



Memorandum

TO: Kevin J. Jackson, Village Manager 

FROM: Jonathan Burch, Assistant Village Manager/ Neighborhood Services Director

FOR:  Village President and Board of Trustees

DATE: February 10, 2026

SUBJECT: Homeownership program recommendations

Purpose

This memo provides additional detail on the work by staff to date exploring potential homeownership programs to lower the barrier to homeownership in Oak Park. It recommends a multi-faceted program for the Village.

Background

Through the 2024-25 Board Goals, the Village Board outlined two initiatives to support homeownership and thereby implement goals for Racial Equity and Vibrant, Diverse, Connected Neighborhoods.

- Explore paths to homeownership with the creation of a Renter to Homeowner Program and utilizing a non-profit organization to develop the means to address lack of equity in homeownership, including first-time home-buying counseling and potential down payment assistance.
- Implement single-family homeownership strategies to increase affordable options through the use of resources from the Village's Housing Trust Fund.

The Strategic Vision for Housing, adopted in spring 2024, also outlines Village two goals related to homeownership and recommends a strategy in achieving those goals.

- GOAL: Expand the variety of homeownership opportunities
- GOAL: Respond to racial disparities in Access to homeownership
- STRATEGY: 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

In preparation for a deeper dive by staff and discussion by the Housing Programs Advisory Committee about potential programs, the Village Board held a study session on homeownership programs on February 18, 2025. In that program, they heard from multiple speakers on different topics and aspects of homeownership.

- Illinois Realtors Local Government Affairs Director Michael Bailey and several Oak Park realtors spoke on how housing supply issues drive up the price of for-sale units in Oak Park. This includes both the lack of new ownership units in Oak Park and the limited supply of units being listed for-sale. They emphasized the need to add supply in both aspects to help lower prices. They urged the Village to explore a real estate transfer tax refund policy to lower prices and encourage long-time owners to sell.
- Illinois Housing Development Authority (IDHA) Account Manager of Community and Diversity Outreach Fabiola Candlish spoke about current IHDA first-time homebuyer programs and the critical role that such programs play in helping individuals access homeownership.
- Community Partners for Affordable Housing (CPAH) Vice President Amy Kaufman spoke on the land trust model, how it works, and how it can help make permanently affordable ownership options.

From that conversation, staff continued to explore the following ownership program options.

- Homebuyer education programs
- Down payment assistance and similar purchase assistance programs
- Real estate transfer tax refund policy
- Shared equity models, including a land trust
- Supply expansion programs

Staff's exploration of these program options occurs in context of the other housing work the Village is pursuing as it implements the Strategic Vision for Housing, including Shape Oak Park, the evaluation of changes to the Inclusionary Housing Ordinance, and the Village's economic vitality efforts.

Measuring success

Given the goals above, staff recommends that the Village use a mixture of affordability and equity measures to assess the size, scope, and ultimate success of the program. Equity measures will

help measure whether programs are successful in narrowing racial and ethnic disparities in homeownership. Affordability measures will help assess whether programs are successful in maintaining a share of homeownership opportunities affordable to individuals in the community.

Staff recommend focusing on maintaining the share of homeownership affordability for two reasons. The first is that the Village is evaluating other strategies (missing-middle, greater density along commercial corridors) that may grow the housing stock in the future and that such growth needs to align with the Village’s homeownership goals. Second, any programs pursued by the Village would need to operate within the current housing market, where demand for housing in Oak Park far outstrips supply and upward price pressures are likely to remain strong.

The recommended affordability measure is the share of owner housing affordable to households earning less than 120% of AMI. The method of measurement is adopted from [IHDA’s methodology](#) for calculating community affordability for the Affordable Housing Planning and Appeals Act process, modified to address some data gaps for Oak Park.¹

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

Staff estimate of homeownership units affordable at various income levels in 2013, 2018, and 2023 based on American Community Survey Data and a modified Affordable Housing Planning and Appeals Act methodology.

