shall be sold to those with household income at or below 100% AMI.
- (5) The Village Manager will annually publish a schedule of rents and sales prices that comply with the ordinance.

### E. Eligible Income Tiers and Maximum Prices

Affordable units in governed developments may only be offered to eligible households from the income tiers listed in the chart below.

#### CHART A: Required Units and Income Tiers

Maximum rents and sales prices will be published annually by the Village.

Total Multi Family Units	Affordable Unit Required	Eligible Income Tiers
In developments with 11-30 units	1 affordable unit	Attainable for households with income at or below 100% AMI
In developments with 31 – 40 units	2 affordable units	Attainable for households with income at or below 100% AMI
In developments with 41 – 50 units	3 affordable units	Attainable for households with income at or below 100% AMI
In developments with 51+ units	10% of total number of units in the development are required to be affordable	<p><i>Owner-Occupied Units</i> - Attainable to households with income at or below 100% AMI.</p> <p><i>Rental Units</i> - At least ½ of the units attainable for households with income at or below 80% AMI, and the remaining affordable units for households with income at or below 100% AMI.</p>

Total Detached Units	Affordable Units Required	Eligible Income Tiers
0 – 30 Units	0	Attainable to households with income at or below 100% AMI
31-40 Units	2 affordable units	Attainable to households with income at or below 100% AMI
41-50 units	3 affordable units	Attainable to households with income at or below 100% AMI
51+ units	10% of total units required to be affordable	<p><i>Owner-Occupied Units</i> – Attainable to households with income at or below 100% AMI.</p> <p><i>Rental Units</i> - At least ½ of the units attainable for households with income at or below 80% AMI, and the remaining affordable units for households with income at or below 100% AMI.</p>

## F. Incentives For Development of Affordable Units

Developers incorporating the required affordable housing units on-site will be allowed to take advantage of the following incentives and development options.

### (1) Additional Building Height

In order to accommodate affordable housing units within a governed development, the Plan Commission may recommend, and the Board of Trustees may approve, without the need of a variation, a height increase of up to one story or 12 feet above the height limits in the applicable zoning district other than in single family zoning districts.

### (2) Reduced Off-street Parking Minimums

Any governed development providing the required number of affordable housing units will be eligible to obtain reductions of off-street parking minimums for the affordable housing units without the need for special zoning relief, but only if such flexibility is necessary to accommodate the required affordable units within the physical envelope of the governed development.

### (3) Fee Waivers and Reductions

Any governed development providing the minimum required number of affordable housing units shall be eligible for a partial waiver of all of the otherwise applicable application fees, building permit fees, plan review fees, inspection fees, demolition

permit fees, and such other development fees and costs which may be imposed by the Village, applicable to the portion of the governed development that will consist of affordable housing units, up to a maximum of 15 percent of all applicable fees. In no event shall the fee waiver be applied to any impact fees or third-party legal, engineering, and other consulting or administrative fees, costs, and expenses incurred or accrued by the Village in connection with the review and processing of plans for the governed development. The waiver and discount of fees and costs under this Section shall be calculated as the percentage of units within the governed development that are affordable housing units. All applicable fees and costs under this Code shall apply to all market rate units. For illustrative purposes, if a development consists 100 single-family homes, 10 of which are affordable units, a permit fee that applies to the entire development (e.g. demolition permit) may be reduced by 10 percent; a building permit fee attributable only to an affordable unit will be reduced by 10 percent; and a building permit fee attributable only to a market-rate unit will not be entitled to any reduction.

## **G. Location, Design and Amenities**

Affordable housing units in a governed development must comply with the following standards, unless granted an exception by the Village Board as part of the affordable housing compliance plan.

- (1)** Affordable units must be dispersed throughout the development and not clustered
- (2)** Unit size must be similar to the size of the corresponding market rate unit
- (3)** Each phase of construction must include a proportionate number of affordable units relative to market rate units
- (4)** Affordable unit exteriors must be visually compatible with and indiscernible from the market rate units and external finishes must be substantially the same for market and affordable units
- (5)** Affordable units may have different interior finishes and appearance than market rate units. Materials for affordable units must be contractor grade or higher.
- (6)** Affordable unit bedroom mix must be proportionate to the bedroom mix of the market rate units
- (7)** Affordable units must have similar access to common areas, facilities, and services as the market rate units
- (8)** Affordable units must include a minimum of one parking space each at no additional charge above the maximum permitted housing expenses for that unit. Additional spaces may be made available to the tenant or owner of an affordable unit at the same price as for the market rate units.
- (9)** If the market rate units include storage, affordable units must also include storage at no additional charge above the maximum permitted housing expenses

for that unit. If storage space is not allocated to all units, then the affordable units should have access to storage in the same manner and proportion as do the market rate housing units at a discounted cost equivalent to the ratio of the affordable unit rent or price compared to the rent or price of a similar market rate unit.

- (10) Affordable units must have the same energy efficiency features as the market rate units.
- (11) If a development is both rental and owner-occupied housing units, the ratio of affordable rental to affordable owner-occupied units must be the same as for the market rate rental to market rate owner-occupied units.

## H. Affordable Housing Compliance Plan

As part of the approval of a governed development project, the Developer will file an application with the Village Manager of the project's plan including a description of the development, including specifically how and where affordable units will be incorporated into the development as well as such other documents and information as the Village Manager may require.

### (1) Preliminary Plan

The Preliminary Plan will be submitted for the review of the Plan Commission and Village Board. The minimum requirements for the Preliminary Plan include:

- (a) General description of the development
- (b) Total number of market rate and affordable housing units
- (c) Total number of attached and detached housing units
- (d) Number of bedrooms in each market rate and affordable unit
- (e) Floor area of each market rate and affordable unit
- (f) Location of the market rate and affordable units within the development
- (g) Floor plans for the affordable units
- (h) Amenities and any associated fees that will be provided to the market rate and affordable units
- (i) Anticipated pricing for the market rate and affordable units.

