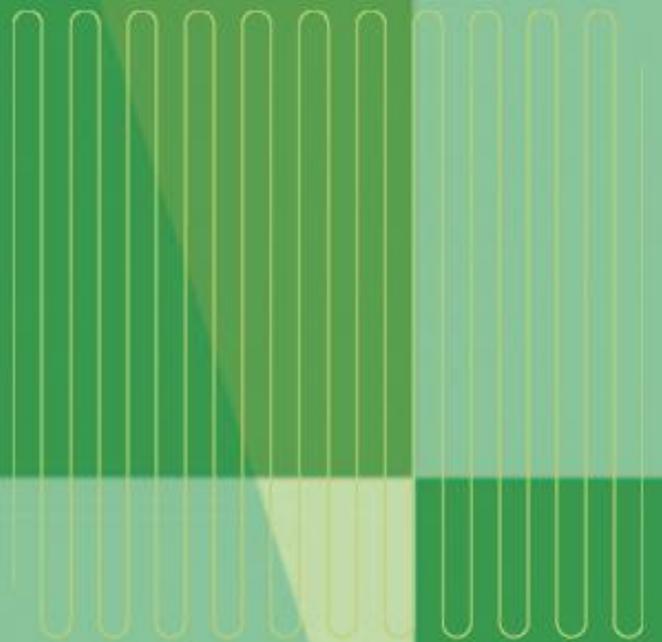


Homeownership Part 2

**Jonathan Burch, Assistant Village Manager/
Neighborhood Services Director**

February 24, 2026

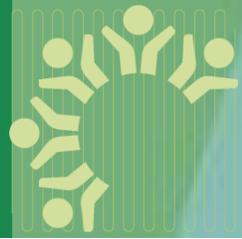


Overview

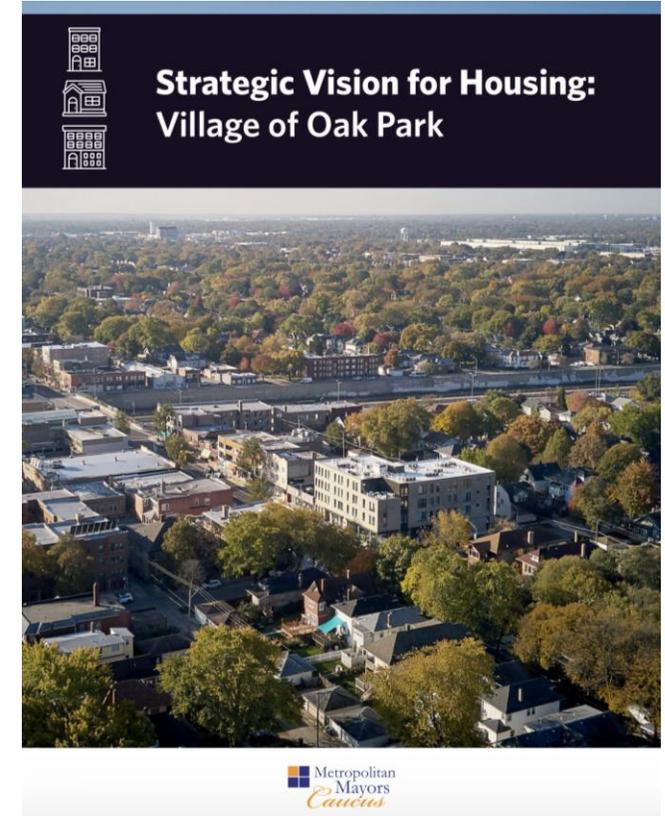


- **Policy grounding**
- **Measuring success**
- **Recommendations**
 - **Homebuyer education**
 - **Mortgage credit certificates**
 - **Down payment assistance**
 - **Supply-focused programs**
- **Discussion**

