

CITY OF HARVEY
INCENTIVE POLICY FOR RESIDENTIAL REACTIVATION
PILOT PROGRAM

The pilot Incentive Policy for Residential Reactivation is designed to encourage Harvey residents and former residents and persons interested in becoming residents to become long-term homeowners while at the same time promoting reinvestment that will reverse or prevent blight. Ultimately this will assist the City in prevent and reversing population loss. As a pilot program, the program is available to a limited number of properties and program procedures are subject to change.

The City may partner with external organizations to advance these objectives, utilizing the following options:

1. Pilot Residential Reactivation Program described below,
2. Complementary homeownership programs managed by locally based financial institutions, and/or
3. The South Suburban Land Bank Authority (see Attachment A).

It is acknowledged that applicants not able to participate in the Pilot Residential Reactivation Program may qualify for these other programs and thereby extend the benefits of homeownership to a broader spectrum of Harvey residents.

The City will undertake efforts to market the program to existing Harvey residents, former Harvey residents, and Thornton Township High School graduates interested in returning to Harvey, including but not limited to graduates who have completed “STEM” (Science, Technology, Engineering, and Mathematics) coursework. These efforts are designed to reverse population loss as described in Section I above.

I. Purpose of the Policy

The City of Harvey finds that because of state and regional population loss, the uneven recovery from the 2008 recession and other factors, residential stabilization is needed to strengthen neighborhoods, to protect investments by homeowners, and to strengthen the City’s tax base. The City further finds that municipal economic incentives are needed to promote residential redevelopment of underutilized properties, which will complement ongoing efforts to promote development in non-residential areas.

To assist in maintaining a stable tax base and supporting homeowner investments, the City desires to establish a policy that guides the investment of public funds for residential reactivation. Invested public funds are to promote smaller scale residential redevelopment projects expected to benefit the community and that would not otherwise occur, “but for” for the investments.

As a policy document, the Incentive Policy for Residential Reactivation herein (the “Policy”) will (a) provide a general framework for the City to evaluate proposed uses of public financing and (b) deliver guidance to City staff on the use of incentives.

II. Goals and Objectives

The overall goal of the Policy is to stabilize neighborhoods while strengthening the City's economic base, which will enable the City to deliver essential municipal services to the community. Further, the Policy supports the overall vision articulated in current planning documents including the existing TOD Plan, updates to the TOD Plan and TIF Redevelopment Plans.

To further the aforementioned goals, the City will use incentives to achieve certain redevelopment objectives:

- Increase and diversify the City's property tax; and
- Promote aesthetic improvements and prevent the onset of blight; and
- Invest in redevelopment projects that, but for City assistance, would not otherwise occur.

III. Guidelines for the Residential Reactivation Program

A. General Guidelines

Pursuant to Section IV of this policy, the City will undertake a project assessment as defined in Section IV to ensure that City assets are safeguarded. The City will comply with the requirements of state legislation including but not limited to the Illinois Tax Increment Allocation Redevelopment Act (the "TIF Act"), as amended. Among other provisions, the TIF Act limits expenditures for certain types of "redevelopment project costs" as defined in the TIF Act, if a residential project is located within a TIF District.

B. Specific Guidelines

1. Geographic Scope - The scope of the Residential Reactivation Program guidelines are limited to properties currently owned by the City in residential areas that historically have been used for residential purposes and are proposed for re-use as residential units. This includes unoccupied homes, unoccupied structures adjacent to homes, or vacant lots that are adjacent to homes that are blighted or have a blighting influence on nearby homes.

2. Eligible Residential Applicants – The Residential Reactivation Program is designed to encourage "buy-and-hold" residential applicants who own the property for a sustained period of time (instead of speculators or "flippers" taking ownership for a short period of time). As such, the program is limited to (a) persons who would be homeowners residing on the property acquired from the City, or (b) homeowners who acquire an adjacent lot from the City to expand their existing home. The program is further limited to applicants who are not delinquent in taxes or utility payments or fees owed to the City. Applicants who ever had any interest in a property are ineligible for that property. Eligible applicants shall submit an application supplied by the City and a fee of \$50.00. The City will hold a lottery to determine which properties are awarded.

3. Bank Loan - Applicants at their discretion may purchase the property with or without bank financing.

4. Discounted Purchase Price - Applicants will be provided an incentive to purchase City-owned properties for One Dollar (\$1.00). In exchange, the applicant will be required to undertake certain obligations as described below in section 5 and section 6.

5. Obligations of the Applicant at Closing In exchange for receiving property for One Dollar (\$1.00), the applicant is obligated to undertake the following at closing:

- Payment of estimated taxes at closing – Said payments are to cover estimated taxes covering 2 years. These costs will be held in escrow to fund taxes when due to the Cook County Treasurer.
- Payment of closing costs including title insurance and survey, if desired by the purchaser.
- Payment of insurance – Insurance costs are to be verified as paid at closing covering 12 months.
- Title will be conveyed to applicant at closing. Assignments or additional purchasers are prohibited. At closing, applicants will execute a Reconveyance Warranty Deed to the City, which will be held in escrow during the five (5) year period.

6. Obligations of the Applicant from Closing to Year 5 Subsequent to closing, the applicant is required to undertake the following 5 actions during a 5-year period:

1. Secure an approved building permit to bring the property in compliance with the City of Harvey Building Code and Property Maintenance Code; and
2. Completion of building improvements pursuant to the building permit, and
3. Occupancy of the premises by the applicant of the property (after the completion of building improvements, municipal inspections are passed and a certificate of occupancy is granted) until the end of the aforementioned 5-year period; and
4. On-time payment of property taxes to the Cook County Treasurer; and
5. Maintenance of crime-free premises while the building is occupied by the applicant.

It is acknowledged by the applicant that not undertaking each of the 5 said actions will result in the applicant being held in default and the City recording the Reconveyance Deed which will result in the applicant forfeiting the property and any payments made in connection therewith and any improvements made to the house.

These additional Improvement Incentives will be provided to the applicant after (a) project completion as determined by the City’s building department (e.g., certificate of occupancy) and (b) municipal taxes from the property that has been returned to taxable status are paid to the City and are available for disbursement to the residential applicant. The incentive will be limited to 50% of the project cost as indicated in the building permit application or \$10,000, whichever is less.

These additional Improvement Incentives will be available to Harvey residents participating in one of the homeownership programs identified in Attachment A.

IV. Prohibited Uses

The City will not provide assistance for a project in the Residential Reactivation Program that:

- Would otherwise result in reimbursement for redevelopment projects costs prohibited by the TIF Act or other state statute;
- Exceeds 100% of the incremental revenue associated with the project parcels;
- Does not conform to existing land use policies as amended from time to time, including the zoning ordinance or other land use ordinances of the City.

Rental of the property is prohibited.

It is further understood that any and all Residential Reactivation Projects that occur within the City's Tax Increment Finance Districts are subject to all City ordinances, codes or regulations that are currently in effect or that may be amended or modified by the City.

V. Administrative Responsibilities

The City Administrator or designee shall be responsible for implementing the Policy, including the development of any procedural manual, guidelines, or application forms. The City Administrator may make minor changes to the guidelines, contract or properties list to further effectively implement the goals and objectives of the program.