### (2) Final Affordable Housing Compliance Plan

The final Affordable Housing Compliance Plan shall be submitted to the Plan Commission and the Village Board with the final application and must include the following:

- (a) All of the information required for the preliminary Affordable Housing Compliance Plan
- (b) The location of the affordable units within the development.
- (c) Phasing and construction schedule for each market rate and affordable unit
- (d) Documentation and plans regarding exterior and interior appearances
- (e) Description of the marketing plan for the affordable units
- (f) Description of the efforts to provide affordable housing to eligible households

**(3) Review of Preliminary Affordable Housing Compliance Plan**

Within 60 days after filing the complete preliminary Affordable Housing Compliance Plan, the Plan Commission will review the preliminary Affordable Housing Compliance Plan and recommend to the Village Board either the approval (with or without modifications) or the rejection of the preliminary Affordable Housing Compliance Plan. The Village Board may approve (with or without modifications) or reject the preliminary Affordable Housing Compliance Plan.

**(4) Review of Final Affordable Housing Compliance Plan**

Within 60 days after the filing of a final Affordable Housing Compliance Plan in conjunction with Developer's submission of a final application, the Plan Commission shall review the final Affordable Housing Compliance Plan and recommend to the Village Board either the approval (with or without modifications) or the rejection of the Affordable Housing Compliance Plan to the Village Board. Upon receipt of the Plan Commission recommendation, the Village Board may approve or reject the affordable housing compliance plan.

**(5) Concurrent Review of Preliminary and Final Affordable Housing Compliance Plans**

For all governed developments that are not planned developments, and for all planned developments for which a concurrent review procedure has been approved, the Plan Commission and Village Board may review the preliminary and final Affordable Housing Compliance Plans concurrently.

**(6) Standards of Review**

The Plan Commission may not recommend the approval of a preliminary or final Affordable Housing Compliance Plan, and the Village Board may not approve a preliminary or final Affordable Housing Compliance Plan, except upon making the following findings:

- (a) That the Developer has demonstrated that the proposed affordable housing units are designed to accommodate the needs of the target households
- (b) That the location, floor plan, fixtures and finishes, and amenities of each proposed affordable housing unit are suitable for the needs of the target households
- (c) That each affordable housing unit is designed to accommodate family living needs for common space and dining areas
- (d) That the proposed affordable housing units, and the development as a whole, conform to the applicable standards and requirements of the Affordable Housing Program
- (e) That the application of any development incentives satisfies the standards set forth in the Affordable Housing Program.

## I. Housing Development Agreement and Covenants

Prior to issuance of a building permit for any governed development, a Developer must enter into a housing development agreement with the Village establishing requirements and restrictions for the inclusion of affordable housing units in the governed development. The Developer shall execute any and all documents deemed necessary by the Village, including, without limitation, restrictive covenants and other related instruments, to ensure the continued affordability of the affordable housing units within the development in accordance with Section 2.14. The housing development agreement shall set forth the commitments and obligations of the Developer and the Village and shall incorporate, among other things, the final affordable housing compliance plan for the covered development. The housing development agreement shall also memorialize any alternatives and incentives that have been approved as part of the affordable housing compliance plan for the development.

## III. Affordable Owner-Occupied Units in Governed Developments

### A. Initial Sales Price for Affordable Owner-Occupied Units

Initial maximum sales prices for affordable owner-occupied units shall be set by the Village annually. Calculations of the maximum sales price are based on:

- (1) Housing expense is not to exceed 30% of the maximum gross income for household size. Household size for the purposes of calculating the maximum sales price is the number of bedrooms plus 1. See Chart B below.

- (2) The calculation will be based on a current rate for a 30-year fixed rate mortgage consistent with the average rate published by Freddie Mac, down payment of 5%, estimate of property taxes, estimate of homeowner’s insurance, homeowners association fees (if any), and private mortgage insurance, if applicable.

**CHART B: Household Size for the Purposes of Calculating Max Sale Price**

Unit Size	Income Level for Household Size
Efficiency	1 Person
1 Bedroom	2 Persons
2 Bedrooms	3 Persons
3 Bedrooms	4 Persons
4 bedrooms	5 Persons

**B. Procedure for Initial Marketing and Sale of Affordable Owner-Occupied Units**

- (1) Developers are responsible for good faith marketing of the affordable housing units to members of the public who are likely to be eligible households qualified to purchase the affordable owner-occupied units. The Village Designee can assist the Developer in marketing the affordable housing units, provided that the responsibility to comply with the marketing requirements is ultimately the responsibility of the Developer or subsequent owners of the affordable units.
- (2) As soon as possible but no fewer than 60 days prior to offering any affordable unit for sale, the Developer must notify the Village in writing. The notice shall include the number of affordable units, location, size (including number of bedrooms), price, and HOA fees, designated income levels, availability date, a description of each unit, parking, storage, pet policy, other building or unit amenities, and any available photos. The seller shall also submit to the Village Manager a marketing plan that will be implemented to identify eligible households for the upcoming affordable units.
- (3) At the developer’s request, the Village or Village Designee will assist with marketing the affordable units for an additional charge to be determined by the Village.

**C. Inquiries about Affordable Owner-Occupied Units**

Persons interested in learning more about available affordable owner-occupied units may contact the Developer, the Developer's sales agent or the Village Designee. Prospective buyers must apply to the Village or the Village Designee for a "certificate of qualification" before purchasing a unit in order to verify that the household meets eligibility criteria. The Developer may not sell any affordable owner-occupied unit without a valid certificate of qualification from the Village or the Village Designee.

#### **D. Application Process for Owner-Occupied Affordable Units**

Persons interested in applying for owner-occupied affordable units will be required to attend an information session offered by the Village or the Village Designee to educate prospective home buyers of affordable units about the program's eligibility requirements, resale restrictions, application process and other information related to purchasing an affordable housing unit. Interested homebuyers may register for the class on the Village Designee's website or by calling the Village Designee's office. Developer and the Village can also direct interested parties to the Village Designee's website for further information, which currently is [www.cpahousing.org](http://www.cpahousing.org).

