



CHICAGO LOW-INCOME HOUSING TRUST FUND

MAUI Program Guide and Application

(Capital Investment)

(Rev. 12-31-18)

Chicago Low-Income Housing Trust Fund

Since 1989, it has been the mission of the Chicago Low-Income Housing Trust Fund (the “Trust Fund”) to ensure the availability of secure, safe, and affordable housing for very low-income residents of the City of Chicago.

The availability of stable, permanent housing is vitally important, not only for families and individuals, but also for the promotion of community revitalization and sustainability.

Trust Fund programs are designed to assist households with incomes not exceeding thirty percent (30%) of the area median income by bridging the gap between the cost of market-rate rental housing and the rate a very-low income household is able to pay. The population which the Trust Fund provides assistance to is comprised of groups such as the working poor, the elderly, the disabled, and countless homeless families and individuals.

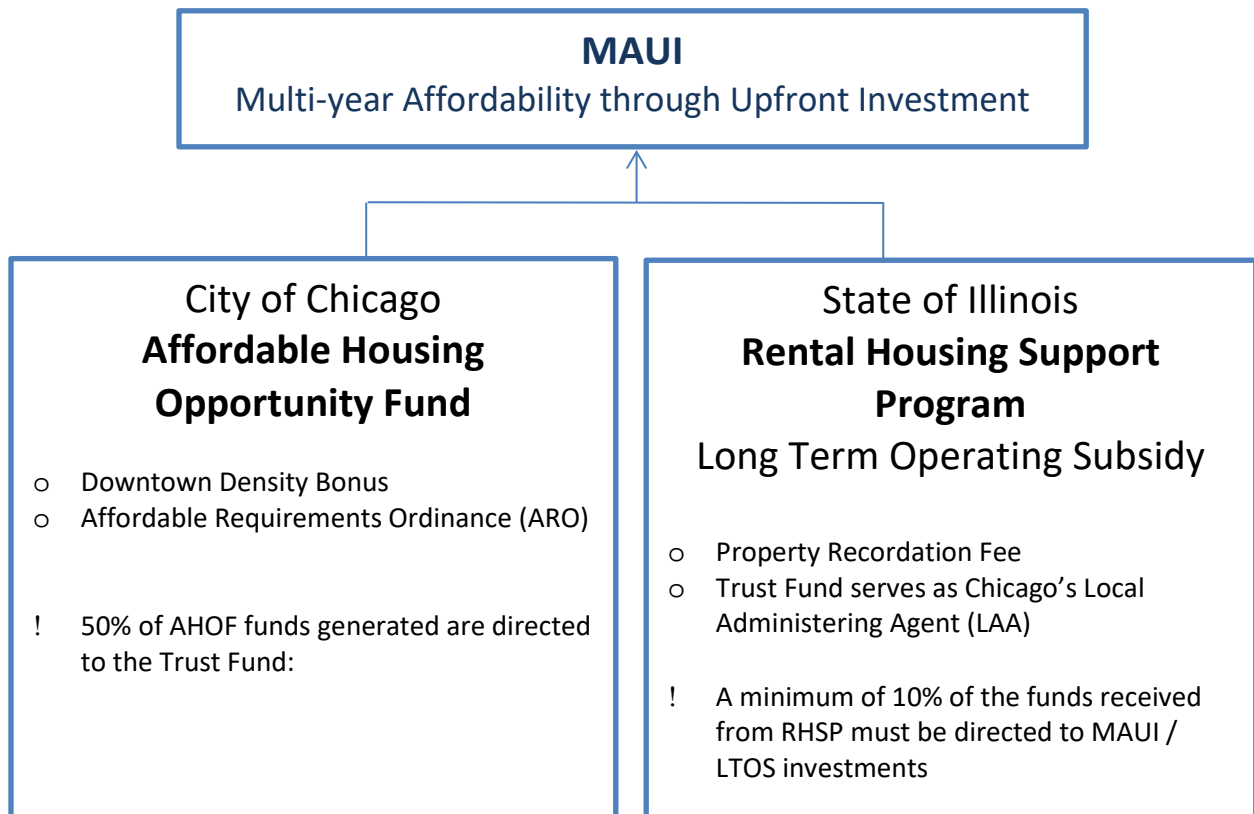
The Trust Fund was created by City Council ordinance on June 28, 1989 and was incorporated as a non-profit organization on February 27, 1990. A Mayoral-appointed Board of Directors comprised of 15 business and community leaders oversees the business of the Trust Fund. The Trust Fund contracts with the City of Chicago’s Department of Planning and Development for the provision of office space and administrative staff.



