



CITY OF WASHINGTON, ILLINOIS
City Council Agenda Communication

Meeting Date: April 3, 2023

Prepared By: Joanie Baxter, Finance Director *JB*

Agenda Item: 2023 First Time Homebuyer Program

Explanation: Attached is an ordinance authorizing the use of the annual volume cap for the Assist 2023 – First Time Homebuyers’ Program. As you may recall, the City has participated in this program over the last twenty-two years, which provides qualifying first-time homebuyers, assistance with obtaining a mortgage by offering a 30-year fixed-rate mortgage with a 3% - 7% contribution toward down payment and closing costs. An option for utilizing mortgage credit certificates (MCC) is also included. The private activity bonding authority granted to the City is based on \$120 per capita and equals \$1,917,360 for 2023. This ordinance is necessary to show the intent of the City in regard to the allocation of tax-exempt private activity bonding authority and must be approved prior to May 1.

During 2022, 13 loans (compared to 14 in 2021) were made to Washington home buyers (in 61571 zip code) totaling more than \$1.64 million and thus this program continues to be very successful in the greater Washington area.

The ordinance is scheduled for First Reading on April 3, 2023 with Second Reading and approval scheduled for April 17, 2023.

Fiscal Impact: None.

Recommendation/Committee Discussion Summary: Staff recommends approval.

Action Requested: Approval of Ordinance at 2nd Reading on April 17, 2023.

ORDINANCE NO. _____

**AN ORDINANCE APPROVING THE TRANSFER AND
REALLOCATION OF VOLUME CAP IN CONNECTION WITH
PRIVATE ACTIVITY BOND ISSUES, AND RELATED
MATTERS.**

WHEREAS, the City of Washington, Tazewell County, Illinois (the "*Municipality*") is a municipality and a home rule unit of government under Section 6 of Article VII of the 1970 Constitution of the State of Illinois; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986, as amended (the "*Code*"), provides that the Municipality has volume cap equal to \$120 per resident of the Municipality in calendar year 2023, which volume cap may be allocated to certain tax-exempt private activity bonds; and

WHEREAS, the Illinois Private Activity Bond Allocation Act, 30 *Illinois Compiled Statutes*, 345/1 *et seq.*, as supplemented and amended (the "*Act*"), provides that a home rule unit of government may transfer and reallocate its allocation of volume cap to any other home rule unit of government, the State of Illinois or any agency thereof or any non-home rule unit of government; and

WHEREAS, it is now deemed necessary and desirable by the Municipality to transfer its entire volume cap allocation for calendar year 2023 to the Town of Normal, McLean County, Illinois (the "*Issuer*") to be applied toward the issuance of single family mortgage revenue bonds by the Issuer (the "*Bonds*") or for such other purpose permitted by this Ordinance.

NOW, THEREFORE, Be It Ordained by the City Council of the City of Washington, Tazewell County, Illinois, as follows:

Section 1. Pursuant to Section 146 of the Code and the Act, the entire volume cap of the Municipality for calendar year 2023 is hereby transferred and reallocated to the Issuer, which shall issue the Bonds using such transfer of volume cap, without any further action required on the part of the Municipality, and the adoption of this Ordinance shall be deemed to be an allocation of such volume cap to the issuance of the Bonds or other private activity bonds or mortgage credit certificates.

Section 2. The Municipality and the Issuer shall maintain a written record of this Ordinance in their respective records during the term that the Bonds or any other such bonds to which such volume cap is allocated remain outstanding.

Section 3. The Mayor, the City Clerk and all other proper officers, officials, agents and employees of the Municipality are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates as may be necessary to further the purposes and intent of this Ordinance.

Section 4. The provisions of this Ordinance are hereby declared to be separable, and if any section, phrase or provision of this Ordinance shall for any reason be declared to be invalid, such declaration shall not affect the remainder of the sections, phrases and provisions of this Ordinance.

Section 5. All ordinances, resolutions or orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby superseded; and that this Ordinance shall be in full force and effect upon its adoption and approval.

Presented, passed, approved and recorded this ____ day of _____, 2023.