#### **E. Ownership Applications**

Once a potential applicant has attended an information session, the Village or the Village Designee will provide a link to the application. Applications are not available before attendance at an information session because of the importance of applicants understanding how the program works including that each unit is permanently affordable, subject to resale restrictions and a maximum resale price, and other program requirements. The Village Designee will explain the application process in detail at the information session and the Village Designee's staff will be available to answer any questions throughout the application process.

#### **F. Owner-Occupied Unit Applications**

All applicants for owner-occupied affordable units are required to submit full applications that include but are not limited to:

- (1) A complete application including certification of the accuracy of all information that is provided. The submission of false information will be grounds to find the applicant ineligible for the program.
- (2) For each adult (18 and over) household member (as applicable):  
2 months of most recent, consecutive paycheck stubs

- (a) most recent W2s
  - (b) most recent filed tax returns
  - (c) bank statements including checking (3 months) and savings and retirement (3 months) account statements
  - (d) social security statements
  - (e) business statements/spreadsheets, (if self-employed)
  - (f) verification of cash income
  - (g) verification of gift income (only verifiable monthly, consistent income given to the applicant will be counted as income. Gifts toward down payment and/or closing costs are limited to \$10,000)
  - (h) employment verification forms
  - (i) employment offer letter (if starting new employment)
  - (j) child support and/or maintenance agreement
  - (k) documentation of ABLE accounts or special needs trusts
  - (l) affidavit stating that the home would be the buyer's primary residence
  - (m) other necessary documentation as needed
- (3) Valid photo identification for all household members 18 and over. Acceptable identification may include a driver's license, passport, or state-issued photo identification card.
  - (4) Co-signers are not permitted.

## G. Submitting Full Applications for Owner-Occupied Units

Full applications for owner-occupied units and supporting documentation will be submitted through the online application portal. For applicants who cannot submit an online application, the Village Designee will provide support and provide an alternative means of submitting the information. The Village Designee will make accommodations for persons with disabilities.

The Village Designee will contact the applicant if an application is determined to be incomplete or if additional clarification is necessary. An application is deemed complete only when the Village or the Village Designee has determined that all the necessary information and clarification has been provided. Once an application is deemed complete, the Village Designee will determine eligibility for specific affordable housing units that are available.

## H. Eligibility Determination for Specific Available Units

The following information will be used to determine eligibility for specific available units.

### (1) Income

To be eligible for a specific owner-occupied unit, the annual gross household income of the applicant(s) must be less than the relevant income limit as established by the U.S. Department of Housing and Urban Development (HUD) for the appropriate household size, as updated annually. Gross household income includes income of all household members 18 and over unless they are a full-time student. The annual gross household income is based on the Chicago-Naperville-Elgin, IL Area Median Income (AMI) as determined by HUD. Income eligibility verifications are valid for 90 days. Updated income documentation and verification of eligibility will be required if it is over 90 days old at the time of sale. All income calculations are done in accordance with the HUD Part 5 income definition.

**(2) Owner-occupied Housing Payment and Debt-to-Income Ratios**

The applicant's proposed monthly housing payment, or PITI (principal, interest, property taxes, insurance, and HOA fees and private mortgage insurance, when applicable) payment cannot be greater than 30% of the applicant's total monthly gross household income. The applicant's proposed monthly PITI plus other monthly debt payments (i.e. car payments, student loan payments, credit card payments) cannot be greater than 43% of the applicant's total monthly gross household income.

**(3) Assets**

Non-retirement household assets must be equal to or less than 100% of AMI for the household size after closing. Retirement restricted assets are not subject to a limit.

**(4) Primary Residence**

The applicant must use the affordable housing unit as their principal residence. An affidavit that the affordable unit will be homebuyer's primary residence is required.

**I. Local Preference**

Priority will be given to qualified households in which the head of household, spouse, or domestic partner of the head of household currently lives in the Village of Deerfield or works in Deerfield.

**J. Accessible Unit Preference**

A qualified applicant household with a household member with a disability (as defined by HUD) will be given priority for an accessible affordable unit. If the household determines that the accessible unit is not appropriate for the household's needs, the household's name will be returned to its place on the owner-occupied Waiting List, as applicable.

## K. Occupancy Guidelines

Affordable units should not be underutilized, to the extent possible. Preference is given to households that have household sizes equal to at least one more than the number of bedrooms (e.g., 2-person household for a one-bedroom unit, 3-person household for a two-bedroom unit, etc.). Maximum occupancy will be limited to federal, state and local occupancy guidelines and limits.

## L. Eligible Ownership Applicants

If applicant is approved, the Village Designee will issue a conditional certificate of qualification. In addition to being approved by the Village Designee, all applicants must be pre-approved by a participating lender to be eligible to purchase an owner-occupied affordable unit. If applicant is approved by the Village Designee and a participating lender, and an existing unit(s) is available for purchase that falls within the applicant's income range and price range, the Village Designee will refer the applicant to the Developer or sales agent and provide a Certificate of Qualification. If the applicant does not purchase a unit, the applicant will be added to the Village Designee's Ownership Waiting List.