Multi-year Affordability through Upfront Investment (MAUI) Program Description

MAUI advances the mission of the Trust Fund by engaging in long-term investments in rental housing. MAUI has two sources of funding: the City of Chicago, through the Affordable Housing Opportunity Fund (AHOF) and the Illinois Rental Housing Support Program / Long Term Operating Subsidy (LTOS). Up to 30% of the units in a given Development may be supported by MAUI funding.

In most cases, a MAUI investment will have a 15 to 30 year term.





MAUI funds are awarded in two ways:

- Capital Investment

MAUI funding is awarded to a multi-unit rental development in the form of non-interest bearing forgivable loan. MAUI funds may replace up to fifty percent (50%) of the applicant's first mortgage loan, in exchange for which a given number of rental units will be set aside for very low-income households.

In most cases, one-half of the MAUI funded units must be made available to those living below fifteen percent (15%) of the area median income (AMI), while the other half of the units will be made available to those living below thirty percent (30%) AMI. By substituting a debt-service-free MAUI loan for a portion of the conventional first mortgage financing, developers are able to pass debt service savings directly to tenants in MAUI designated units in the form of lower rents. In most cases, this commitment to providing affordable housing will have a term of thirty (30) years.

- Operating Reserve Fund

A MAUI grant is awarded to a multi-unit rental development in the form of an Operating Reserve Account. The Trust Fund will commit to upfront funding of such accounts for a given number of subsidies, and for a specified number of years. The developer concurrently undertakes a commitment regarding gross rental rates and tenant rent contributions for the units in question.

Developers receiving this type of funding will be able to draw upon the Operating Reserve Account quarterly, subject to review and approval of MAUI funding usage in prior quarters by the Trust Fund staff.

An approved development will be awarded either a Capital Investment or an Operating Reserve Fund grant and will enter into a Regulatory Agreement with the Trust Fund to ensure that the developer's stated commitment to providing low-income housing is fulfilled.

MAUI funds are available to successful applicants whose projects are still in the process of obtaining financing. Once initial financing is closed, MAUI funds are no longer available. Other ineligible projects include HUD subsidized properties or prepayment eligible properties; public housing units; and properties developed with federal "Rental Rehabilitation" funds.



MAUI Program Selection Criteria

A successful applicant for MAUI funding must have sufficient experience and qualifications in rental housing development and management, and must be willing to work with supportive social services groups to fill MAUI funded units and ensure the availability of such services to very low-income tenants. The applicant must show that the project in question is economically feasible and marketable. Finally, the applicant must agree that all MAUI funded units in the project will be made available only to those tenants living at or below thirty percent (30%) area median income (AMI).

Depending on the source of MAUI funding, there may be an additional requirement that fifty percent (50%) of the MAUI funded units in the project must be made available only to those tenants living at or below fifteen percent (15%) AMI.

In addition to these requirements, the Trust Fund will give priority to projects which:

- provide the greatest benefit to tenants living below fifteen percent (15%) AMI;
- address the needs of the working homeless and/or help prevent homelessness;
- address the needs of a selected target population (larger families, persons in SRO units, special needs housing groups, etc.);
- promote low income affordable housing in deteriorated and/or revitalizing neighborhoods; and/or
- promote economic, racial, and/or ethnic integration in each project.



MAUI Program Application Process

Before filling out and submitting the application form to the Trust Fund, an applicant should submit to the Trust Fund a letter of intent. The letter of intent should include, among other things, a brief description of the project including the location, developer credentials, total number of units, proposed number of MAUI funded units, preliminary project budget, and any anticipated sources of funding.

Based on the information contained in the letter of intent, the Board of Directors of the Trust Fund will give preliminary approval to pursue the project further. At this point, the applicant will be required to provide a completed application, along with each item in the application checklist. Failure to provide complete and accurate information will lead to delays in the Trust Fund's approval of the project.

Once complete, all Applications will be reviewed by staff, and presented to the Board of Directors for final approval. Final approval of a project must take place at a meeting of the Board of Directors subsequent to the meeting where preliminary approval was granted. The Trust Fund will not issue any letter of commitment prior to final approval.

All units to be funded by a MAUI subsidy must be inspected and meet the Trust Fund's Housing Quality Standards prior to being occupied, and, in a Development benefiting from an LTOS subsidy, prior to the issuance of any subsidy payment.