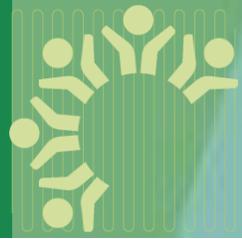
Strategic Vision for Housing



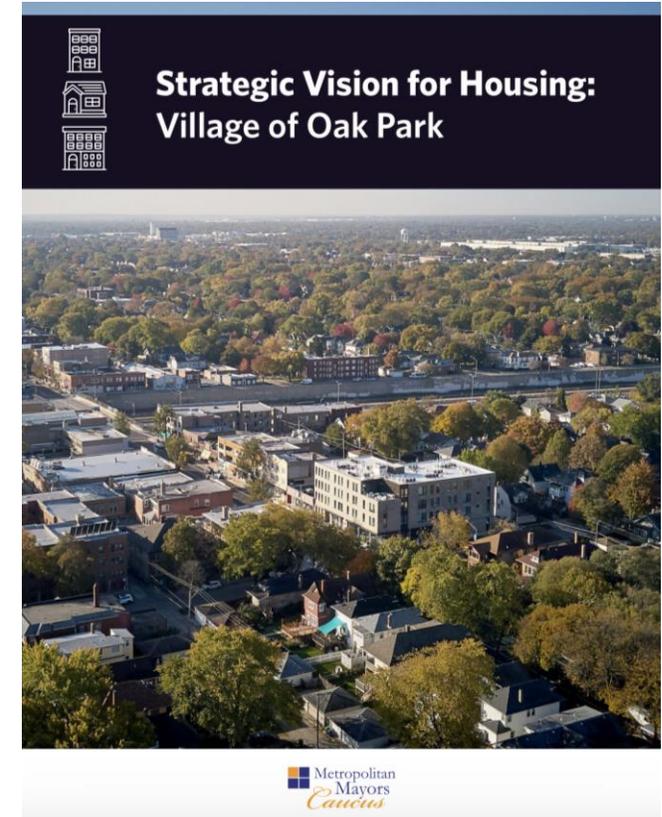
- **Expand The Variety Of Homeownership Opportunities**
- **Respond To Racial Disparities In Access To Homeownership**



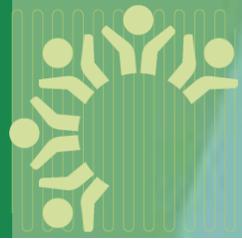
Strategic Vision for Housing



- **If Homeownership Assistance is Pursued, Design Any Program to Address Racial Homeownership Disparities.**
 - **Explore whether Housing Trust Fund changes are needed to support home ownership.**
 - **Explicitly address historical barriers to homeownership that continue to impact Black households**



Gap in ownership



Homeownership Rate	Oak Park	Chicago Region	United States
All Households	60%	65%	65%
White Households	70%	73%	73%
Black Households	35%	41%	43%
Hispanic or Latino Households	53%	56%	50%
Asian American Households	56%	63%	62%
Multiracial Households	52%	56%	54%

Figure 10.
Homeownership Rates by Race and Ethnicity, 2022.

Source: US Census Bureau American Community Survey, 2018-2022 5-year Estimate.

Systematic ownership barriers



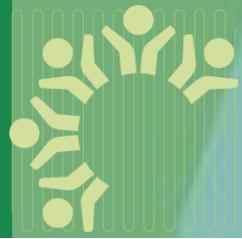
- **Credit**
- **Incomes**
- **Wealth**
- **Knowledge of the home buying process**
- **Affordable homes to purchase**

How Much Can
Downpayment Assistance
Close Homeownership
Gaps for Black and Hispanic
Households?