Since 2013, the share of owner units in Oak Park affordable to households earning less than 120% of AMI remained around 30%. Staff recommend that the Village policies aim to maintain that share at 30% of owner units. That could mean adding new units (appx. 300) or it could mean restricting approximately 210 existing units. Using this 30% benchmark, **staff recommends a goal of supporting approximately 250 homeowners earning less than 120% of AMI access homeownership over the next 5 years.**

¹ There are two primary changes. The first is using local information in 2018 and 2023 for the median real estate taxes paid by an owner in Oak Park. The US Census data does not report figures above \$10,000. IHDA has used that maximum amount when calculating local affordability in 2018 and 2023. The second is to use an average of 30-year fix rate interest rates over the last 12 months before the survey (so 2022 average rates when looking at 2023 reported US Census data), rather than the 5-year average used by IHDA (so 2018-2022 average rates when looking at 2023 reported US Census data).

The recommended equity measure is a net increase of homeownership rates by race and ethnicity in the long-term to equal levels of White household homeownership rates in Oak Park (69%).

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

Staff analysis of homeownership rates in Oak Park by race and ethnicity using 2018-2022 American Community Survey data.

As the table above shows, this would be a challenging goal within existing systems due to the wide disparities. Given this, **staff recommend that the Village’s programs focus on increasing homeownership rates by race and ethnicity to meet regional levels for Black, Asian, Latino, and multiracial households over 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

Staff analysis of homeownership rates in Oak Park and the region by race and ethnicity using 2018-2022 American Community Survey data.

Findings

Homebuyer education

Knowledge of the homebuying process is often cited as one of several systematic barriers to homeownership. Such education helps households that may not know anything about the homebuying process. Moreover, such education is also often required by down payment and other homebuyer assistance programs, like those offered by IHDA. There are several different types of programs that can be provided:

- Pre-purchase counseling – Deeper counseling for individual households looking to prepare to purchase a home.
- Homeowner education classes – Broad, high-level education provided to support individuals who want to learn more about the process and link to resources.

- Post purchase counseling – Education and support provided after home purchase to help someone successfully stay in their home.

Such counseling and education typically cover the following 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

Given that education/counseling is often a prerequisite to access existing resources and given that knowledge of the process is a critical barrier, staff recommend the Village support homebuyer education and counseling in Oak Park. While it would be open to anyone, the ideal client is a household earning between 70 and 100% of AMI renting in Oak Park or looking to purchase in Oak Park. To accomplish this task, staff is recommending the Village contract with a provider to conduct the following marketing, education, and counseling activities in the Village. The affirmative marketing piece of this work is important to ensure a diverse pool of buyers are aware of housing opportunities in Oak Park, regardless of income. Such marketing work is consistent with the Village's economic vitality planning work.

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

The proposed cost to run this program is estimated at \$125,000 per year with funding coming from the General Funds. Funding would come from monies already provided in the 2026 budget in the External Support fund for Neighborhood Services. It is anticipated that 90 homebuyers would attend the program a year, supporting 450 homebuyers over a 5-year period. The success of the program would be measured in the number of homebuyers who attend the class, the number of homebuyers who purchase in Oak Park, the number of Oak Park renters who purchase a home regardless of location, and the number of homebuyers who purchase a home regardless of the location.

Down payment assistance

Access to financial resources is also critical to addressing racial disparities in homeownership. [A survey by the National Association of Realtors](#) found that in 2025 younger buyers continue to depend on savings for their down payment (vs. proceeds from the sale of previous homes for older buyers). A third of younger millennials (26 to 34) received down payment help from a friend or relative. It is much more difficult to buy a home without the support of intergenerational wealth. [Young adults whose parents did not have access to homeownership are less likely to become homeowners themselves.](#)

The Village can help address this issue through a down payment assistant program. However, to target this issue, some programs are restricted specifically to either first-time homebuyers or first-generation homebuyers. [A first-time homebuyer is defined by HUD](#) as someone who:

- An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property. This includes a spouse (if either meets the above test, they are considered first-time homebuyers).
- A single parent who has only owned with a former spouse while married.
- An individual who is a displaced homemaker and has only owned with a spouse.
- An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.
- An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.