## M. Ineligibility For Program

The most common reasons that applicants for owner-occupied units are ineligible are as follows. This is not an exhaustive list:

- (1) Insufficient/Inaccurate Information on Application**  
Refusing to cooperate fully in all aspects of the application process or supplying false or incomplete information will be grounds for deeming applicant ineligible.
- (2) Household Size**  
Household size does not comply with federal, state, or local occupancy codes for the specific unit available.
- (3) Principal Residence**  
Unit would not be applicant's principal residence.
- (4) Co-Signers**  
Co-signers for a mortgage from a participating lender are not permitted.
- (5) Financial Standing**

- (a) The annual gross household income of the applicant(s) is over the relevant income limit for specific units. The income limit is established by the U.S. Department of Housing and Urban Development (HUD) for the appropriate household size, as updated annually.
- (b) Household assets exceed the asset limit for their household size
- (c) The applicant(s) exceeds the maximum allowable housing payment (principal, interest, property taxes, insurance, and HOA fees and private mortgage insurance when applicable) ratios that are currently 30% for housing payment and 43% debt to income ratio based on applicant(s) total gross household income. As noted above, ratios can be adjusted from time to time.
- (d) The applicant cannot get approved for a permissible mortgage from a participating lender. An applicant may receive a certificate of qualification from the Village Designee but not be able to secure a pre-approval for a mortgage from a participating lender. In that case, the applicant will not be able to purchase an owner-occupied unit until applicant is able to secure a mortgage from a participating lender. Both are needed to purchase an affordable unit. If an applicant is able to secure a mortgage from a participating lender at a later time, updated financial information may be required by the Village Designee.
- (e) The applicant does not have sufficient assets to cover down payment and closing costs. Applicants may receive up to a \$10,000 gift from a family member toward the purchase of an owner-occupied affordable unit.

**N. The Village Designee offers free HUD-certified housing counseling to assist potential homebuyers to overcome barriers to homeownership. The Village Designee counselors can review a potential homebuyer's individual circumstances and help develop a personalized action plan to improve credit scores, decrease debt, build savings, establish budgets, or overcome other barriers when an applicant is found ineligible for specific ownership units**

**(1) Written Notification**

Each applicant who submits a full, complete application who is not qualified to purchase a specific unit, as outlined above, will be notified in writing by the Village Designee of the reason(s) they are ineligible. This notice will advise the applicant that they may, within five business days after receipt of the notice, submit a written appeal with supporting documentation that may change the outcome of the eligibility review. Extenuating circumstances will be considered. If applicant disagrees with the Village Designee's written determination, applicant may appeal to the President of the Village Designee, who will issue a determination within five days of receiving the appeal. If at any stage of the appeals process it is determined that the applicant is eligible, a Certificate of

Qualification will be issued, and the applicant can elect to purchase an available unit in their income tier. If the applicant is still deemed ineligible and disagrees with that determination, the applicant can file a complaint with the Director of Community Development for the Village of Deerfield.

**(2) Applicants who are Rejected for a Specific Owner-Occupied Unit**

Applicants who do not qualify for a specific unit but may qualify to purchase an owner-occupied affordable unit in the future maintain their place on the waiting list.

## O. Ownership Waiting List Procedures

**(1) Waiting List**

The Ownership Waiting List will contain the following information for each applicant listed:

- (a) Applicant name
- (b) Number of persons in household
- (c) Household unit size (number of bedrooms household qualifies for under site occupancy standards) (NOTE: applicant may qualify for multiple unit sizes)
- (d) Number of bedrooms preferred
- (e) Date and time application received
- (f) Approximate annual income
- (g) Mortgage pre-qualification amount
- (h) Area Median Income category
- (i) Accessibility requirements

All applications will be maintained in order of date and time received.

**(2) Changes in Income or Household Composition**

Applicants who are placed on the Ownership Waiting List will be requested to notify the Village Designee when changes occur to:

- (a) Address and/or phone number
- (b) Email address
- (c) Household composition
- (d) Income

If an applicant's income changes to an amount which renders the applicant no longer eligible for inclusion as a qualified applicant on the Ownership Waiting List, written notice will be given advising the applicant that: (a) he or she is not presently eligible; (b) the applicant could once again be eligible if household income increases or decreases, or the number of household members changes.

The applicant will be advised to contact the Village Designee if there are further changes that might affect the applicant's eligibility.

## **P. Resale Of Affordable Owner-Occupied Units**

### **(1) When an owner of an owner-occupied affordable unit intends to sell their home**

- (a)** Homeowner will notify the Village or the Village Designee in writing of their intent to sell at least 60 days prior to seeking a buyer for the unit or listing of the unit for sale or entering into a contract with a third-party for the sale of the unit.
- (b)** The Village Designee will order an appraisal of the home in accordance with the resale procedures set out in the affordable housing covenant.
- (c)** In accordance with the resale formula set out in the affordable unit covenant, the Village Designee will determine the maximum resale price that the seller can receive for their home.
- (d)** The maximum resale price is an upper limit that the homeowner can receive for the sale. That maximum price is not guaranteed and may be affected by market conditions and characteristics and conditions of the specific unit for sale.

### **(2) The Village First Option to Purchase**

The Village will have the first right and option to purchase any affordable owner-occupied unit prior to the unit being marketed or offered to the public. The Village is under no obligation to exercise that option.

### **(3) If the Village Does Not Exercise its Option**

- (a) If the Village does not exercise its option to purchase, the homeowner may sell the unit to an eligible, qualified household. The transaction will incorporate all restrictions and documentation as required by the Affordable Housing Program. All restrictions and program rules including eligibility and qualification processes and requirements are applicable to the transaction and to the new buyer.
- (b) New buyers will be required to follow the same processes as the initial buyer including but not limited to attending a Village Designee information session, providing the required application and supporting documentation, and after being deemed eligible and qualified to purchase the unit by the Village Designee, receiving a “certificate of qualification” from the Village Designee or the Village. Applicant will also be required to obtain a mortgage loan from a participating lender.
- (c) All purchasers, whether initial or subsequent purchaser, of affordable owner-occupied units will be subject to the same or similar affordable covenant and the incorporated resale restrictions and other program rules. Purchasers accept all restrictions including but not limited to the Village’s First Option to Purchase, and the restriction that the affordable housing unit shall be permanently affordable for eligible purchasers.