MARCH 2023 | DANIEL MCCUE, RAHEEM HANIFA, CHRISTOPHER HERBERT



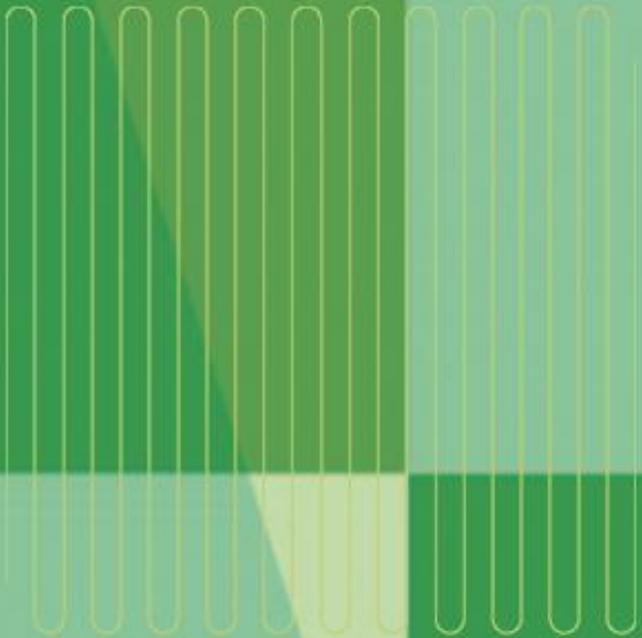
Area median income



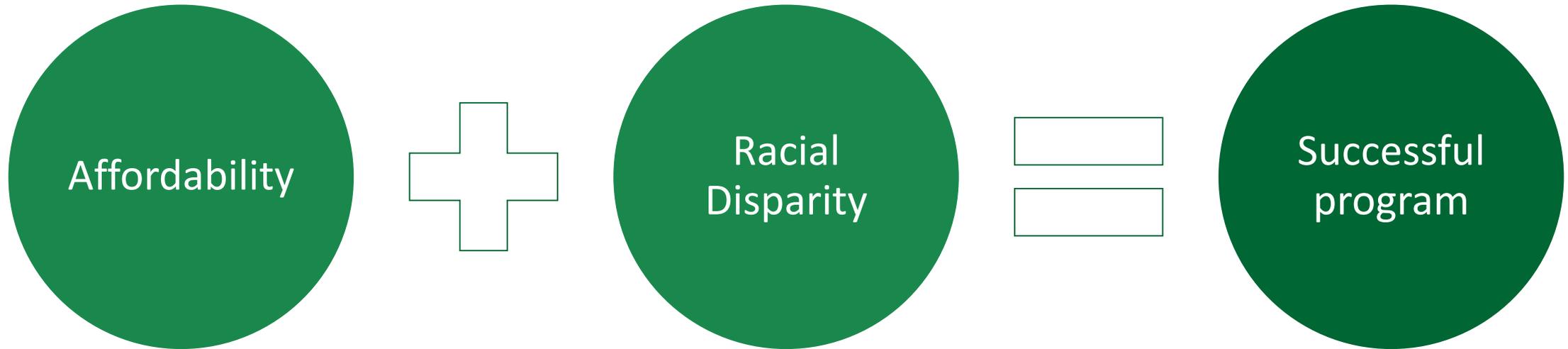
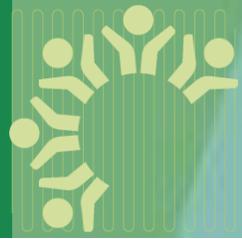
Household Size	Share of Area Median Income (AMI)			
	50%	80%	100%	120%
1	\$42,000	\$67,100	\$84,000	\$100,800
2	\$48,000	\$76,750	\$96,000	\$115,200
3	\$54,000	\$86,350	\$108,000	\$129,600
4	\$59,950	\$95,900	\$119,900	\$143,880
5	\$64,750	\$103,600	\$129,500	\$155,400
6	\$69,550	\$111,250	\$139,100	\$166,920
7	\$74,350	\$118,950	\$148,700	\$178,440
8	\$79,150	\$126,600	\$158,300	\$189,960



Measuring success



Measuring success



Measuring Success - Affordability



- **Measure 1 – community affordability**
 - **Share of owner housing affordable to households earning less than...**

	2013	2018	2023
Affordable 120%	29%	31%	29%
Affordable 100%	17%	21%	18%
Affordable 80%	7%	9%	9%

Measuring Success - Affordability



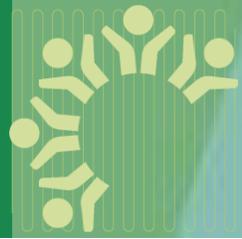
- **Share of owner housing affordable to households earning less than 120% of AMI**
 - **Goal of maintaining the share at 30% of the stock**
 - **Would need to restrict appx. 210 units or add 300 units.**
- **Share of owner housing affordable to households earning less than 100% of AMI**
 - **Goal of maintaining the share at 20% of the stock**
 - **Would need to restrict appx. 240 units or add 300 units**
- **Share of owner housing affordable to households earning less than 80% of AMI**
 - **Goal of maintaining the share at 10% of the stock**
 - **Would need to restrict appx. 175 units or add appx. 195 units**

Measuring Success - Affordability



Support approximately 250 homeowners earning less than 120% of AMI access homeownership over the next 5 years.