A first-generation homebuyer goes a step further, restricting funds to a first-time homebuyer whose parents have not owned in three years. Given Oak Park's goal of addressing racial disparities in homeownership, the Village should limit a program to either first-time homebuyers or first-generation homebuyers.

A variety of down payment programs already serve Oak Park, including through Cook County, the Federal Home Loan Bank, IHDA and private lenders. These programs provide \$6,000 to \$25,000 in funding as a mix of grants, forgivable loans, and second mortgages. The minimum credit score to access these programs is 640. Buyers can often mix programs, typically bringing together up to \$25,000. The most common combination is IHDA programs with those from private lenders. That said, IHDA programs typically offer support to households earning below 120% AMI.

Information provided by IHDA shows that households buying in Oak Park are using the programs already available. From January through June 2024 a total of 53 households, or about 2.5% of the total home sales, participated in IHDA down payment assistance programs. 25 households were between 80% and 120% AMI, while 16 households were below 80% AMI.

To understand the right size and scope of an Oak Park program, staff conducted market research on the type of available housing in Oak Park. In 2024, the combined total of condominiums and single-family homes sold were 1,145 units with a 40/60 split between the two. The average sales price for a condominium was \$226,146 compared to the average sales price for a single-family home of \$607,327, nearly 2.7 times more.

	Condominiums	Single Family Homes
Number Sold	458	687
High Sales Price	\$880,000	\$1,869,500
Low Sales Price	\$56,000	\$7,500
Average Sales Price	\$226,146	\$607,327
Median Sale Price	\$191,000	\$560,000
Average Down Payment	\$38,216	\$144,189

Staff analysis of home sales data in 2024 from Office of the Cook County Clerk.

Staff also looked at the estimated affordable home purchase price for every household size at each AMI level. This assumes the household is paying no more than 30% of their income toward housing expenses. There were no scenarios where a purchase of a \$560,000 single-family home would be affordable for a household earning less than 120% of AMI. While there were 21 scenarios where the purchase of a \$191,000 condominium would be affordable, these are mostly for larger households at higher incomes. Many Oak Park condominiums have one or two bedrooms and are unable to fit a large household.

Household Size	Recommended Home Purchase Price Not Exceeding 30% of Income			
	50%	80%	100%	120%
1	\$81,219	\$145,944	\$187,075	\$230,362
2	\$97,186	\$171,111	\$217,994	\$262,505
3	\$113,152	\$196,277	\$244,298	\$298,921
4	\$127,069	\$221,313	\$274,391	\$335,032
5	\$139,653	\$236,944	\$298,668	\$364,165
6	\$152,236	\$256,620	\$322,945	\$393,297
7	\$164,819	\$276,425	\$347,222	\$422,429
8	\$177,403	\$296,101	\$371,498	\$451,561

Staff analysis of 2025 HUD AMI data showing how the affordable home purchase price maximum varies by household size and income level.

To assess the feasibility of a down payment program in these market conditions, staff modeled purchases in August 2025. Those sales showed that average price of a two- or three-bedroom condominium with two baths sold for \$238,150 with average monthly association fees at \$473. At the same time, the average price of a three- or four-bedroom single family home with two or two and a half baths sold for \$571,990. Based on these figures, taking into consideration the

following a 5% down payment on a \$250,000 purchase price, an 80% AMI two family household would spend 42% of income on housing costs. The \$12,500 down payment could be funded through a combination of sources mentioned above. With a Village program combined with another program, like IHDA, the success of a positive outcome increases greatly.

