Tax Increment Finance Purchase Rehab (TIFPR) Program FAQs

What is the TIFPR program?

The Tax Increment Finance Purchase Rehab (TIFPR) program is a City of Chicago initiative which uses TIF funding as a forgivable loan to purchase and rehab **vacant** 1-4 unit residential properties within eligible TIF districts. The TIFPR "grant" can be used for up to 25% of the total project cost. Total project cost is defined as contractors proposal, plus a 10% contingency, purchase price, and closing costs. The vacant properties must require substantial rehab (a minimum of $25,000 per unit).

Is the TIFPR program a down payment assistance program?

No the TIFPR program is NOT a down payment assistance program. The grant provided through the TIFPR program will be used to help pay for the rehab component of the project. The TIFPR grant funds will be placed in an escrow when the property closes and the funds will be paid out to the contractor(s) throughout the rehab process.

Who qualifies for the TIFPR assistance?

Applicants must have a household income of 120% or less of the area median income (AMI) and intend to occupy the property. Applicants do **NOT** have to be first time homebuyers, or currently live in the City of Chicago.

Can the TIFPR assistance be used to buy an investment property?
No the TIFPR is NOT to be used to fund investment, commercial or mixed use properties.

Is there an income requirement?

TIFPR Program applicants must demonstrate that their household income is **at or below 120% of the Area Median Income (AMI)** in order to be eligible for TIFPR assistance. Income guidelines are strictly enforced. For instance, if you live in a household with four people, to meet the income eligibility requirements, your total household income would have to be at or below $109,200. Use the chart below to determine your income eligibility. First, find the number of people in your household and then look below at the maximum total income allowable for the size of your household.

City of Chicago Area Median Income Limits (AMI) Chart (as of April 1, 2021):

Household Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
120% Area Median Income	$78,360	$89,520	$100,680	$111,840	$120,840	$129,840	$138,720	$147,720

*See full chart at: https://www.chicago.gov/city/en/depts/doh/provdrs/renters/svcs/ami_chart.html

What properties are eligible for the TIFPR program?

Eligible properties must be vacant, need substantial rehab and be located within one of the six participating TIF Districts. The participating TIF Districts are:

• **119th/Halsted**	• **63rd/Ashland TIF**
• **79th/Vincennes TIF**	• **Midwest TIF**
• **Englewood TIF**	• **Chicago/Central Park TIF**

To look up a property to determine if it is within a TIF District, here is an address lookup link: https://gisapps.cityofchicago.org/zoning

Another address look up site is located at:
https://maps.cookcountyil.gov/tifViewer/

Can down payment assistance be used with the TIFPR program?
Yes, the TIFPR program does allow the use of other down payment assistance, or layering, as additional sources of funds. Down payment assistance can include gifts, down payment assistance from banks, non-profits or government agencies, etc. An example of down payment assistance that can be used for the TIFPR program is Micro Market Recovery Program (MMRP) down payment assistance. If a property is located in both a participating TIF District and a MMRP area, and IF funding is available for the MMRP program, then both grants can be used for the project.

Can a property that I already own be eligible for TIFPR funding?
No, a property that is already owned is not eligible for the TIFPR program.

If I own a property, but plan to sell it, or rent it out, can I participate in the TIFPR program?
Technically, you can own another property and participate in the TIFPR program, depending on the lender requirements. At least one, if not two, of the participating lenders does NOT allow a borrower to own another property. Also, keep in mind that you are required to occupy the TIFPR property within six months and to remain in the property for 10-15 years, depending on the amount of grant funding that is provided. If you move or sell the property before the "recapture" period, then you will have to pay the entire grant amount back to NHS.

What is the recapture period?
The recapture period refers to the length of time that a buyer has to remain in the property or the grant has to be repaid or "recaptured". For the TIFPR program, if the TIFPR grant is for less than $40,000, then the recapture period is 10 years. If the grant is for $40,000 or more, then the recapture period is 15 years. There is no proration period for the TIFPR, so if the buyer moves or sells before the end of the recapture period, then the ENTIRE amount of the grant becomes repayable and due.

What are valid project costs for the TIFPR program?
The valid product costs include the purchase price of the property, the closing costs and the rehab costs associated with the property. Valid rehab costs include permitting costs and construction costs. Examples of cost that are NOT covered include architectural costs, project managers and costs associated with changing the floor plans of a property.