Approved:

Mayor

[Seal]

Attest:

City Clerk

Ayes:

Nays:

Absent or Not Voting:

(Letterhead of Signatory)

**REPORT OF ALLOCATION
GRANTED BY HOME-RULE
UNITS**

_____, 2023

Office of the Governor
Governor's Office of Management and Budget
555 W Monroe Street - Suite 1500 S GOMB
Chicago, IL 60661
Attn: Sophia Ronis

ATTENTION: Debt Management Unit

Re: Issuer: City of Washington, Illinois
Total 2023 Volume Cap Allocation: \$1,917,360

Volume Cap allocations granted, transferred, or reserved by Issuer resolution prior to
May 1, 2023:

If reallocated to another issuer, state name of issuer: Town of Normal, Illinois.

Copies of allocation resolution or ordinances are attached.

Total Allocation Granted or Reallocated: \$1,917,360.

Sincerely,

City of Washington, Illinois

Joan E. Baxter
Director of Finance
Phone: (309) 444-1124

AFFIDAVIT RELATING TO VOLUME CAP REALLOCATION

City of Washington, Tazewell County, Illinois (the "Municipality") is a home rule unit of local government and a public agency of the State of Illinois and has reallocated \$1,917,360 of private activity bond volume cap allocated to the Municipality in calendar year 2023 (the "Reallocated Volume Cap") to the Town of Normal, McLean County, Illinois ("Normal"). In connection therewith, the Municipality makes the following certifications:

1. The Reallocated Volume Cap was properly allocated to the Municipality for calendar year 2023 and properly reallocated to Normal as authorized by an Ordinance or Resolution duly adopted by the governing body of the Municipality.
2. During calendar year 2023, the Municipality has not (a) applied the reallocated Volume Cap to any issuance of tax-exempt bonds, (b) made any election not to issue qualified mortgage bonds, or (c) surrendered or reallocated the Reallocated Volume Cap to any other political subdivisions within the State of Illinois.
3. The Municipality provided notice to the Governor's Office of the reallocation of the Reallocated Volume Cap to Normal in accordance with the Illinois Private Activity Bond Allocation Act, as amended, and the Guidelines and Procedures issued by the Governor's office under such Act.

Dated: _____, 2023

CITY OF WASHINGTON,
TAZEWELL COUNTY, ILLINOIS

By: _____
Name: Joan E. Baxter
Title: Director of Finance



Assist Homeownership Program

Utilizing a two-pronged approach to assist homebuyers, the program is sponsored by communities throughout the state to promote home ownership. The home buyer assistance feature of the Assist program provides families with funds to pay all or most of their closing costs and down payment, enabling families with good credit but little available capital to buy their home. The mortgage credit certificate ("MCC") feature reduces the homebuyer's ongoing cost of borrowing whenever market conditions result in uncompetitive interest rates for loans funded in the tax-exempt bond market.

Overview

- Communities join together through an Inter-governmental Cooperation Agreement
- Home rule communities may contribute private activity bond volume cap to support either a tax-exempt bond issuance or the MCC feature
- Non-home rule communities apply for volume cap from the State
- No financial contribution or commitment required from any participant
- Any Illinois municipality can participate

Loan Funding

- Loans are funded with proceeds of tax-exempt bonds or through the direct sale of taxable mortgage-backed securities based on the sale method providing the lowest interest rate
- The bonds and securities are sold at a premium, a price greater than their face amount, which provides funding for the home buyer assistance
- Proceeds are used to make the home loans and fund the assistance
- The bonds and securities are not a debt of the municipalities or paid from any participating community's funds, and are secured only with loans on the homes purchased

Loan Description

- 30 year fixed rate loans
- FHA/VA/RDA (640 minimum credit score) and Conventional (660 minimum credit score) loans are available
- Assist pays 3% to 7% cash grant to qualifying home buyers to fund closing costs and down payment assistance.