#### **(4) Maximum Re-Sale Price**

- (a) The maximum re-sale price is the most that an owner of an affordable owner-occupied unit can receive for the sale of the owner-occupied affordable home.
- (b) The price is determined by a formula incorporated into the seller’s affordable housing covenant. A sample resale formula is attached as Appendix A.
- (c) The formula uses the initial market appraised value, current market appraised value, the initial purchase price, the initial investment ratio, and a shared appreciation factor of 15% to determine the maximum re-sale price. Other factors such as improvement credits are included in the affordable housing covenant and can affect maximum re-sale price.
- (d) While seller cannot receive more than the maximum re-sale price, the seller can accept less than the maximum re-sale price.
- (e) The Village or Village Designee may add a fee to cover their costs of managing the resale.

## **IV. Affordable Rental Units in Governed Developments**

## A. Marketing of Affordable Rental Units

- (1) Developers are responsible for good faith marketing of the affordable housing units to members of the public who are likely to be eligible households qualified to purchase the affordable rental units.
- (2) As soon as possible but no fewer than 60 days prior to offering any affordable rental unit, the Developer must notify the Village in writing. The notice shall include the number of affordable units, location, size (including number of bedrooms), price, designated income levels, availability date, a description of each unit, parking, storage, pet policy, other building or unit amenities, and any available photos. The seller shall also submit to the Village Manager a marketing plan that will be implemented to identify eligible households for the upcoming affordable units.
- (3) At the developer's request, the Village or Village Designee will assist with marketing the affordable units for an additional charge to be determined by the Village.
- (4) The Village Designee will maintain and manage a waiting list for the Village of Deerfield for those interested in renting an affordable unit.

## B. Inquiries about Affordable Rental Units

Persons interested in learning more about available affordable rental units may contact the Developer's leasing staff or the Village Designee. Prospective tenants must apply to the Village Designee for a "certificate of qualification" before applying for a rental unit in order to verify that the household meets eligibility criteria and to ensure that households are taken in the proper order on the waiting list. The Developer may not lease any affordable rental unit without a valid certificate of qualification from the Village Designee.

## C. Pre-Applications for the Rental Waiting list

Persons interested in applying for a certificate of qualification and/or wanting to be added to the rental housing waitlist are directed to the Village Designee's website ([www.cpahousing.org](http://www.cpahousing.org)) to either submit an online pre-application or download a fillable pre-application that can be submitted by mail, email, or in person. The Village Designee can also send pre-applications to potential applicants via mail, or email. Pre-applications collect self-reported information only to determine potential eligibility. Pre-applications received are logged according to the date and time received and note applicant preferences, household size, size of unit requested, income, and any local or accessibility preference.

## D. Screening of Rental Pre-Applications

Rental pre-applications are the first step in determining potential eligibility for an affordable rental unit and are used to determine eligibility for the rental housing waitlist.

Pre-applications are shorter forms that require the submission of self-reported information only and do not collect supporting documentation. The applicant will be notified in writing whether they are deemed (1) eligible for an available unit and if interested, should submit a full application, (2) ineligible or (3) added to the waiting list. A reason will be provided if the applicant is deemed ineligible. The pre-application process is helpful so that applicants do not have to spend a significant amount of time completing a full application until a unit is actually available. It also avoids requiring applicants to submit a full application initially and then requiring them to resubmit a large portion of their application and updated supporting documentation when a unit actually becomes available, since information and supporting documentation would most often be outdated. If an applicant appears to be eligible based on the self-reported information and there is an affordable rental unit available, they are then asked to complete a full rental application with supporting documentation as described in Section J.

## **E. Rental Waiting List**

The Rental Waiting List will contain the following information for each applicant listed:

- (1) Pre-applicant name
- (2) Number of persons in household
- (3) Qualified unit size (number of bedrooms household qualifies for under site occupancy standards) (NOTE: applicant may qualify for multiple unit sizes)
- (4) Number of bedrooms preferred
- (5) Date and time application received
- (6) Approximate annual income
- (7) Area Median Income category
- (8) Accessibility requirements
- (9) Any local preference

All Rental Pre-Applications will be maintained in order of date and time received.

## **F. Changes in Income or Household Composition**

Rental pre-applicants who are placed on the Waiting List are instructed to notify the Village Designee when changes occur to:

- (1) Address and/or phone number
- (2) Email address
- (3) Household size
- (4) Desire unit size or location
- (5) Income

If a rental pre-applicant's income changes to an amount which renders the pre-applicant no longer eligible for inclusion on the Rental Waiting List, written notice will

be given advising the pre-applicant that (a) he or she is not presently eligible and (b) he or she could once again become eligible if their household income increases or decreases, or the number of household members changes. The rental pre-applicant will be advised to contact the Village Designee if there are further changes that might affect their eligibility.

## **G. Ineligible Rental Pre-Applicants**

When a rental pre-applicant, based on the self-reported information on the rental pre-application, is not eligible for any of the affordable rental units that are or will be a part of the Affordable Housing Program, the rental pre-applicant will not be placed on the Rental Waiting List. The ineligible pre-applicant will be notified and provided a reason for their ineligibility by email or phone. The Village Designee will also make every effort to refer the pre-applicant to other potential housing resources. Pre-applicants deemed ineligible may resubmit a pre-application at any time based on updated information. Their position on the waiting list will be based on the date that a new or updated pre application was received.

## **H. Biannual Rental Waiting List Update**

The Village Designee will update the Rental Waiting List approximately every other year by contacting each rental pre-applicant on the Rental Waiting List via email and text and providing a form to be returned with updated contact, household size and income information. If the form is not returned, the Village Designee will make a third attempt to contact the household. If the pre-applicant does not return the form or cannot be reached using the contact information that the pre-applicant provided, the pre-applicant will be removed from the Rental Waiting List after the third attempt to contact them. All efforts to contact the pre-applicant will be documented.

## **I. When a Specific Unit Becomes Available and Full Rental Applications**

When the Village Designee is notified by the Village or the Developer or the Property Manager (PM) that rental unit(s) will become available, the Village Designee will contact rental pre-applicants on the Rental Waiting List in accordance with the process outlined below.