Measuring Success - Equity

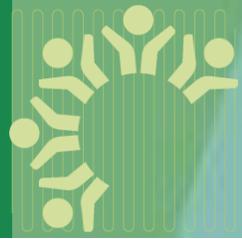


- **Oak Park reaches equality**
 - **Homeownership programs should focus on a net increase of homeowners by race and ethnicity in the long-term to equal levels of White household homeownership rates.**

Race & Ethnicity	Homeownership Rate Increase		Net Increase
Black	35%	69%	1,635 Homeowners
Asian	56%	69%	182 Homeowners
Latino	53%	69%	262 Homeowners
Multi-Racial	52%	69%	204 Homeowners

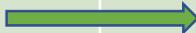
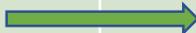
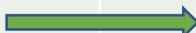


Measuring Success - Equity



- **Oak Park meeting regional levels**

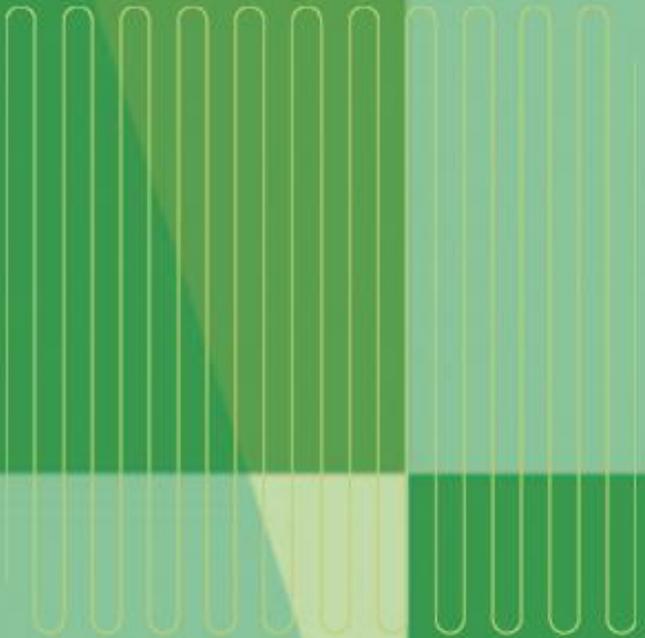
- **Homeownership programs should focus on a net increase of homeowners by race and ethnicity to meet regional levels for Black, Asian, Latino, and multiracial households in the next 5 years.**

Race & Ethnicity	Homeownership Rate Increase		Net Increase	
Black	35%		41%	281 Homeowners
Asian	56%		63%	97 Homeowners
Latino	53%		56%	49 Homeowners
Multi-Racial	52%		56%	47 Homeowners

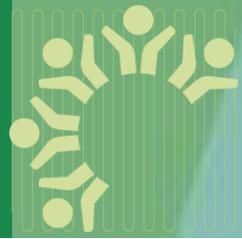


Oak Park

Recommendations



Recommendations summary



- **Homebuyer education and counseling**
- **Down payment assistance**
- **Mortgage Credit Certificate program**
- **Program to incentivize increasing supply**

Homebuyer education and counseling



A provider will conduct a mix of homebuyer marketing, education, and counseling activities in the Village to support households earning between 70 and 100% of AMI in purchasing in Oak Park.



DIFFERENT TYPES OF PROGRAMS:

- **Housing counseling**
- **Pre-purchase counseling**
- **Homeowner education classes**
- **Post purchase counseling**

Homebuyer education and counseling



- Hold six general homebuyer education sessions a year.
- Offer pre-purchase counseling to those looking to purchase in Oak Park.
- Conduct marketing of Oak Park homeownership opportunities to diversify the pool of buyers.

Homebuyer education and counseling



- Homebuyer education and counseling for first time homebuyers often required for comparison programs.
- Helps to assess if homebuyer is ready to purchase a home and understands the responsibilities of owning a home on a variety of topics.