Qualifying Homebuyers

- Will occupy the home as their residence
- Meet income and purchase price guidelines

Mortgage Credit Certificates

- MCC's are a federally authorized program created as an alternative to tax-exempt housing bonds to reduce effective interest costs for qualifying homebuyers
- MCC's allow the homebuyer to qualify for a federal income tax credit equal to a percentage of the interest paid on their home loan each year
- MCC holders still qualify for a regular deduction of the remaining interest paid on their home loan

	Without MCC	With MCC
Mortgage Amount	\$100,000	\$100,000
Mortgage Interest Rate	4.50%	4.50%
Monthly Mortgage Payment (first year interest = \$4,467.00)	\$506.69	\$506.69
MCC Rate	N/A	35%
Monthly Credit Amount (First Year Average) (35% of \$4,467.00 is first year credit)	N/A	\$130.29
"Effective" Monthly Mortgage Payment	\$506.69	\$376.40

Assist Advantages

- Provides additional home ownership opportunities in each community
- Home ownership provides added stability in a community
- Serves the large segment of potential home buyers who qualify for loans but lack funds for a down payment and closing costs
- Strategic alliance with lenders throughout the state
- Customized marketing in each municipality
- No out-of-pocket expense to any community to participate





INCOME AND PURCHASE PRICE LIMITS

COUNTY NAME	INCOME LIMITS				PURCHASE PRICE LIMITS	
	Targeted 1 or 2 People	3 or More People	Non-Targeted 1 or 2 People	3 or More People	Targeted	Non-Targeted
BOONE	NA	NA	\$95,100	\$109,365	NA	\$349,525
COOK	\$125,040	\$145,880	\$104,200	\$119,830	\$427,198	\$349,525
CHAMPAIGN	\$114,120	\$133,140	\$95,100	\$109,365	\$427,198	\$349,525
DEKALB	\$116,160	\$135,520	\$96,800	\$111,320	\$427,198	\$349,525
DUPAGE	NA	NA	\$104,200	\$119,830	NA	\$349,525
KANE	\$125,040	\$145,880	\$104,200	\$119,830	\$427,198	\$349,525
KENDALL	NA	NA	\$114,100	\$131,215	NA	\$349,525
LAKE	\$125,040	\$145,880	\$104,200	\$119,830	\$427,198	\$349,525
LASALLE	\$114,120	\$133,140	\$95,100	\$109,365	\$427,198	\$349,525
McLEAN	\$125,040	\$145,880	\$104,200	\$119,830	\$427,198	\$349,525
ST. CLAIR	\$114,120	\$133,140	\$95,100	\$109,365	\$427,198	\$349,525
SANGAMON	\$114,480	\$133,560	\$95,400	\$109,710	\$427,198	\$349,525
WILL	\$125,040	\$145,880	\$104,200	\$119,830	\$427,198	\$349,525
WINNEBAGO	\$114,120	\$133,140	\$95,100	\$109,365	\$427,198	\$349,525
OTHER PROGRAM AREAS	\$114,120	\$133,140	\$95,100	\$109,365	\$427,198	\$349,525



PARTICIPATING COMMUNITIES

City of Aurora
 Village of Arlington Heights
 Village of Bartonville
 City of Belleville
 City of Belvidere
 Village of Bridgeview
 City of Champaign
 City of Charleston
 City of Collinsville
 City of Crest Hill
 Village of Creve Coeur
 City of Decatur
 City of East Moline
 City of East Peoria
 City of Edwardsville
 Village of Godfrey
 City of Joliet

Village of Justice
 City of LaSalle
 City of Lockport
 City of Loves Park
 Village of Machesney Park
 Village of Marquette Heights
 City of Mattoon
 Village of Mendota
 Village of Minooka
 Village of Montgomery
 City of Naperville
 Town of Normal
 Village of Orland Park
 City of Pekin
 City of Peoria
 Village of Peoria Heights
 City of Peru

City of Rochelle
 City of Rockford
 Village of Rockton
 Village of Romeoville
 Village of Schaumburg
 Village of Shorewood
 City of South Beloit
 City of Springfield
 City of Urbana
 City of Washington
 City of Wood River
 Village of Yorkville

County of Boone
 County of Champaign
 County of Cook
 County of Coles

County of DeKalb
 County of DeWitt
 County of Fulton
 County of Grundy
 County of Kankakee
 County of Kendall
 County of Lake
 County of Loga
 County of Macon
 County of Madison
 County of McLean
 County of Ogle
 County of Peoria
 County of Rock Island
 County of Tazewell
 County of Will
 County of Winnebago

To sign up: contact Angela Conover (312) 664-5656
 or angelaconover@earthlink.net