As described earlier, the Developer/PM must notify the Village and the Village Designee at least 60 days prior to offering any affordable unit for lease. The notice shall set forth the number of affordable units, location, square footage of units, bedroom and bathroom counts, rents, fees, designated income levels, availability date, a description of each unit, parking, storage, pet policy, other building or unit amenities, and any available photos. This information will be used to distribute information to potential applicants and for the Village Designee to answer questions.

The Village Designee will notify persons on the waiting list who, based on the information provided on the pre-application, may be eligible for an upcoming available unit. Notification will be sent via email in the order pre-applicants are listed on the waiting list (based on date/time the pre-application was received). This process will continue until all affordable units are leased.

If a notified pre-applicant is interested in applying for a specific available rental unit, the head of household will be required to submit a full rental application including detailed income and asset documentation for the Village Designee to determine eligibility.

Full applications include but are not limited to:

- (1) Complete rental application including certification of the accuracy of all information that is provided. The submission of false information will be grounds to find the applicant ineligible for the program.
- (2) For each household member 18 and over (as applicable):
  - (a) 2 months of most recent, consecutive paycheck stubs
  - (b) most recent W2s
  - (c) most recent filed tax returns
  - (d) bank statements including checking (3 months) and savings and retirement (3 months) account statements
  - (e) social security statements
  - (f) business statements/spreadsheets, as needed if self-employed
  - (g) verification of cash income
  - (h) verification of gift income (only verifiable monthly, consistent income given to the applicant will be counted as income)
  - (i) employment verification forms
  - (j) employment offer letter (if starting new employment)
  - (k) affidavit stating that the unit is the tenant's primary residence
  - (l) housing voucher documentation
  - (m) child support and/or maintenance agreement
  - (n) documentation of ABLE accounts or special needs trusts
  - (o) other necessary documentation as needed
- (3) Valid photo identification for all household members 18 and over. Acceptable identification may include a driver's license, passport, or state-issued photo identification card.

## J. Submitting Full Rental Applications

Full rental applications and supporting documentation may be submitted via the Village Designee's encrypted email platform (free and available on CPAH's website), mail, or

can be submitted in person at the CPAH office in Libertyville. Full instructions for submission are on the application. the Village Designee makes accommodations for persons with disabilities.

The Village Designee will contact the applicant if an application is determined to be incomplete or if additional clarification is necessary. An application is deemed complete only when the Village Designee has determined that all the necessary information and clarification has been provided. Once an application is deemed complete, the Village Designee will determine eligibility for specific affordable housing units that are available.

## **K. Affordable Housing Program Eligibility Determination for Specific Available Units**

The following information will be used by the Village Designee to determine eligibility for specific available units.

### **(1) Income**

To be eligible for a specific rental unit, the annual gross household income of the applicant(s) must be less than the relevant income limit as established by the U.S. Department of Housing and Urban Development (HUD) for the appropriate household size, as updated annually. The annual gross household income limits are based on the Chicago-Naperville-Elgin, IL Area Median Income (AMI) as determined by HUD. Income eligibility verifications are valid for 90 days. Updated income documentation and verification of eligibility will be required if it is over 90 days old at the time of lease up. All income calculations are done in accordance with the HUD Part 5 income definition.

### **(2) Rental Housing Payment Ratio**

The applicant's housing ratio (total rent / total monthly household income) cannot exceed 30%.

### **(3) Assets**

Non-retirement household assets must be equal to or less than 100% of AMI for the household size. Retirement restricted assets are not subject to a limit.

### **(4) Primary Residence**

The applicant must use the affordable housing unit as their principal residence. An affidavit that the affordable unit will be tenant's primary residence is required.

### **(5) Occupancy Standards**

The household size must comply with federal, state and local occupancy standards and/or laws including municipal occupancy requirements, fair housing and civil rights laws, as well as landlord-tenant laws and zoning restrictions.

**(6) Co-signers**

Co-signers are not permitted.

**(7) Priority of Qualified Applicant Households**

Preference will be given to qualified households in which the head of household, spouse, or domestic partner of the head of household currently lives in the Village of Deerfield or works in Deerfield.

**L. Accessible Unit Preference**

A qualified applicant household with a household member with a disability as defined by HUD will be given priority for an accessible unit. If the household determines that the accessible unit is not appropriate for the household's needs, the household's name will be returned to its place on the Rental Waiting List, as applicable.

**M. Occupancy Guidelines**

Affordable units should not be underutilized, to the extent possible. Preference is given to households that have household sizes equal to at least one more than the number of bedrooms (e.g., 2-person household for a one-bedroom unit, 3-person household for a two-bedroom unit, etc.). Maximum occupancy will be limited to federal, state and local occupancy guidelines and limits.

**N. Rental Applicants Determined to be Eligible for A Specific Unit**

If an applicant is determined to be eligible for a specific affordable unit, the Village Designee will issue a Certificate of Qualification that will be sent via email to the applicant and Developer/PM. The certificate indicates that the applicant is qualified to lease the unit in accordance with the Affordable Housing Program. The Developer/PM will then conduct their own application and screening process and determine whether to offer the applicant a lease. The Developer/PM may require a credit check, background check, or any other legal screening process as long as the same process applies to both market rate units and affordable units (e.g., the PM may not conduct a background check for affordable units but not market rate units). At the applicant's written request, the Village Designee will provide copies of the supporting documentation to the Developer/PM. The Developer/PM will notify the applicant and the Village Designee whether the applicant was approved, and a lease has been executed.

The Developer/PM may not lease any affordable rental unit without a valid certificate of qualification from the Village Designee. If a lease is offered, the first lease term must be for no less than 12 months.