The Trust Fund is unable to allocate any funds for any project until the above requirements have been met. Leasing Tenants should not move in until the applicant has received final Board approval. Until the applicant has received final approval and a subsidized tenant has signed a lease, it is recommended that the developer keep all units on the private market.

Applications are available from the Chicago Low-Income Housing Trust Fund, 77 West Washington Street, Suite 719, Chicago, IL 60602. For more information please visit www.chicagotruffund.org or contact the Chicago Low-Income Housing Trust Fund / Executive Director, at (312) 741-1912.



MAUI Program Project Agreement

A successful applicant, following final Board of Directors approval for funding, will enter into a Regulatory Agreement with the trust fund, which spells out the rights and responsibilities of both the applicant and the Trust Fund during the term of the commitment. The applicant will agree to restrict tenancy in a specified number of rental units in the development – not to be greater than thirty percent (30%) of the total units in the development – to low-income residents,

The Regulatory Agreement will also address items including (but in no way limited to):

- development of a Tenant Selection and Outreach Plan, detailing, among other things, how prospective low-income tenants are to be located and selected;
- rental rate increase restrictions on MAUI funded units, and the procedures to be followed for requesting a rate increase;
- requirements related to lease terms and provisions;
- policies and procedures regarding the verification of tenant income;
- provisions addressing maintenance responsibilities and building inspections; and
- record-keeping and reporting requirements.

Thank You!

The Chicago Low-Income Housing Trust Fund wishes to thank you for your interest in providing affordable housing to very low-income tenants. Our programs are carefully designed to create value for tenants and developers alike, and to further the goals of community revitalization and sustainability. We welcome any questions, comments or concerns, and appreciate any offers of partnership and support.



CHICAGO LOW-INCOME HOUSING TRUST FUND MAUI Capital Investment Application

Please type or print clearly.

I. Application

Date: _____

Organization (Applicant): _____
Chief Executive Officer/
Executive Director: _____

Mailing Address: _____

City/State/Zip Code: _____

Project Name: _____

Project Address: _____

Contact Person: _____

Phone Number: _____

Title: _____

**Chicago Low-Income Housing Trust Fund
77 West Washington Street, Suite 719
Chicago IL, 60602
Attn: Jason L. Sethen**

(312) 533 - 6698

jason.sethen@chicagotrustedfund.org

Have you applied for or received any City of Chicago Loan(s) for this Project? Yes No

City Department: _____

Date Submitted: _____ Loan Amount Requested: \$ _____

II. Project Information:

A. Project Description

Attach the project description on additional page(s). Describe how Trust Fund assistance will be used. Include a description of your target population, the total amount of Trust Fund assistance requested, how the funds will be applied to assist very low income tenants, the total number of units in the building, and any special building/project characteristics. All MAUI funds must be used to provide housing to tenants earning at or under 30% of the Area Median Income.

B. Projected Schedule & # of Units

Closing Date: _____

Construction Completion Date: _____

Rent-up Date: _____

Total Number of Units in Building at Construction Completion: _____

III. Proposed Use of Trust Fund MAUI Assistance

Explain how Trust Fund dollars will be used to replace a portion of the first mortgage financing, and how many units will have rent reductions as a result.

Step One: Pending Financial Information

(Step One Instructions)

A. Maximum Attainable First Mortgage
\$ _____

Enter total amount of attainable first mortgage based on appraised value and debt service capacity. Identify first mortgage lender to whom application has been made.

B. Loan Source: _____

C. Interest Rate: _____

Enter initial loan interest rate.

D. Amortization: _____ years

Enter amortization term in years.

E. Loan Term: _____ years

Enter loan term in years.

F. Monthly Payment: _____

Enter projected monthly loan payment.

G. Loan Officer: _____

Enter name and phone number of Loan Officer.

Phone Number: _____

(Step Two Instructions)

Step Two: MAUI Request

A. Amount Requested: \$ _____

Enter MAUI amount requested. (Up to 50% of the maximum attainable mortgage in Step One, A.

B. Loan Term: _____ years

Enter loan term (Same term as in Step One, E).

Step Three: Total Project Savings per Month

A. To calculate the total savings per month, divide the MAUI amount requested in Step Two, A by the maximum attainable first mortgage in Step One, A and multiply by the monthly payment in Step One, F.

Total Project Savings per Month: \$ _____ / month

B. To calculate the amortization per month, divide the MAUI amount requested in Step Two, A by the Loan Term in Step Two, B and divide again by 12.