Given this, staff recommends that the Village start a first-time homebuyer down payment program. The Village would provide up to \$6,000 to buyers earning between 70% and 120% of AMI. Village funding would be a loan, fully forgiven if the owner remains in the unit for five years. If the owner sells sooner, the loan would be repaid. The funding for the program would come from the Housing Trust Fund. Staff propose to set aside \$96,000 a year for the next five years from the Trust Fund to support the program. This would enable the Village to assist 16 households a year, 80 households over five years. The down payment assistance would be flexible so that it would be the most beneficial to the home buyer in that it could be used for down payment closing costs or pre-paid costs. The success of the program would be measured in the number of homebuyers assisted through the program. Participation in the homebuyer education program would be required.

Mortgage Credit Certificates

A Mortgage Credit Certificate (MCC) is a federal tax credit program that helps make homeownership more affordable for low- to moderate-income first-time homebuyers and veterans. The homebuyer can receive a federal tax credit equal to a percentage of the interest they pay on their home loan each year, up to a maximum of \$2,000. The remaining mortgage interest paid may still be calculated as an itemized deduction. The credit can then be used to reduce the homebuyer's federal income tax liability each year. Homebuyers can use the dollar for dollar credit each year for the life of the original mortgage, provided they continue to live in the home.

Staff modeled the impacts of the MCC on ownership affordability in Oak Park (see tables below). The MCC can lower effective monthly mortgage payments by approximately \$340–\$775 per month depending on home price and mortgage size, as shown in the examples below.

- For a \$238,150 condominium at 6.875%, the effective payment drops from \$2,528 to \$2,188 per month
- For a \$544,232 single-family home, the effective payment decreases from \$5,305 to \$4,528 per month.

	Without MCC	With MCC
Sales Price Amount	\$238,150	\$238,150
Mortgage Interest Rate	6.88%	6.88%
Monthly Mortgage Payment (first year interest = \$16,307.62)	\$2,527.65	\$2,527.65
MCC Rate	N/A	25%
Monthly Credit Amount (25% of \$16,307.62 up to \$2,000)	N/A	\$339.74
"Effective" Monthly Mortgage Payment	\$2,527.65	\$2,187.91

Staff analysis of the impact of a Mortgage Credit Certificate on condominium affordability in Oak Park.

	Without MCC	With MCC
Sales Price Amount	\$544,232	\$544,232
Mortgage Interest Rate	6.88%	6.88%
Monthly Mortgage Payment (first year interest = \$37,266.97)	\$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

Staff analysis of the impact of a Mortgage Credit Certificate on home affordability in Oak Park.

The MCC program includes both income and purchase price limits. The current maximum purchase price is \$544,232 for a single-unit property. The maximum income for 1 and 2-person households is \$119,900. The maximum income for 3+ person households is \$137,885. Those equate to approximately 133% of AMI and 116% of AMI respectively.

MCCs are created by converting private activity bond (PAB) volume cap authority to MCC authority on a four-to-one basis. Only authorized state and/or local housing finance authorities

are authorized to issue MCCs. The issuer's role is largely limited to issuing the MCC. It is up to the borrower to file the IRS form and claim the credit annually.