Is there a time frame to complete construction?
Yes, the City of Chicago ordinance which created the program requires that the buyer occupy the property within six months of the closing. In the case of a 2-4 unit, at least one of the units has to be completed so that the buyer can move in and occupy the property in order to satisfy this conduction. Ideally, all construction should be completed within six months.

Will I have to start paying for the mortgage before construction is complete?
Yes, you will probably be paying for the mortgage before the construction is complete. The first mortgage payment is usually due within 31 to 60 days after the closing. If the rehab is not completed within that time frame, which is unlikely, then you will be paying for the mortgage before construction is done.
What is the timeframe to go through the program?
The timeframe varies from person to person, depending on how quickly an applicant completes the requirements of the program, including submitting required documents, completing required workshops, locating a property, and getting a contract on a property. In addition, an applicant who is not mortgage ready and must work on the credit and/or savings may also take additional time, anywhere from six months to a year or more to be eligible for a mortgage and therefore eligible for the program.

Can the TIFPR property be refinanced during the recapture period?
Yes, the TIFPR property can be refinanced during the program in order to get better terms (i.e. interest rate, shorter mortgage period) but no cash can be taken out during the refinance. After the refinance of the first mortgage, the forgivable lien (TIFPR assistance) remains on the title until the expiration of the recapture period. If a homeowner wants to refinance and take cash out, then the entire amount of TIFPR assistance must be repaid if the recapture period has not expired.

What are the down payment requirements?
The down payment requirements vary according to the lender but in general:

Single Family:	3-5% down payment required
2 unit:	3-15% down payment required
3-4 unit:	10-25% down payment required

The TIFPR assistance is NOT down payment assistance, but down payment assistance from other sources can be used for this program.

What does a red X on a property mean?
A red X on a building means the building is unsafe for first responders to enter.

The housing market is very challenging right now with cash buyers and investors. Any tips or suggestions on how to get a property under contract using the TIFPR program?
Although the program requires that a property need substantial rehab (minimum of $25,000 per unit), properties that are described as fully rehabbed may still be eligible for the program if they need additional work like new HVAC systems, roofing, basement finishing, exterior work, etc. These properties may be good candidates for the TIFPR program because while they are described as fully rehabbed and are being offered at a premium price, they require the buyer to make additional repairs and therefore invest more money. The TIFPR assistance could be deal maker in that instance.

Other suggestions include offering above full price offers and including escalation clauses in your contracts. Offering a higher earnest money deposit may also be a good idea.

It's a good idea to work with a real estate agent in order to have the best chance of success.

Is there a required amount of savings?
In order to considered mortgage ready for the program, a buyer should have at least $10,000 in either a savings account or accessible retirement account.

Is rental income considered when buying a 2-4 unit with the TIFPR program?
Under normal lending circumstances, rental income is considered during the mortgage approval process. Because the property has to be vacant to be eligible for the TIFPR program, there is no current rental income to base a calculation on, so there may be some challenges to including that income in the

household income for mortgage purposes.

Do participating lenders provide pre-approvals?
All the participating lenders are able to provide pre-approvals if a buyer provides the required documentation for that lender.

What is an escalation clause?
An escalation clause is a real estate contract term, sometimes called an escalator, that lets a home buyer say: "I will pay x price for this home, but if the seller receives another offer that's higher than mine, I'm willing to increase my offer to y price.

When you create a purchase offer what terms should be included in the contract?
The terms that should be considered when completing an offer to purchase include the date of closing, which should be at least 60 days after the contract is accepted to allow for the required rehab inspections and bids. Be sure to include a mortgage contingency clause. I would also suggest that an appraisal contingency be added to the contract which would allow the buyer to cancel the contract if the property does not appraise at the required amount based on the lender's guidelines. The buyer would need to find out what that required appraisal amount is from the lender.

What are the requirements for a self-employed buyer?
A self-employed buyer must provide 2-3 years of tax returns, tax transcripts may also be ordered and bank statements will be required.

To whom should I forward my questions regarding the TIFPR?
All questions regarding the TIFPR program should be forwarded to the Program Manager, Ouida Jones at ojones@nhschicago.org.