## O. Rental Applicants Determined to be Ineligible for Specific Unit

If CPAH determines that an applicant is ineligible for a specific affordable unit due to the rules and requirements of the affordable housing ordinance, the Village Designee will notify the applicant in writing and include the reason(s) for ineligibility. If the applicant is rejected for a specific unit but may qualify for a different unit in the future, the applicant will remain in the same spot on the Waiting List. The rejection notice will advise the applicant that they may, within seven business days of the date of the notice, submit a written appeal with supporting documentation. The most common reasons for being deemed ineligible are as follows:

**(1) Insufficient/Inaccurate Information on Application**

Incomplete applications, lack of response in a timely manner, or supplying false information are common reasons for denial

**(2) Exceeding Income or Asset Limits**

Applications are denied if the total gross household income exceeds the relevant income limit for the specific unit available or if the total gross household assets exceed 100% of the AMI for the household size

**(3) Under the Required Income**

Applications are denied if the total gross household monthly income is less than required to stay below the maximum allowable housing payment ratio of 33%.

**(4) Household Size**

Households will be rejected if the number of persons in the households exceeds what is allowed by federal, state, or local occupancy codes

**(5) Principal Residence**

Applications are denied if the applicant does not plan to use the affordable housing units as their principal residence

## P. Review of Appeals

The Village Designee will consider extenuating circumstances when reviewing an appeal, but all applicants must meet the established eligibility criteria. All income calculations are done in accordance with the HUD Part 5 income definition. The Village Designee will issue a final written determination within five days of receiving the appeal. If applicant disagrees with the Village Designee's written determination, applicant may appeal to the President of CPAH who will issue a determination within five days of receiving the appeal. If at any stage of the appeals process it is

determined that the applicant is eligible, a Certificate of Qualification will be issued, and the applicant will be offered the next vacant unit in their income tier. If the applicant is still deemed ineligible and the applicant disagrees with the final determination, the applicant can file a complaint with the Director of Community Development for the Village of Deerfield.

## **Q. Annual Income Recertification Procedures for Tenants**

Tenant household income will be recertified annually as part of the lease renewal process in order to maintain compliance with the Affordable Housing Program. Increases in household income or changes in household size may affect eligibility. Decreases in household income will not affect eligibility. Separate from the recertification process, Developers/PM may choose not to renew a lease for any reason allowed by law.

### **(1) Income Recertification Process**

Annual income recertification for Deerfield affordable units will commence 90 days before a tenant's lease is set to expire. The Village Designee will provide tenants a short form asking for basic information about household members (outlined below) as well as a list of required supporting documents. Tenants will be expected to respond to the request for information and documentation within 15 days of receiving the request in order to give the Village Designee staff sufficient time to recertify the tenant and for the Developer/PM to renew the lease.

The following documentation may be required at the time of annual income recertification (as applicable):

- (a)** 2 months of most recent, consecutive paycheck stubs
- (b)** most recent W2s
- (c)** most recent filed tax returns
- (d)** checking (3 months) and savings and retirement (3 months) account statements
- (e)** social security statements
- (f)** business statements/spreadsheets, as needed if self-employed
- (g)** verification of cash income
- (h)** employment offer letter
- (i)** child support and/or maintenance agreement

Employer verification forms are not required for income recertification. Housing ratios are not part of the income recertification process. Tenants will be required to sign a statement indicating that the representations and income verification

provided are true. Misrepresenting income or household information will be grounds for program ineligibility.

## **(2) Procedures When Household Income or Size of Household Changes**

- (a)** When household income remains in the same or lower AMI bracket (for the tenant's household size) as when the household was originally qualified, then the household maintains its income qualification for the affordable unit. If a tenant household was originally qualified for a unit that was below 80% of AMI, and the household income increases to above the 80% AMI limit but is below the 100% AMI limit, then the household also maintains its income qualification but the next tenant moving into that unit must be below 80% AMI.
- (b)** When household income increases to be over the maximum allowable AMI (over 100% AMI), then the tenant household will be notified that the lease may be renewed for one year ("Extension Period") but will not be renewed at the end of the Extension Period. The rent during the Extension Period may be up to 30% of the tenant's gross household income.

## **(3) Appeal of Recertification Determination**

Tenants may appeal the recertification determination by submitting a written appeal to the Village Designee within five business days of the date of the income recertification determination. The Village Designee will consider extenuating circumstances when reviewing an appeal, but all applicants must meet the established eligibility criteria. All income calculations are done in accordance with the HUD Part 5 income definition. The Village Designee will issue a final written determination within five days of receiving the appeal. If applicant disagrees with the Village Designee's written determination, applicant may appeal to the President of the Village Designee who will issue a determination within five days of receiving the appeal. If at any stage of the appeals process it is determined that the applicant is eligible to be re-certified for their affordable unit, the applicant will be so notified. If the applicant is still deemed ineligible and disagrees with the determination, the applicant can file a complaint with the Director of Community Development for the Village of Deerfield.

## **(4) Recertification**

When a tenant is recertified, the Village Designee will notify the tenant and the Developer/PM in writing and note any changes in rent. The Developer/PM cannot renew a lease until receiving notice of recertification from the Village Designee. Being income recertified is not a guarantee that a lease will be renewed. The Developer/PM will make all decisions about lease renewals.

## **(5) Vacancies**

If a unit becomes vacant, the Village Designee will follow the same procedures above to certify the next eligible applicant on the waiting list.

**(6) Tenants Who Terminate Leases Before End of Lease Term**

Tenants leasing affordable units who break their lease will not be eligible to apply for an alternative affordable unit in the building or another development. Tenants who elect not to renew their leases can be eligible for affordable units in another development but must go through the wait list process outlined above. Tenants may not “switch” to another affordable unit during their lease term unless they are on the waiting list and a unit becomes available to them through the waiting list process, and property manager of their current unit approves early termination of their lease.

## V. Civil Rights and Nondiscrimination Requirements

### A. General

Federal civil rights laws addressing fair housing prohibit discrimination against applicants or tenants on the basis of race, color, national origin, sex, age, disability, religion, and familial status. The Illinois Human Rights Act also prohibits discrimination against applicants or tenants on the basis of race, color, religion, sex, national origin, ancestry, age, order of protection status, marital status, physical or mental disability, military status, sexual orientation, or unfavorable discharge from military service.