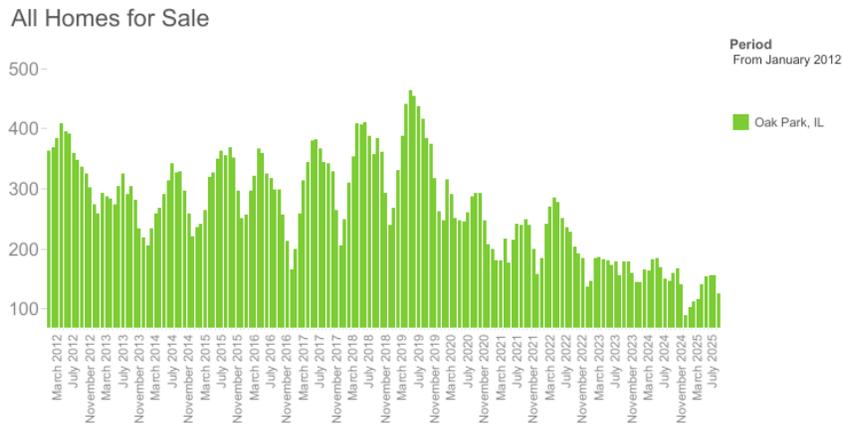
The PAB cap is a federally mandated annual limit on the amount of certain tax-exempt bonds a state can issue to finance projects for private entities. Municipalities use this cap to allocate their portion of the state's PAB volume, which is a limited pool of funds used for projects like housing and economic 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. In 2025, Oak Park's cap is approximately \$6.77 million. The Village has not used its PAB allocation for several years. When the Village does not use its allocation each year, that authority automatically goes back to the state for its use.

The Illinois Assist MCC Homeownership Program is the authorized entity to do those conversions and issue credits. Illinois Assist is sponsored through the Town of Normal. Towns that enter into an intergovernmental agreement with Normal to contribute a portion of their PAB can have MCCs issued to households purchasing in their towns. Illinois Assist is currently working with more than 14 municipalities state-wide. Between 2021 and 2024, Illinois Assist has issued approximately 256 loans a year. The number by town has varied widely. Conversations with Arlington Heights noted that the number households assisted locally decreased significantly as interest rates increased.

Staff recommends that the Village enter into an intergovernmental agreement with the Town of Normal to allocate a portion of the Village's PAB so that Illinois Assist can issue MCCs to eligible homebuyers in Oak Park. Oak Park could assist approximately 80 first-time homebuyers or Veterans over five years (about 16 per year).

Real estate transfer tax refund policy

As noted earlier, Illinois Realtors Local Government Affairs Director Michael Bailey and several Oak Park realtors spoke to the Board in February 2025 on how housing supply issues drive up the price of for-sale units in Oak Park. This includes both the lack of new ownership units in Oak Park and the limited supply of units being listed for sale. They emphasized the need to add supply in both aspects to help lower prices. The table below shows data from Redfin on all homes listed for sale in Oak Park from January 2012 through September 2025. The chart shows a marked decline in listings since the pandemic, corresponding with increases in interest rates.



Redfin listing of all homes for sale in Oak Park, January 2012 through September 2025.

The Realtors encouraged the Village to explore a real estate transfer tax refund policy. This is a policy that would allow the Village to either refund the real estate transfer tax paid on the sale or exempt the sale from collection of the tax based on various factors. The Realtors believe doing so would encourage more current homeowners in the Village to sell, reduce closing costs, and ultimately make it more affordable for folks to buy in Oak Park. They produced a policy brief on this concept, which is Attachment A. The brief summarizes the benefits of such an approach, along with typical structures of a refund policy.

Staff explored this concept further. Oak Park currently imposes a tax of \$8 per \$1,000 of contract value for the property being sold. The code already includes exemptions for some types of transactions, such as sales imposed by the government, those involving charitable organizations, and those below \$500. The average real estate transfer tax paid over the last five years on residential transactions is \$2,560.35.

Most communities with a real estate transfer tax refund policy apply it to the seller. While the refund can apply to commercial and industrial sales, it is most commonly for a primary residence where the owner has lived for some minimum period and where the seller then continues to live in the community after the sale. Of course, providing such a broadly applicable refund would have significant fiscal impacts. If the Village’s real estate transfer tax revenue declined significantly, it would most likely address the gap by cutting services or by increasing other taxes and fees. Such a change could simply shift the timing of the tax burden on homeowners from the time of sale/purchase to an ongoing annual burden for all current owners.

