



# **Advancing Innovative Homeownership Financing Solutions**

Information Session

May 17, 2023



# Advancing Equitable Homeownership

Why Homeownership? Since 2020, The Chicago Community Trust has advanced efforts specifically aimed at closing the homeownership gap in Black and Latinx communities.

The Protecting & Advancing Equitable Homeownership strategy has provided grants to housing organizations, supported the launch of an affordable home-ownership model called Connecting Capital and Community (3C), and advanced state and local policy change that disrupts the pattern of segregation and disinvestment.

## Goals of Homeownership Strategy

- 1** Increase and sustain the rate of homeowners of color in Chicago
- 2** Increase financial support for homeowners
- 3** Contribute to the knowledge base and build the public will to address the homeownership gap
- 4** Advocate for structural change





Homeownership has been marked as the single

**LARGEST SOURCE**

of household wealth among Black and Latinx

**Residents in Chicago**

Leading to long-term economic security and generational wealth.

# The Financial Gap and Opportunity

- Mortgage lending in Chicago's predominantly nonwhite neighborhoods, 28.0 percent of all lending in the city, is not keeping up with the share of homeowners that these areas represent (36.4 percent). The implication is that predominantly nonwhite neighborhoods are falling further behind in accessing homeownership (Urban Institute's Housing Finance Policy Center)
- There needs to be a **higher volume of programs or products** that bridge the gap between what an LMI buyer can afford to pay and the price of a home on the private market, through down payment and closing cost assistance or through some combination of low or no interest rates; eliminating the need for private mortgage insurance; and the elimination or reduction of points and fees that can be charged by lenders for buyers perceived as a higher risk. (New America)

# Increase Financial support for homeowners

An opportunity to develop or **enhance solutions** that provide key support for Low-to-Moderate renters, new homeowners, and/or existing homeowners.

Solutions should address the buyer's needs for **initial and ongoing affordability**.

## Factors of Demand

Interest Rates

Economic Growth

Number of Households

Availability of Mortgages

Affordability of housing

How can we equip the **buyer** with more purchasing power?

Speculative demand

## Factors of Supply-side

Numbers selling

Supply of Housing

New Builds



## Funding

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1 year (eligible for renewal)

Project Support

Design & Planning



## Learning Community

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Best practices and resources will be shared among partners in a learning community.



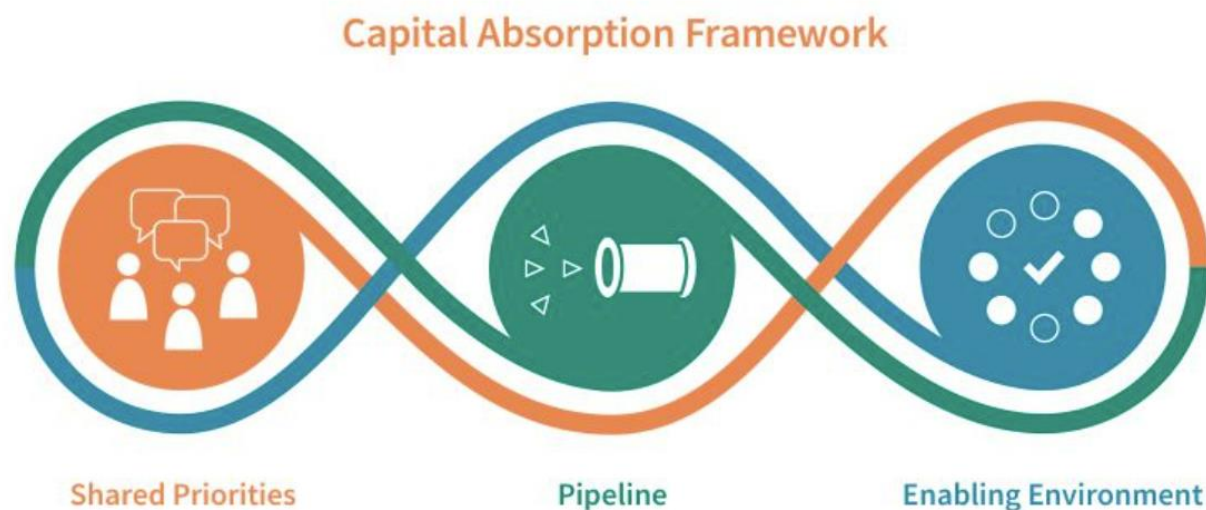
## Partnership

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**Three** partnership clusters of Community Development Financial Institutions/ Credit-Unions + Housing Organizations



# Why we are committed to funding a collaborative process



*The Center for Community Investment's Capital Absorption Framework helps communities address local social and economic challenges by identifying shared goals, developing an investment pipeline, and strengthening pertinent policies and processes. Credit: CCI.*

Time and again we have learned that successful deployment of capital requires a system of holistic support.

Investing in intentional collaboration can yield results that can be sustainable for a myriad of Black and Latinx homeowners.



## Training Overview

In tandem with the funding, CCT has partnered with Metropolitan Planning Council to provide key support around **learning** and **collaborative** models that will advance each partnership's capability to address structural change and efficiently build solutions.

MPC will provide **monthly training modules** for grantees from October 2023 - June 2024.





# Metropolitan**Planning**Council

## How this partnership emerged

- During the Advancing Equity series discussions that we co-hosted with CCT, MPC identified a clear need to **create intentional disruptions in how we build purchasing power for residents of color.**
- Building local purchasing power for prospective homeowners of color is empowered by **strategic partnership between lenders and community-based organizations.**
- Often, financial institutions work with CBOs to market the benefits of homeownership and direct potential buyers to their products after they have fully designed and developed their lending products.
- This can lead to the creation of products that are inaccessible for residents that the CBOs work with.



# Metropolitan**Planning**Council

## Our Approach

- Strengthening **pathways for collaboration** between financial institutions and CBOs during the planning and design phase is critical
- Given the **power imbalances between these two stakeholders and a long history of working in silos**, collaboration will require extensive relationship and skill building.
- By equipping grantees with these relationships and skills, MPC's hope is that these housing finance products will **better reflect the realities of navigating an inequitable homeownership system**

# Goals and Outcomes

This funding program advances the Trust's 10-year goal to increase the growth of wealth of Black and Latinx households relative to white households. It also advances the Growing Household Wealth goals to:

- Outcome: Expand Partnership Opportunities
  - Changes in relationships that lead to new investments or economic opportunities.
- Outcome: Increase Investment Opportunities
  - Changes in access to types of capital (debt, credit financing)
- Outcome: Improve Overall Financial Health
  - Changes in clients' ability to access loans and other financial products.

# Timeline

Information  
Session

(Wednesday May  
17)

LOI  
Deadline

(Friday, May 26)

Partnership  
Session

(Tuesday, June 6)  
5 CDFIs  
10 Housing  
Organizations

RFP  
Deadline

(Friday, July 14)

RFP  
Decision

(Thursday,  
August 31)

3 CDFIs  
6 Housing  
Organizations

## PROCESS