Homebuyer education and counseling



Topics

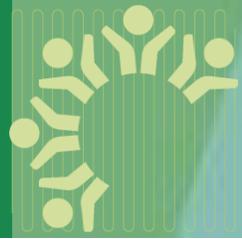
- **Help household chart path to homeownership**
- **Repairing credit**
- **Locating cash for a down payment**
- **Recognizing predatory lending practices**
- **Understanding fair lending and fair housing requirements**
- **Resolving a financial crisis**
- **Information about loan products and feature comparison**
- **Determining purchase procedures and estimating closing costs**
- **Selecting a real estate agent and the importance of home inspections**

Homebuyer education and counseling



- **Cost: appx. \$125,000 per year**
- **Funding: General Funds**
- **Impact:**
 - **90 homebuyers attend per year.**
 - **450 homebuyers attend over a 5-year period.**
 - **Monitor who is being served/ who are becoming owners**
 - **Race/ ethnicity/income**
 - **Number of homebuyers who attend the class**
 - **Number of homebuyers who purchase in Oak Park**
 - **Number of Oak Park renters who purchase a home regardless of location**
 - **Number of homebuyers who purchase a home regardless of the location**

Mortgage Credit Certificate



- A **Mortgage Credit Certificate (MCC)** is a **tax credit** program that helps make homeownership more affordable for **low- to moderate-income first-time homebuyers or Veterans** by reducing the amount of federal income tax they owe.
- Homebuyer's on-going cost of borrowing is reduced by 25%, for the annual mortgage interest paid (up to \$2,000 per year).
- MCC holders still qualify for a regular deduction of the remaining interest paid on their home loan.

Mortgage Credit Certification



Available MCC Homeownership Program

- Illinois Assist program

Sponsored by more than 14 municipalities in Illinois, through an Inter-governmental Cooperation Agreement. Any municipality can participate, with Home rule communities contributing Private Activity Bond Cap.

Mortgage Credit Certification



Available MCC Homeownership Program

- Illinois Assist program

PARTICIPATING COMMUNITIES

Village of Arlington Heights
Village of Bartonville
Champaign County
City of Champaign
City of Decatur
Kendall County

Logan County
Macon County
McLean County
Village of Orland Park
Village of Palatine
City of Peoria

Village of Romeoville
Village of Schaumburg
City of Washington
Village of Wheeling
Will County

Mortgage Credit Certification



Available MCC Homeownership Program

- Illinois Assist program

HOMEBUYER INCOME LIMITS Effective April 1, 2025

<u>Municipality</u>	<u>Non-Targeted Area</u>		<u>Targeted Area</u>	
	<u>1-2 persons</u>	<u>3+ persons</u>	<u>1-2 persons</u>	<u>3+ persons</u>
Village of Arlington Heights	\$119,900	\$137,885	\$143,880	\$167,860
Village of Bartonville	110,100	126,615	132,120	154,140
Champaign County	110,100	126,615	132,120	154,140
Kendall County	132,400	152,260	158,880	185,360
Logan County	110,100	126,615	132,120	154,140
Macon County	110,100	126,615	132,120	154,140
McLean County	118,800	136,620	142,560	166,320
Village of Orland Park	119,900	137,885	143,880	167,860
Village of Palatine	119,900	137,885	143,880	167,860
City of Peoria	110,100	126,615	132,120	154,140
Village of Schaumburg	119,900	137,885	143,880	167,860
City of Washington	110,100	126,615	132,120	154,140
Village of Wheeling	119,900	137,885	143,880	167,860
Will County	119,900	137,885	143,880	167,860

Mortgage Credit Certification



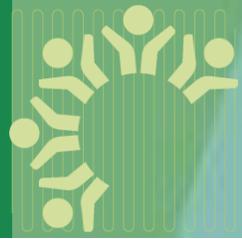
Available MCC Homeownership Program

- Illinois Assist program

PURCHASE PRICE LIMITS Effective April 16, 2025

<u>No. of Residential Units</u>	<u>Non-Targeted Area</u>	<u>Targeted Area</u>
1	\$544,232	\$665,173
2	696,816	851,665
3	842,238	1,029,402
4	1,046,782	1,279,401

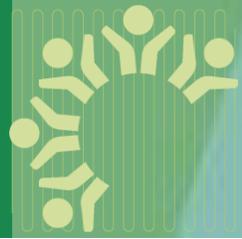
Mortgage Credit Certificate: Example



- **Average Condo in Oak Park**

	Without MCC	With MCC
Sales Price Amount	\$238,150	\$238,150
Mortgage Interest Rate	6.875%	6.875%
Monthly Mortgage Payment (first year interest = \$16,298.00)	\$2,527.65	\$2,527.65
MCC Rate	N/A	25%
Monthly Credit Amount (25% of \$16,298.00 up to \$2,000)	N/A	\$339.74
"Effective" Monthly Mortgage Payment	\$2,527.65	\$2,187.91