Total Amortization per Month: \$ _____ / month

C. (Add A + B)

Total Benefit to Developer: \$ _____ / month

Step Four: Monthly MAUI Assistance per Unit

# Units	Unit Type	Market Unit Rent*	MAUI Unit Rent**	Unit Rent Savings	Total Rent Savings per Unit Type	Household Income Level***

Please Note: *Monthly Rent without MAUI Assistance

**Monthly Rent with MAUI Assistance

***Indicate household income level of very low (<=30% AMI) or very, very low (<=15% AMI)

Initial Tenant Savings per Month:	
(Sum of Total Rent Savings per Unit Type, Above)	
Proposed Regulatory Term (Years):	
Average Tenant Savings per Month:	0.0

Note: if using the Word version of the application, do not type in the blue box! Fill in the Initial Tenant Savings per Month and the Proposed Regulatory Term (Years), then right-click on the number "0.0" and select "Update Field" (or left-click on the number "0.0" and press F9 on your keyboard). The Average should calculate itself.

If using the PDF version of the application, the formula for determining the Average is:

$$(ITSpM * (1.02 ^ (\text{Regulatory Term Years} - 1)) + ITSpM) / 2$$

$$(ITSpM = \text{Initial Tenant Savings per Month})$$

The Average Tenant Savings per Month in Step Four must be slightly lower than the Total Benefit to Developer in Step Three.

Please note that this figure will not be exactly the same as the average of the projected annual subsidies as calculated by the Trust Fund during your application review, but it should be close enough to determine your approximate Project Utilization Ratio, below:

Project Utilization Ratio: _____

(Divide the Average Tenant Savings per Month by the Total Benefit to Developer in Step Three)

Building Utilization Ratio: _____

(Divide the total number of MAUI units requested, above, by the total number of units in the building)

Sample Project

IV. Proposed Use of Trust Fund MAUI Assistance

Step One: Pending Financial Information

(Step One Instructions)

- A. Maximum Attainable First Mortgage
\$ 2,000,000 _____
Enter total amount of attainable first mortgage based on appraised value and debt service capacity.
- B. Loan Source: KeyBank _____
Identify first mortgage lender to whom application has been made.
- C. Interest Rate: 5% _____
Enter initial loan interest rate.
- D. Amortization: 30 _____ years
Enter amortization term in years.
- E. Loan Term: 30 _____ years
Enter loan term in years.
- F. Monthly Payment: \$10,736 _____
Enter projected monthly loan payment.
- G. Loan Officer: John Smith _____
Enter name and phone number of Loan Officer.
Phone Number: (555)-321-8765 _____

Step Two: Amortization

(Step Two Instructions)

- B. Amount Requested: \$1,000,000 _____
Enter MAUI amount requested. (Up to 50% of the maximum attainable mortgage in Step One, A.)
First Loan
- B. Term: 30 _____ years
Enter loan term (Same term as in Step One, E).

Step Three: Total Developer Benefit per Month

- A. To calculate the total savings per month, divide the MAUI amount requested in Step Two, A by the maximum attainable first mortgage in Step One, A and multiply by the monthly payment in Step One, F.

Total Project Savings per Month: \$5,368 / month

- B. To calculate the amortization per month, divide the MAUI amount requested in Step Two, A by the First Loan Term in Step Two, B and divide again by 12.

Total Amortization per Month: \$2,778 / month

- C. (Add A + B)

Total Benefit to Developer: \$8,146 / month

Step Four: Monthly MAUI Assistance per Unit

# Units	Unit Type	Market Unit Rent*	MAUI Unit Rent**	Unit Rent Savings	Total Rent Savings per	Household Income
3	2-BR	\$1,025	\$350	\$675	\$2,025	30%
4	2-BR	\$1,025	\$175	\$850	\$3,400	15%

Please Note: *Monthly Rent without MAUI Assistance
 **Monthly Rent with MAUI Assistance
 ***Indicate household income level of very low (<=30% AMI) or very, very low (<=15% AMI)

Initial Tenant Savings per Month:	\$5,425
(Sum of Total Rent Savings per Unit Type, Above)	
Proposed Regulatory Term (Years):	18
Average Tenant Savings per Month:	\$7,596.31

Note: if using the Word version of the application, do not type in the blue box! Fill in the Initial Tenant Savings per Month and the Proposed Regulatory Term (Years), then right-click on the number “0.0” and select “Update Field” (or left-click on the number 0.0 and press F9 on your keyboard). The Average should calculate itself.

