

Village of Oak Park Community Development and Housing Loan Forgiveness Policy

The Village of Oak Park is committed to supporting community development and housing efforts. To balance the benefits of reduced financial burden on non-profits and homeowners with the Village's strategic housing goals, the Village has implemented a Loan Forgiveness Policy. This policy outlines the process to consider requests for forgiveness of outstanding loans with the Village for community and housing programs. The authority on whether or not to forgive or modify the terms of any given loan lies with the Village Board. This policy covers loans made with Community Development Block Grant (CDBG) and Housing Trust Fund funds.

Eligibility

The following applicants are eligible to request loan forgiveness:

- Non-profit organizations engaged in community development, housing development, or housing rehabilitation.
- Individual homeowners for whom the loan covers their primary residence in the Village of Oak Park.

Additionally, to be eligible, the loan cannot be in foreclosure. The property associated with the loan must not have delinquent property taxes, water/sewer/trash bills, or outstanding adjudication fines and fees.

Criteria for forgiveness

When considering a loan forgiveness request, the Village shall consider the following.

- The amount of the loan.
- Any additional outstanding loans the requestor has with the Village.
- Impact of loan forgiveness on the ability of the Village to continue with current housing programs.
- Alignment of the request with the Village's housing goals as outlined in the [Strategic Vision for Housing](#).
- Demonstrated benefits of the original project for which the loan was given with the Village's housing goals as outlined in the [Strategic Vision for Housing](#).
- Loss of potential uses of the loan funds.
- Demonstrated applicant need for financial relief.
- The past treatment of similar loan requests by the Village.
- Any requirements specific to the funding used for the loan.
- Any requirements specific to the program of which it was part.

Process

A group seeking loan forgiveness shall submit the following documentation.

- Written request for loan forgiveness that highlights the following.
 - Need for financial relief by the applicant.

- For housing loans, how forgiving the loan further's the Village's housing goals as outlined in the [Strategic Vision for Housing](#).
- For community development loans, how forgiving the loan further's the Village community development goals as outlined in the most recently adopted Consolidated Plan.
- How forgiving the loan furthers the most recently adopted Village Board Goals.
- Any backup documentation the submitter feels would be helpful in considering the request, including documents that address the criteria for forgiveness.

Governing committee

Citizen boards, commissions, and committees advise the Village Board. This policy covers housing and community development loans made with both CDBG and Housing Trust Funds. Two citizen commissions advise the board related to housing and community development loans. The Community Development Citizens Advisory Committee (CDCAC) formulates recommendations to the Village Board for the annual allocation of Federal CDBG funds for public service, administration, property and infrastructure improvements, and economic revitalization activities targeted to low- and moderate-income individuals. The Housing Programs Advisory Committee (HPAC) is an advisory board concerning programs and methods to accomplish the following goals within the Village of Oak Park: enhance the quality of residential properties, attract an economically and racially diverse population, develop and maintain affordable housing options, and increase the value of residential properties. All loan forgiveness requests for housing loans will be reviewed by HPAC. All loan forgiveness requests for community development loans will be reviewed by CDCAC.

Staff recommendation

Once submitted, Neighborhood Services staff will review the submitted materials within two weeks. If needed, staff will follow up with the submitter to request additional information. Once all needed information has been provided, Neighborhood Services staff will prepare a recommendations memo regarding the request. Neighborhood Services staff will forward the recommendations memo to the Finance Department for review. Once Finance Department review of the memo is complete, the request will be presented to the governing committee at their next regularly scheduled meeting. Staff may recommend any of the following options.

- Repayment of the loan in accordance with the existing terms.
- Forgiveness of the loan, in whole or in part.
- An extension of the repayment term beyond the original maturity period.

Governing committee review

The governing committee will review and make recommendations to the Village Board for loan forgiveness requests.

Responsibilities of the governing committee

- Review and evaluate loan forgiveness applications submitted by eligible borrowers based on materials submitted and the criteria for forgiveness.
- Ensure that all applicants meet the eligibility criteria and maintain compliance with program terms.
- Conduct meetings and gather additional information if necessary to make informed decisions on loan forgiveness requests.

Recommendation and approval process

The governing committee will provide a recommendation for loan forgiveness based on their evaluation on materials submitted and the criteria for the forgiveness. This recommendation will include the extent of forgiveness and any conditions attached.

The recommendation will be submitted to the Village Board of Trustees for final consideration.

Transparency and accountability of requests

- Neighborhood Services staff will maintain transparent records of all applications, evaluations, and recommendations that will be reported to the governing committee and Village Board of Trustees.
- An annual report detailing the governing committee's activities related to loan forgiveness, decisions, and overall program impact will be submitted to the Village Board of Trustees and made available to the public.