The remaining paragraphs in this section provide brief descriptions of key federal civil rights laws regarding fair housing and accessibility. The Developer/Owner shall be familiar with and comply with all applicable federal civil rights laws and any state civil rights laws or local ordinance regarding fair housing and accessibility.

### B. Fair Housing Act

The Fair Housing Act Amendments of 1988 (“Fair Housing Act”) prohibits discrimination in housing on the basis of race, color, religion, sex, disability, familial status and national origin regardless of any federal financial assistance.

Under the Fair Housing Act, the Developer/Owner shall not take any of the actions listed below based on race, color, religion, sex, disability, familial status and national origin:

- (1) Provide anyone housing that is different from that provided to others
- (2) Subject anyone to segregation, even if by floor or wing
- (3) Restrict anyone’s access to any benefit enjoyed by others in connection with the Development

- (4) Treat anyone differently in determining eligibility or other requirements for admission, in use of the housing amenities, facilities or programs, or in the terms and conditions of a lease
- (5) Deny anyone access to the same level of services
- (6) Deny anyone the opportunity to participate in a planning or advisory group that is an integral part of the housing program
- (7) Publish or cause to be published an advertisement or notice indicating the availability of housing that prefers or excludes persons
- (8) Retaliate against, threaten, or act in any manner to intimidate someone because he or she has exercised rights under the Fair Housing Act.

The Fair Housing Act provides additional protections for persons with disabilities. It requires that the Developer/Owner make reasonable accommodations in rules, policies, practices, or services as may be necessary to afford disabled persons equal opportunity to use and enjoy a dwelling. Moreover, it contains specific accessibility requirements that apply to the design and construction of new multi-household housing.

The Developer/Owner shall display the Fair Housing poster as required by the Fair Housing Act.

#### **C. Title VI of the Civil Rights Act of 1964**

Title VI of the Civil Rights Act of 1964 prohibits all recipients of federal financial assistance from discriminating based on race, color or national origin.

#### **D. Age Discrimination Act of 1975**

The Age Discrimination Act of 1975 (the “Age Discrimination Act”) prohibits discrimination based upon age in federally assisted and funded program, except in limited circumstances. It is not a violation of the Age Discrimination Act to use age as screening criteria in a particular program if age distinctions are permitted by statute for that program or if age distinctions are a factor necessary for the normal operation of the program or the achievement of a statutory objective of the program or activity.

#### **E. Section 504 of the Rehabilitation Act of 1973**

Section 504 of the Rehabilitation Act of 1973 (“Section 504”) prohibits discrimination based upon disability in all programs or activities operated by recipients of federal financial assistance. Although Section 504 often overlaps with the disability discrimination prohibitions of the Fair Housing Act, it differs in that it also imposes broader affirmative obligations on the Owner to make their programs as a whole, accessible to persons with disabilities. Section 504 obligations include the following:

- (1) Making and paying for reasonable structural modifications to units and/or common areas that are needed by applicants and tenants with disabilities, unless these modifications would change the fundamental nature of the project or result in undue financial and administrative burdens
- (2) Operating housing that is not segregated based upon disability or type of disability, unless authorized by federal statute or executive order
- (3) Providing auxiliary aids and services necessary for effective communication with persons with disabilities
- (4) Performing a self-evaluation of management's programs and policies to ensure that they do not discriminate based on disability
- (5) Developing a transition plan to ensure that structural changes are properly implemented to meet program accessibility requirements.

Section 504 also establishes accessibility requirements for newly constructed or rehabilitated housing, including providing a minimum percentage of accessible units. If the Development employs 15 or more persons, regardless of their location or duties, a Section 504 Coordinator must be designated.

#### **F. Executive Order 13166 – Limited English Proficiency**

Executive Order 13166 requires the Developer/Owner to take reasonable steps to ensure meaningful access to the information and services they provide for persons with limited English proficiency. This may include interpreter services and/or written materials translated into other languages.

## Appendix 1 – Sample Resale Formula

### **Initial Purchase**

Initial Appraised Value	\$375,000
Minus purchase price reduction	<u>\$175,000</u>
Equals Homebuyer’s Purchase Price	\$200,000

<sup>1</sup> Homeowner’s Initial Investment Ratio ( $\$200,000 / \$375,000$ ) 53%

### **Resale – 10 years later**

Current Appraised Value	\$450,000
Minus Initial Appraised Value	<u>\$375,000</u>
Equals Market Value Appreciation	\$75,000

Multiplied by Homeowner’s Investment Ratio: 53%

Equals \$39,750

This is the share of appreciation attributable to the owner’s investment.

<sup>2</sup> Multiplied by shared appreciation factor 15%

Equals \$5,963

This is the owner’s share of Market Value Appreciation (MVA)

Resale Price Equals:

Owner’s Initial Purchase Price	\$200,000
Plus Owner’s share of MVA	\$5,963
<sup>3</sup> Plus Improvements credit, if any	\$3,600
<sup>4</sup> Equals Resale Formula Price	\$209,563

[1] Homeowner’s Initial Investment Ratio is the Purchase Price divided by the Initial Appraised Value.

[2] The shared appreciation factor is established to ensure a fair return to the owner while ensuring the home remains permanently affordable for future buyers. CPAH researched other comparable programs formulas and calculated potential resales in the community to determine an appropriate percentage.

[3] Calculation of Structural and Mechanical Improvements Credit: Assume that homeowner added a new roof in year 4 of ownership at an approved cost of \$6,000. At 15-year straight line depreciation (subtract \$400 each year), the value of the credit 6 years after the roof replacement is \$3,600.

[4] At the time of resale, the Homeowner would have a mortgage balance of approximately \$150,000. Therefore, upon resale ten years later in this example, the Homeowner would walk away with approximately \$59,563 (\$209,563 less \$150,000 mortgage remaining).