Staff analysis focused on two programs with unusual provisions that might better align the benefits of a real estate transfer tax refund policy with the Village’s goals. The Village of Sycamore is unique. Both owners and renters are eligible because the refund is available to the buyer, not the seller. A buyer is eligible for the exemption if they have lived in Sycamore for one year prior

to the purchase. Given the Board’s goals around supporting renters in accessing homeownership, imposing the Village’s real estate transfer tax on buyers and, in turn, allowing the refund policy to apply to households owning and renting in Oak Park for at least one year prior to purchase, would target any benefits to both local owners and renters who are potential buyers.

Lake Forest caps the amount of the refund at \$2,000, which equates to applying the refund on the first \$500,000 of home value on home sales. This allows Lake Forest to still collect some tax from high value properties. The median single-family home sales price is currently above \$500,000 and the median condo sales price is approximately \$250,000. A cap on an Oak Park program would help minimize the fiscal impact of a refund while targeting the benefits. Given that Oak Park condos are generally currently affordable to households earning 80% of the area median income, setting the maximum refund at \$2,400 would ensure that the first \$300,000 of value on residential sales would not pay the tax.

Staff modeled the impacts of a real estate transfer tax refund policy in Oak Park that incorporates both of the above.

- Maximum refund of \$2,400.
- Tax imposed on the buyer but refund available to current residents of Oak Park (both owners and renters).

Under such a policy, 42% of all residential sales from 2020 to 2024 would have paid less in transfer taxes. The median decrease would be \$2,080. Due to such a policy, the Village would also have received approximately 16% less real estate transfer tax revenue over the period.

Due to the significant fiscal impacts, staff do not recommend moving forward with the policy. The Village could seek authority to increase the real estate transfer tax to offset these revenue reductions when implementing a refund policy. Staff estimate that a real estate transfer tax increase from \$8 per \$1,000 of value to \$9.85 per \$1,000 of value would have made such a policy revenue neutral over the last 5 years.

Year	Real Estate Transfer Tax revenue	Real Estate Transfer Tax revenue with policy	Revenue reduction	Percent revenue reduction
2020	\$4,186,315	\$3,357,117	\$829,198	20%
2021	\$4,645,440	\$3,815,228	\$830,212	18%
2022	\$5,778,507	\$5,059,725	\$718,782	12%
2023	\$3,450,222	\$3,075,435	\$374,787	11%
2024	\$4,346,182	\$4,014,435	\$331,747	8%

Oak Park Real Estate Transfer Tax revenue 2020 – 2024 with policy impacts

Supply Expansion

As noted in the Board's study session and through additional stakeholder feedback, the reduced number of for-sale homes in Oak Park continues to exert upward pressure on housing costs and limit homeownership opportunities. To address this, staff recommend a multi-pronged approach focused on both increasing the overall supply of housing in Oak Park.

Opportunistic Acquisition of Residential Properties

Staff recommend the strategic acquisition of residential properties when opportunities arise. These acquisitions could be supported through the Housing Trust Fund (HTF) or Community Development Block Grant (CDBG) funds and would focus on preserving or creating affordable ownership units. Staff will monitor the Cook County Land Bank Authority for suitable properties and explore fuller use of the State's abandonment statute to facilitate transfers of long vacant or underutilized sites that are dangerous or unsafe. Once acquired, the Village would seek partners to remodel or redevelop the site with additional density (e.g. single-family home into a duplex), with the new units then sold or rented. Staff would bring such opportunities to the Board on a case-by-case basis and would likely require a sizable but targeted investment to ensure meaningful impact. Purchases could involve the use of a partner organization locally or regionally, or the reconstituted Oak Park Economic Development Corporation (OPEDC).

Leveraging Zoning to Add Density with Affordability

The Village can support households in taking advantage of additional density authorized through zoning code changes that come out of the Village's current missing middle zoning analysis. This would involve providing a subsidy to households adding density in exchange for an affordability period on the added density. This could include:

- Adding accessory or secondary units in single-family structures.
- Introducing duplex or three-flat conversions in appropriate districts.
- Facilitating modest infill development on underutilized lots.

