



COMMUNITY
PARTNERS for
**AFFORDABLE
HOUSING**

Everyone should have a place to call home.





MISSION:

To develop affordable housing and provide services that empower individuals and families to secure and retain quality housing.

VISION:

Thriving Communities.
Diverse Housing.
Successful Residents.





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BUY a Home



Education: Learn how to navigate the complex process of buying and maintaining your home.

Counseling: Personalized guidance and individual action plans to help you overcome barriers to homeownership.

Forgivable Grants: Forgivable grants of up to 5% of the purchase price for down payment and closing costs.

Affordable Homes: Affordable homes for sale throughout the northern suburbs.

RENT a Home



Rental Housing: Affordable rental units available throughout the northern suburbs.

Rental Assistance: Rental assistance for income-qualified residents.

REPAIR your Home



Home Repair Grants: Forgivable grants to make necessary home repairs and improvements.

Accessibility Grants: Forgivable grants to make your home accessible for residents with disabilities and limited mobility.

Amortized Loan: Low cost loans to make other types of home improvements.

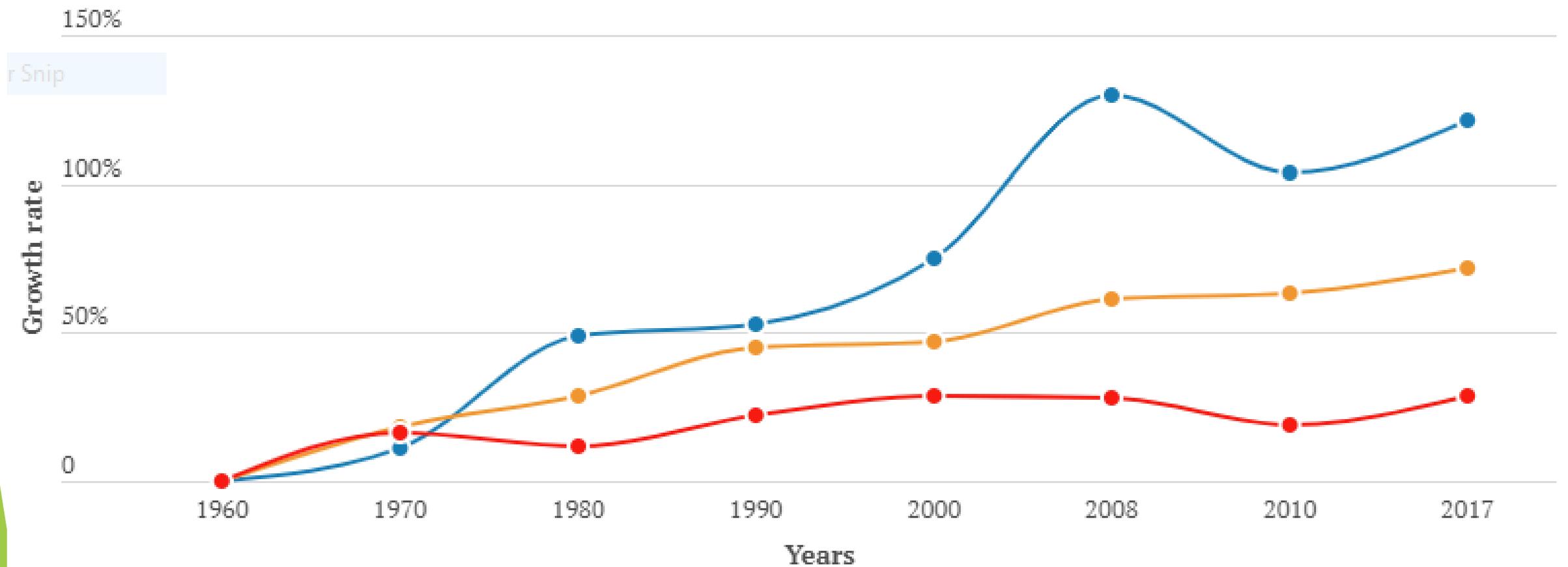
SAVE your Home



Counseling: Provides a free in-depth assessment of your situation and, where appropriate, intervenes with your lender to help save your home from foreclosure.

Mediation: Facilitated by a neutral court-appointed mediator, mediation puts legal proceedings on hold while lenders and homeowners work towards a resolution acceptable to all parties.

Growth Rate of Median Home Prices v. Median Household Incomes v. Median Rents Nationwide



Access to safe, affordable housing is fundamental—without it, everything else falls apart.

- Children perform better in school
- People get & keep employment and advance in their careers
- Physical and mental health outcomes improve
- Families plan for the future and achieve long-term housing stability
- Residents build financial stability and intergenerational wealth
- Lives come together when residents are in housing they can afford





CPAH Community Land Trust

CPAH CLT was created in 2003 in response to the lack of affordable housing in Highland Park. We have expanded to Lake Forest, Evanston, Wilmette.

The Community Land Trust (CLT) helps bridge the gap between the high cost of housing and the incomes of many people who live and work in the community — teachers, City employees, health care workers, retail staff, restaurant staff, etc. But people need affordable housing for myriad reasons.

Ownership

What does it mean to be a land trust?

Permanent Affordability!

- When CPAH CLT sells a home, the buyer purchases the home (improvements), CPAH CLT retains ownership of the underlying land pursuant to a ground lease.
- The land is leased to the home buyer for a nominal fee—\$25 per month. Legal mechanism to ensure permanent affordability.
- If a home buyer wishes to sell their home, resale restrictions require that the home be sold to a program qualified buyer at a formula price that keeps the home affordable for the next buyer.
- The experience of home ownership through the land trust is the same as purchasing a market rate home, except for the re-sale restrictions.