If using the PDF version of the application, the formula for determining the Average is:

$$(ITSpM * (1.02 ^ (\text{Regulatory Term} - 1)) + ITSpM) / 2$$

$$(ITSpM = \text{Initial Tenant Savings per Month})$$

The Average Tenant Savings per Month in Step Four must be slightly lower than the Total Benefit to Developer in Step Three.

Please note that this figure will not be exactly the same as the average of the projected annual subsidies as calculated by the Trust Fund during your application review, but it should be close enough to determine your approximate Project Utilization Ratio, below:

Project Utilization Ratio: 93.25%

(Divide the Average Tenant Savings per Month by the Total Benefit to Developer in Step Three)

Building Utilization Ratio: 7%

(Divide the total number of MAUI units requested, above, by the total number of units in the building)

Multi-year Affordability through Upfront Investment (MAUI) Program Checklist

Please submit the following documentation:

Application

- Cover Sheet
- Project Information
- Proposed Use of Trust Fund Dollars

Applicants who have a loan application under review by the City of Chicago Department of Planning and Development (DPD) should so indicate on the cover of the MAUI application and should submit a copy of that pending loan application.

- Copy of Pending Loan Application

Supporting Documents (Items included in a DPD Loan Application need not be resubmitted individually)

- Alderman's Letter of Support
- Development Cost Schedule
- Development Team
- Debt and Equity Information
- 10-15 Year Operating Pro-Forma, showing Unit Mix and Rent Structure
- Market Study w/ comparables (units of similar size and condition in the market area in which the Unit is located with similar amenities)
- Previous Participation (Trust Fund and DPD)
- Non-DPD Financing Information (LoC / Lol)
- Board Authorization / Certification
- Evidence of Site Control
- General Contractor's Cost Estimates and Narrative Description of Work
- Schematic Drawings of Units
- Personal and/or Audited Corporate Financial Statement
- Letters of Community Interest
- Participation Including Amount, Rate and Term
- Picture of Property
- Applicant's Resume and Statement of Experience in Owning, Managing, Constructing or Rehabilitating Multi-Family Buildings.
- Economic Disclosure Statement
- Anti-Scofflaw Affidavit
- Debarment Certification
- Tenant Profile (if Property is occupied)
- Property Management Plan and Resume of Proposed Property Manager
- Relocation Plan (if necessary)
- List of Board of Directors (if applicable)
- Partnership Agreement (if applicable)

REQUEST FOR WAIVER: 15% AMI INCOME TIER REQUIREMENTS

Multi-year Affordability through Upfront Investment (MAUI) is a program of the Chicago Low-Income Housing Trust Fund (the "Trust Fund") in which forgivable grants / loans are funded to approved housing developments to create affordable rental units for those living below 30% of the area median income.

MAUI has two funding sources: City of Chicago Affordable Housing Opportunity Fund aka Downtown Density Bonus (MAUI / AHOF) and the Illinois Rental Housing Support Program Act (RHSP) Long-Term Operating Subsidy (MAUI / LTOS). The Trust Fund serves as the Local Administering Agency for RHSP in the City of Chicago.

The Trust Fund approves MAUI investments designating the funding source. Each project approved by the Trust Fund must meet the requirements of that funding source. The approved funding source is based on the ability of the project to meet the requirements of the funding source and/or the availability of the funds at the time of project approval.

RHSP states that "eligibility for tenancy in the units supported by grants to local administering agencies must be limited to households with gross income at or below 30% of the median family income for the area in which the grant will be made. Fifty percent of the units that are supported by any grant must be set aside for households whose income is at or below 15% of the area median family income for the area in which the grant will be made." *(Although funding from the Affordable Housing Opportunity Fund does not require a two-tier income basis, in most cases approval will be based with the same funding tiers for units: 50% of MAUI units for those at 15% of the area median income (AMI) and 50% of MAUI units for 30% AMI households.)*

The Trust Fund approved MAUI investments to properties that commit to the affordability requirement for no less than 15 years and no more than 30 years. Example:

Happiness Senior Apartments (12345 Sunnyside Lane) / 30 year affordability

- ~ 2 studios for households living below 15% AMI: Market Rent: \$650/mo - MAUI rent: \$140/mo
- ~ 2 studios for households living below 30% AMI: Market Rent: \$650/mo - MAUI rent: \$320/mo

Income Eligibility

MAUI approved properties complete an income verification with prospective tenants prior to signing a first lease (lease inception) and annually prior to lease renewal. Income verifications are taken once a year and are at a “point in time”.