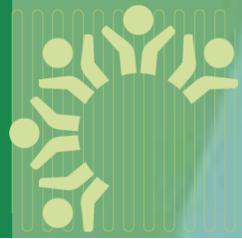
Mortgage Credit Certificate: Example



- **Average Single-Family Home in Oak Park**

	Without MCC	With MCC
Sales Price Amount	\$544,232	\$544,232
Mortgage Interest Rate	6.875%	6.875%
Monthly Mortgage Payment (first year interest = \$33,785.00)	\$5,304.62	\$5,304.62
MCC Rate	N/A	25%
Monthly Credit Amount (25% of \$37,266.97 up to \$2,000)	N/A	\$776,39
"Effective" Monthly Mortgage Payment	\$5,304.62	\$4,528.23

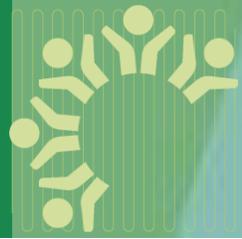
Mortgage Credit Certificate



- **Cost: Unused private activity bond cap**

“A private activity bond (PAB) cap is a federally mandated annual limit on the amount of certain tax-exempt bonds a state can issue to finance projects for private entities. Municipalities use this cap to allocate their portion of the state's PAB volume, which is a limited pool of funds used for projects like housing and economic development that have a public purpose but are privately owned or developed. The cap is typically based on a state's population and is allocated among state and local issuers. “

Mortgage Credit Certificate

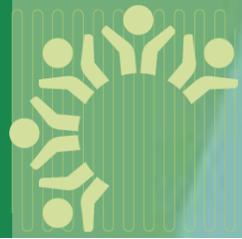


- **How is unused PAB convert to MCC?**

- **Each state receives an annual volume cap, or federal allocation, of Private Activity Bonds. This limit is set by Congress and adjusted yearly.**
- **Home rule* communities may contribute private activity bond volume cap to support either a tax-exempt bond issuance.**
- **State and local housing finance agencies/ Municipalities can choose to convert a portion of their PAB authority into MCC authority. The conversion ratio is fixed at 4:1. For example, a state that converts \$4 million of PAB authority receives \$1 million in MCC authority.**

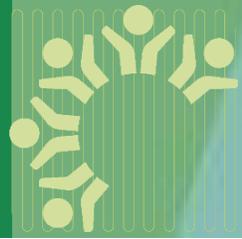
The Village of Oak Park has Home Rule

Mortgage Credit Certificate



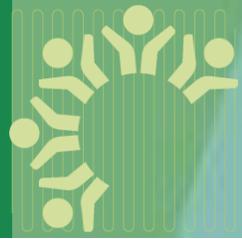
- **Funding: Unused private activity bond cap (~\$6.77 million), this would be about \$1.5 million for MCC.**
- **Impact: Over the course of 5 years, First-time Home Buyers and Veterans could save up to \$10,000 in on-going borrowing cost; estimating an average of 80 homeowners assisted (16 per year).**

Down payment assistance



- **IHDA statistics show program can be successful.**
 - **53 households since January 2022**
 - **12 above 120% AMI**
 - **15 below 120% AMI**
 - **10 below 100% AMI**
 - **16 below 80% AMI**
 - **About 2.5% of sales**

Down payment assistance



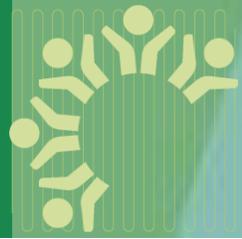
- **Provide down payment assistance to first-generation homebuyers in the amount of \$6,000 for the purchase of condominiums.**
 - **First time homebuyer – have never owned a home or have not owned a home in the last three years, or**
 - **First generation homebuyer – parents or legal guardians never owned a home during the homebuyer’s lifetime**
- **The down payment assistance would be flexible for usage (i.e. down payment, closing costs, pre-paid costs, which include attorney fees, transfer stamps, taxes and insurance.)**