Hallmarks of a CLT

- ▶ Each home is permanently affordable
- ▶ The homeowner pays property taxes (taxes are adjusted to reflect the purchase/resale restricted price, keeping the property affordable, and ensuring owners are only paying for value they can capture.)
- ▶ The homeowner accumulates equity by paying down the mortgage, plus/minus a small share of the appreciation/depreciation
- ▶ The homeowner receives federal mortgage tax deduction
- ▶ Buyer wins
- ▶ Community Wins
- ▶ Neighborhood Wins
- ▶ Blighted homes that are rehabbed and sold as CLT go from wasting asset to permanent asset.
- ▶ CPAH owns the land under the home
- ▶ Certain structural improvements are eligible for credit at resale
- ▶ Resale restrictions require the home to be sold to an income qualified buyer at a formula price

Funding CLT Development

Costs Per Unit:

- Acquisition and rehab plus soft costs (permits, drawings, insurance, etc.)

Revenues Per Unit:

- Sales Proceeds

Subsidy Per Unit:

- $\text{Costs} - \text{Revenues} = \underline{\text{Subsidy Needed Per Unit}}$

Example:

- \$450,000 (Cost to develop single family home)
- \$220,000 Sales price/proceeds
- $\$450,000 - \$220,000 = \$230,000$ (subsidy needed)

Subsidy needed varies depending on:

- Type of housing unit (single family, townhome, condo)
- Targeted AMI (80%, 100%, 120%)
- Market forces

Potential subsidy sources:

Housing trust funds, Illinois Affordable Housing Tax Credits, Cook County HOME/CDBG, private donations





Who Can Qualify for a Home?

- ▶ A qualified homebuyer must:
 - ▶ Have enough but not too much gross household income
 - ▶ Gross household income must be below the income limit for their household size for their particular property.
 - ▶ Have enough income that the household does not spend more than 35% on their housing payment and more than 43% of their gross household income on their housing payment and other debts.
 - ▶ Be below the asset limit
 - ▶ Have cash for down payment and closing costs
- ▶ Home buyers must qualify for a mortgage from a participating lender (Bank of Highwood/Wintrust or Devon Bank). Lender will do a credit check.
- ▶ CPAH home buyers must contribute a minimum of 1% of their own money toward the down payment. Lender typically requires 3-3.5% as a down payment. Buyer must have 1 month of reserves after closing. Bank often requires 2 months reserves.
- ▶ Credit is run by the bank, not CPAH. Minimum credit score is generally 620.
- ▶ Home buyers can receive up to a \$10,000 gift to be used for the home purchase (down payment and/or closing costs).



Current Income Limits

Household Size	1	2	3	4	5	6	7	8
80% AMI	\$62,800	\$71,800	\$80,750	\$89,700	\$96,900	\$104,100	\$111,250	\$118,450
100% AMI	\$78,500	\$89,750	\$100,938	\$112,125	\$121,125	\$130,125	\$139,063	\$148,063
120% AMI	\$94,200	\$107,700	\$121,125	\$134,550	\$145,350	\$156,150	\$166,875	\$177,675

Who Are CLT Residents?

- ▶ Local families and individuals
- ▶ Single parents
- ▶ Those that have experienced a change of circumstances such as a divorce, death in the family, health crisis, etc. and can no longer afford housing in the community
- ▶ Those whose wages do not allow for safe, decent housing in the community such as school and hospital staff, mechanics, servers and others in the hospitality industry, social workers, retail staff, truck drivers, cooks, etc.
- ▶ Seniors who are looking for a way to remain in their home community.





Resale Formula Example:

Initial Purchase

Initial appraised value	\$300,000
<i>Minus</i> purchase price reduction	<u>\$120,000</u>
<i>Equals</i> Home Buyer's Purchase Price	\$180,000

Resale – 10 years later

Current appraised value	\$350,000
<i>Minus</i> Initial appraised value	<u>\$300,000</u>
<i>Equals</i> market value appreciation	\$50,000

Multiplied by Homeowner's Investment Ratio: 60%

(\$50,000 X .60) Equals \$30,000

This is the share of appreciation attributable to the owner's investment

Resale Formula Example:

The share of appreciation attributable to the owner's investment: \$30,000

Multiplied by shared appreciation factor 15%

(\$30,000 X .15) Equals \$4,500

This is the owner's share of Market Value Appreciation (MVA)

Owner's Purchase Price	\$180,000
<i>Plus</i> Owner's share of MVA	\$ 4,500
<i>Plus</i> Improvements credit, if any	<u>\$ 3,600</u>
<i>Equals</i> Formula Price	\$188,100

Homebuyer Education

Homebuyer education class with a HUD-Certified agency will get you ready for the complex home buying process and help you make the best choices for your household.

- ▶ Selecting the right mortgage
- ▶ Insurance
- ▶ Property taxes
- ▶ Credit scores
- ▶ Interest rates
- ▶ Budgeting
- ▶ Finding the property that is right for you
- ▶ Negotiating the sale
- ▶ Home inspections
- ▶ Details from contract to closing



Pre-Purchase Counseling

Pre-Purchase One-on-One Counseling

- How much can I afford?
- Practical guidance to improve credit, reduce debt, build savings
- Develop a spending plan

Those who participate in Pre-Purchase Counseling are 30% less likely to experience foreclosure.

- Buyers of CLT homes are required to participate in HUD-certified homebuyer education as well as housing counseling.
- Those who receive down payment assistance through CPAH are also required to complete HBE and counseling.
- Every homebuyer can benefit from it!

CPAH HBE Zoom classes are 4 hours and are offered in English and Spanish. Pre-purchase counseling appointments are approximately 1 hour and can be in person, by zoom or by phone.





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