There may be times when a property completes income verifications prior to lease inception and find that there are no income eligible households available. This may be due to economic factors such as cost of living increases for households receiving government benefits, such as when the social security minimum benefit is above maximum eligibility for a single household living below 15% AMI.

RHSP provides for the opportunity to negotiate flexibility in this set-aside requirement -- if the property demonstrates that they have been unable to locate sufficient tenants in the lower income range (15% AMI).

Request for Flexibility in Income Requirements

IHDA and/or the Trust Fund can issue a waiver that will permit this flexibility so long as the property documents evidence of (i) a good faith effort to locate tenants within the requirements of 15% AMI restrictions, and (ii) the inability to do so despite its diligence. Specifically, there must be detailed and specific evidence of outreach efforts and documentation that no candidates were found within 0-15% of the AMI.

The approved MAUI / LTOS project should submit a letter to the Chicago Low-Income Housing Trust Fund requesting a “Waiver to 15% AMI Income Tier” and provide documentation that they are unable to meet the funding requirements of the MAUI-LTOS Agreement. The waiver request should be specific and include the goals for leasing of the unit(s). As example, the property is unable to identify those living at 15% AMI, and wishes to consider those living up to 20% AMI.

Chicago Low-Income Housing Trust Fund will review the request and the documentation required. Where applicable, the Trust Fund will request a Waiver from the Illinois Housing Development Authority on behalf of the property for the flexibility to accept tenants living at up to a specific percentage of the area median income (such as 20% AMI).

For Trust Fund review, documentation should include:

- A letter of request to allow rental to individuals with up to xx% of the AMI when there are no individuals with incomes within the 0-15% of the AMI identified;
- A statement of the property’s outreach efforts;
- Evidence of outreach efforts that there was a good faith effort to solicit low-income residents in the City of Chicago (i.e., those most likely to fall within 0-15% of the AMI); and
- The waiting list for the property including the incomes and family size of those applications received.

**CONSIDERATIONS FOR WAIVER
OF 15% AMI INCOME TIER REQUIREMENTS FOR MAUI INVESTMENTS**

Qualifying for an exception to the requirement for LTOS Funds: 47 Il Admin Code 380.301

To qualify for an exception to the 50% of tenants <15% AMI requirement, the Developer must show it has made extensive, but unsuccessful outreach efforts, including:

- contacting non-profit corporations serving the homeless, disabled, and senior citizens in the area in which the Project is located;
- contacting public housing authorities within the jurisdiction in the area in which the Project is located; and
- otherwise publicizing the availability of the Units at appropriate areas within and surrounding the area in which the Project is located. Suggested advertising activities include:
 - o advertising in local newspapers; and
 - o meeting with community groups.
- The applicant must provide documentation of all efforts.

The property must maintain the documentation of the request for the waiver, the approval of the waiver as well as all records of the efforts made for outreach for households at the 0-15% income tier. A copy of the documentation should be kept on site should an audit occur, and a copy of all documentation shall be submitted to the Trust Fund.

Should potential tenants with incomes below 15% of the AMI be identified in the future, a preference over others with a higher annual income on the Waiting List should be afforded. All other leasing requirements are still valid, which may include background and payment history.

Each unit and/or vacancy for a unit must go through the same good faith outreach efforts to identify and solicit potential tenants living within 0-15% of the AMI. These tenants should be afforded preference over others with a higher annual income on the waiting list.

**REVIEWED AND APPROVED BY THE CHICAGO LOW-INCOME HOUSING TRUST FUND
DECEMBER 16, 2015**

CHICAGO LOW-INCOME HOUSING TRUST FUND
WAIVER REQUEST OF 15% AMI INCOME TIER REQUIREMENTS

Building Name: _____

Building Address _____

Phone Number of Owner _____

Email Address of Owner _____

Name of Owner's Agent (if applicable) _____

Phone Number of Agent _____

Email Address of Agent _____

Checklist for Outreach Efforts: (independent documentation required)	Date:	Notes:
Non-Profits Contacted:		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
Public Housing Authorities Contacted:		
<input type="checkbox"/> Chicago Housing Authority		
<input type="checkbox"/> Cook County Housing Authority		
Advertised in Local Paper (Name):		
<input type="checkbox"/>		
Met with Community Groups:		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
Other Outreach Efforts:		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

ATTACH WAITING LIST including size of household and income tier

NOTES / ADDITIONAL INFORMATION:

Signed: _____ Date: _____