Such zoning-based supply programs would require coupling local policy changes with creative financing or grant resources to support affordability outcomes. Staff will continue researching potential funding mechanisms and grant opportunities to pilot this approach. Staff anticipate bringing a concept program to the Board in conjunction with Shape Oak Park.

Inclusionary Housing Ordinance (IHO) Revisions

As part of the ongoing review of the Inclusionary Housing Ordinance, staff are evaluating revisions that would allow the purchase and transfer of affordable units directly to the Village (re-envisioned OPEDC as proposed in the Economic Vitality Strategic Plan) or a designated partner (such as a land trust or nonprofit). This would provide an alternative compliance pathway for developers while expanding the stock of affordable housing under local stewardship. The

Village could then use that stock to either create affordable ownership or rental opportunities. Staff anticipate bringing forward these changes in conjunction with the zoning updates.

Shared Equity Models

As noted previously, with down payment support, the Village can make homeownership affordable to middle-income households looking to purchase condominiums in Oak Park. However, far more subsidy is needed to make a median single-family home in Oak Park affordable to such households. Some communities used shared equity programs to promote long-run affordability, including in high-cost markets. CPAH’s long-term land trust model involves purchasing distressed single-family homes and then using grant funds to repair them and then resell them for a below market rate, retaining and ownership stake to ensure that the home remains affordable in perpetuity.

What is Shared Equity Homeownership?



After additional analysis and financial modeling, staff does not recommend pursuing this purchase/rehab/resale model. Research included evaluating multiple structures using affordability benchmarks, such as community land trusts, shared appreciation easements, and limited equity resale restrictions. Findings indicate that this approach requires significant initial and ongoing investment from the Village to make single-family homes affordable to households at or below 120% of AMI. The required subsidy to bridge affordability gaps would far exceed the capacity of current Housing Trust Fund resources.

Key findings and considerations:

- Modeling shows a substantial public subsidy estimated at \$200,000–\$250,000 per household, would be required to achieve affordability for an 80% AMI household purchasing a median-priced home. Compared to a 120% AMI household who would only need a subsidy of up to \$100,000.
- The model assumes ongoing costs related to program administration, resale monitoring, and potential equity sharing upon resale.

- Given current funding levels, implementing such a program would assist few households and limit broader program impact.

That said, the shared-equity model holds great promise for many of the Supply Expansion recommendations above. A shared-equity partner who could hold units acquired through a modified IHO OR could partner to develop new affordable ownership units would be beneficial. This functionality could be part of the renewed OPEDC, and such functions should be explored when restructuring it. However, the Village could also get this functionality by partnering with other local or regional organizations. Other regional partners, such as Austin Coming Together, are also exploring creating a land trust.

Recommendation

Based on the above analysis, staff recommends the Village pursue the following for a homeownership program.

Short-Term Recommendations (next 12 months):

- Establish a homebuyer education and counseling program.
- Participate in the Illinois Assist program, allowing local buyers to access mortgage credit certificates.
- Revise the Housing Trust Fund ordinance to support ownership activities serving households below 120% AMI.
- Propose program change to subsidize additional housing supply to leverage zoning changes (i.e. Shape Oak). Include purchase and transfer of units to Village or Village designee in proposed IHO revisions.

Medium-Term Recommendations (next 36 months):

- Explore possibilities for increasing the affordable housing supply in Oak Park through the opportunistic acquisition of residential properties.
- Offer down payment assistance of \$6,000 to first-time homebuyers in conjunction with current IHDA programs to be used for condominium purchases.

None of these programs on their own will allow the Village to meet its homeownership program goals. Instead, together the programs provide for a roadmap to homeownership for a variety of people.

Attachments

- Illinois Realtors assessment of a real estate transfer tax refund policy

- Homeownership program recommendations presentation