Down payment assistance: Available



- **IHDA**
- **Cook County**
- **Federal Home Loan Bank**
- **Private programs**

Down payment assistance: Available

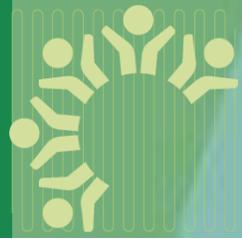


• IHDA

- **Forgivable-** 4% of the purchase price up to \$6,000 in assistance for down payment & closing costs, forgiven monthly over 10 years; Buyer contribute \$1,000 or 1 percent of the purchase price, whichever is greater.
- **Deferred-** 5% of the purchase price up to \$7,500 in assistance for down payment & closing costs offered as an interest-free loan, deferred for the life of your 30 year mortgage.
- **Repayable-** 10% of the purchase price up to \$10,000 in assistance for down payment & closing costs offered as an interest-free loan – repaid monthly over a 10 year period.

Only IHDA programs go above 80% AMI

Down payment assistance: Affordability

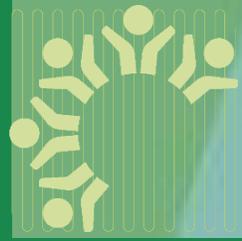


- Estimated Ideal affordable Home Purchase Price at each AMI

Household Size	Home Purchase Price			
	50%	80%	100%	120%
1	\$81,219	\$145,944	\$187,075	\$230,362
2	\$97,186	\$171,111	\$217,994	\$262,505
3	\$113,15			
	2	\$196,277	\$244,298	\$298,921
4	\$127,06			
	9	\$221,313	\$274,391	\$335,032
5	\$139,65			
	3	\$236,944	\$298,668	\$364,165

Down payment assistance: Example

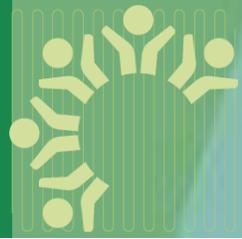
(2b/2b Condo; 1 person)



- **Condominiums are seen as a gateway to homeownership in Oak Park as the median price of a single-family home is \$560,000.**

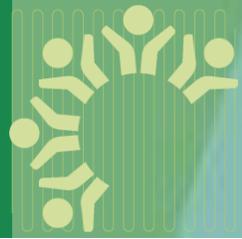
Sales Price	\$250,000
Credit score	640
Down payment needed (5%)	\$12,500
VOP Down Payment Assistance	\$6,000
IHDA Down Payment Assistance	\$6,000
New Down Payment amount due	\$500

Down payment assistance



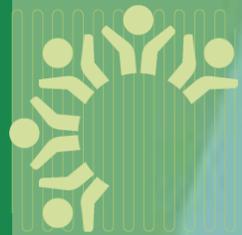
- **Forgivable loan. Amount forgiven if owner remains in home for 5 years.**
- **Cost: Annually would be \$96,000 for 16 homebuyers.**
- **Funding: Housing Trust Fund**
- **Impact: Over the span of 5 years, we would serve a total of 80 Homeowners.**

