

Exhibit A: Executive Summary

Region 1 Planning Council

Region 1 Planning Council's (R1) application to the United States Department of Housing and Urban Development's (HUD) Pathways to Removing Obstacles to Housing (PRO Housing) grant aims to expand the regional housing supply by addressing the critical appraisal gap that hinders affordable housing development. This proposal seeks to incentivize developers by ensuring they can recover their development costs in areas where home appraisals currently fall below development expenses. Furthermore, the proposal strives to advance housing justice by directing housing rehabilitation investments into underserved communities. The target areas for the program are Boone and Winnebago Counties, focusing on infill sites with existing utilities and infrastructure. Special consideration is given to HUD-identified priority geographies including the Villages of Roscoe, Caledonia, and Timberlane, as well as Lake Summerset.

The primary motivation for this program is to counter the regional housing shortage exacerbated by projected population growth. Major employers, such as Stellantis, Chicago Rockford International Airport, Walmart, and Microsoft, have made commitments to bring thousands of jobs to the region, drawing a significant influx of new residents. A lack of new construction, combined with an aging housing stock, fails to meet projected demand.

To address this challenge, R1's proposal is structured into two components. The first focuses on expanding housing supply by stimulating new construction in both underserved areas with strong access to economic hubs and essential amenities, as well as high-opportunity areas. The second directs rehabilitation funds into underserved communities surrounding these new developments.

R1 will serve as a pass-through entity and provide land at no cost to developers through the Northern Illinois Land Bank Authority (NILBA) as well as Boone and Winnebago County Trustee Programs. Lots will be pre-selected by R1 and municipal partners based on their location in underserved areas with strong access to economic hubs and essential amenities and high-opportunity areas, as well as their suitability for infill development. These lots will be made available to developers annually through a competitive request for proposal (RFP) process, with the stipulation that the resulting developments must be sold to low- and moderate-income (LMI) individuals.

After new housing development is complete, the homes will be listed for sale with the requirement that buyers must qualify as LMI individuals. Once a home is sold, R1 will evaluate the transaction to ensure all program requirements have been met. If the requirements are satisfied, the developer will receive reimbursement funds to cover the gap between the sale price and construction costs, as well as a ten percent developer fee to incentivize development.

If the development is located in an underserved neighborhood, R1 will allocate additional funds for housing rehabilitation to property owners within a two-block radius of the new development. A separate RFP will be issued by R1 to distribute rehabilitation funds specifically earmarked for exterior renovations, such as roofing and energy-efficient window upgrades. Following the selection of a developer, R1 will release the funds for these renovations.

The proposed program builds on prior supportive efforts, including NILBA, Winnebago County Trustee Program, tax abatements, comprehensive planning, and down payment assistance, which have collectively laid the foundation for meeting affordable housing needs. This proposed program, paired with established incentives, aims to further stimulate housing development for LMI individuals.

The expected outcomes of this initiative include the construction of new affordable single-family homes, a reduction in housing shortages, and stabilization of the local housing market. This project will serve as a precedent for other communities facing similar challenges. Its success will be measured through metrics such as the number of homes built, appraisal gap reduction, and increased housing affordability.

With HUD's support, R1 can take a significant step toward closing the appraisal gap, incentivizing developers, and preparing the region for upcoming population growth. By increasing the housing stock, prioritizing affordable housing, and investing in underserved neighborhoods, this program will ensure long-term housing stability and affordability.