Programs to add supply

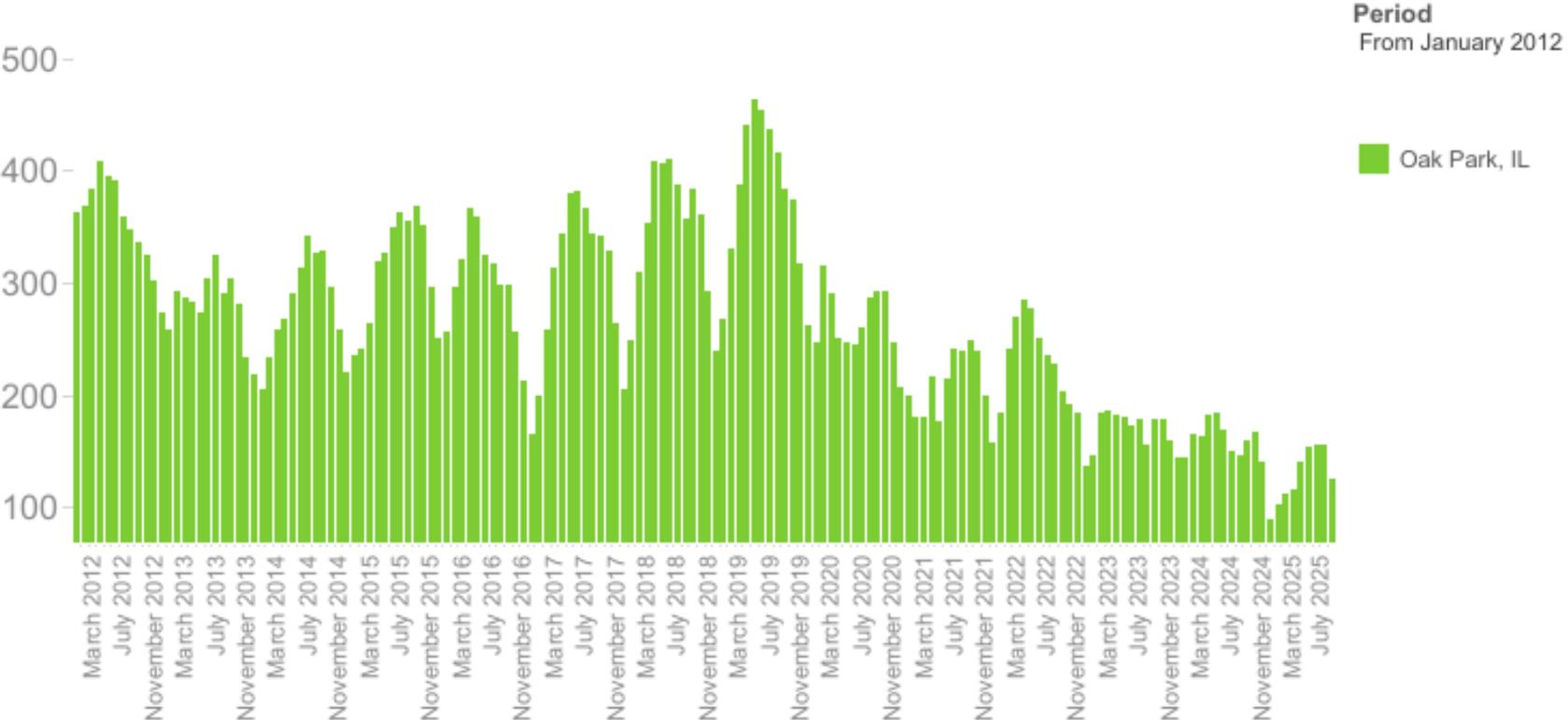


- **Significant feedback on reduced for-sale supply leading to increased housing costs**
- **Board feedback on desire to couple any acquisitions with density increases**
- **Sizable investment needed in any land bank style program**

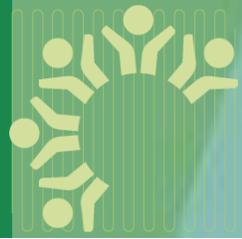
Programs to add supply



All Homes for Sale

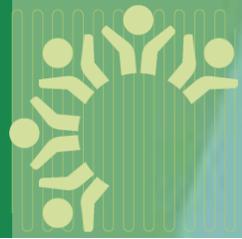


Programs to add supply



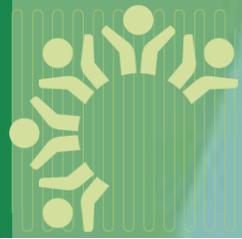
- **Opportunistic acquisition of residential properties**
 - **Cook County Land Bank monitoring**
 - **Fuller use of state abandonment statute**
 - **Revise the Inclusionary Housing Ordinance to allow the purchase and transfer of units to Village or Village designee**
 - **Potentially use CDBG or HTF to support**
 - **Would be case-by-case**

Programs to add supply



- **Develop programs that leverage zoning changes to add density with affordability**
 - **Research underway for new grant program concepts**
 - **Add units in single-family homes**
 - **Add units in existing multi-family buildings**
 - **Build new duplexes/ three-flats**
 - **Need to research new/creative funding sources to support**

Recommendations (12 months)



- **Establish a homebuyer education and counseling program.**
- **Participate in a Mortgage Credit Certificate program for first-time and Veteran homebuyers.**
- **Revise the Housing Trust Fund ordinance to support ownership activities serving households below 120% of AMI.**
- **Propose program to subsidize additional supply to leverage zoning changes.**
- **Include purchase and transfer of units to Village or Village designee in proposed IHO revisions.**

Medium-term recommendations (36 months)



- **Explore opportunistic acquisitions to add supply.**
- **Offer first-generation homebuyer down payment assistance program of \$6,000.**



Discussion

