



PUBLIC HOUSING AUTHORITY

HOMEOWNERSHIP PROGRAMS



SCALING UP A POWERFUL, YET
UNDERUTILIZED TOOL TO RESTORE
WEALTH BUILDING OPPORTUNITIES



REPORT CONTRIBUTORS

alphabetical

Gianna Baker

Co-Executive Director, CAFHA

Michael Chavarria

Community Engagement Manager, HCP

Sarah Delgado

Community Engagement & Education Manager, CAFHA

Patricia Fron

Co-Executive Director, CAFHA

Amber S. Hendley

Researcher, MA

Andrea Juracek

Executive Director, HCP

Dominic Voz

Policy Intern, CAFHA

NOTE TO READER

This report focuses on the opportunities, barriers, and impacts of public housing authority homeownership programs as they relate to Black voucher holders. This focus was necessitated by the long-documented history of race-based homeownership exclusion committed against Black Americans, the fact that Cook County voucher holders are predominantly Black, and that discrimination against voucher holders in Cook County is largely rooted in anti-Black racism. It is noted that Latinx households are severely underrepresented among Cook County’s voucher holders—an issue the authors believe warrants its own research and recommendations for restitution but one not reviewed herein.

DEDICATED TO

***Darolyn Lee**, tireless advocate for housing and women’s rights, and the countless **Housing Choice Voucher holders** whose dream of owning a home was not realized within their lifetime.*

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The **Chicago Area Fair Housing Alliance (CAFHA)** is a 501(c)(3) non-profit consortium of fair housing and advocacy organizations, government agencies, and municipalities. CAFHA works to combat housing discrimination and promote equitable place-based opportunity through education, advocacy, and collaborative action.

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EXECUTIVE SUMMARY

The long history of institutional racism in housing has contributed to vast chasms between white and Black Americans – in terms of wealth, health, and opportunity. Emanating from federal law down to city ordinances, from the actions of real estate firms large and small, and baked into city zoning plans and deed covenants, anti-Black racism was a formal and defining feature of the post-war development boom that built the middle class in the United States.¹ Legally mandated residential segregation, contract home selling, and the infamous practice of redlining are just a few of the insidious tools employed to subordinate Black households.²

Denied the benefits that flowed from large homeownership subsidies and credit expansions available to past generations of white families, Black families today are disproportionately renters, and specifically renters using or in need of subsidies, like the federal Housing Choice Voucher (HCV) program. Renting with such subsidies adds a layer of stigma to an already precarious market. And while homeownership is not the best path for every person, the plain fact is that owning a home in the U.S. offers vastly improved prospects for building wealth – the median net worth of homeowners is 80 times that of renters.³

Reversing course on a decades-long path of housing inequities is admittedly no easy feat, yet one route to restore some of the missed opportunities of the past may be hidden in plain sight. Seated within many public housing authorities are Housing Choice Voucher homeownership programs – tools well-suited to build stability and intergenerational wealth – yet they are currently underutilized, underdeveloped, and underfunded. In Cook County, if scaled

up to meet the desires of the largely Black pool of voucher holders, housing authority homeownership programs could activate opportunities unjustly siphoned from Black families. This report explores Housing Choice Voucher homeownership programs and makes targeted recommendations for federal, state, and local change to transform these programs into effective vehicles for stable, long-term housing and wealth-building opportunities.

To understand the program basics and identify opportunities to strengthen outcomes, the authors conducted extensive research and interviewed local housing authority staff and contracting agencies, as well as other housing industry experts both locally and across the country. Report authors also conducted interviews with seven Housing Choice Voucher holders and administered surveys to 438 Cook County and City of Chicago voucher holders and public housing residents. These participants widely aspired to own their homes and offered invaluable insights into the barriers they confronted in their paths to this end.

Below is an abbreviated summary of recommendations.

The U. S. Department of Housing and Urban Development should pursue efforts toward homeownership expansion and oversight.

Recommendations include working with congress to grow the homeownership program, increasing technical assistance and communication between housing authorities, examining whether permitted housing types can be expanded, and partnering with the FHA to create specialized loan products.

1. Rothstein, Richard. *The Color of Law: A Forgotten History of How Our Government Segregated America*. New York; London: Liveright Publishing Corporation, a division of W. W. Norton & Company, 2017.

2. Satter, Beryl. *Family Properties: Race, Real Estate, and the Exploitation of Black Urban America*. New York: Metropolitan Books, 2009.

3. Eggleston, Jonathan and Donald Hays. Many U.S. Households Do Not Have Biggest Contributors to Wealth: Home Equity and Retirement Accounts. *United States Census Bureau*. August 2019. <https://www.census.gov/library/stories/2019/08/gaps-in-wealth-americans-by-household-type.html>.

Federal and state legislators must open the gates to reform.

Recommendations include allocating increased funding to HUD for program expansion and pursuing property tax reform at the state level.

Public housing authority program fidelity and administration must be improved.

Recommendations include strengthening program outreach and recruitment, auditing current programming and mitigating any infractions with federal regulations.

Public housing authority partnerships should be created and expanded.

Recommendations include partnering with community land trusts and land banks to expand opportunities (especially in high-cost areas), engaging philanthropy to fund a homeowner peer mentorship program, and promoting the program more rigorously to lenders as a way to meet Community Reinvestment Act goals.

Lenders and real estate professionals should expand access to address past harms.

Recommendations include using alternative credit assessment methods in lending to voucher participants, the creation of low-to-no interest maintenance loans, and developing a real estate restitution fund for Black homeowners through levying yearly fees on real estate association memberships.



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“I want to own my own home before I die. I am tired of moving. My health is not what it used to be, I am getting older.”

VOUCHER HOLDER³

INTRODUCTION

Homeownership, Household Wealth, and A History of Race-Based Exclusion

Throughout American history, public policy from the federal level down to local governments worked in lockstep with private industry to pave a path to the “American Dream” for white residents, while developing ever more sophisticated and insidious road blocks for people of color.¹ In Cook County, these racist policies were most explicitly used against Black households. Government policies and private actions include redlining which prevented Black home seekers from accessing federally backed loans, racially restrictive covenants which prohibited private citizens from selling their homes to Black home seekers, contract buying schemes designed to steal the homes and wealth of Black families, to more recent deregulation that allowed predatory lending to ravage Black communities with a foreclosure crisis. Homeownership is the primary driver of wealth accumulation for the non-affluent,² making the long-term economic implications of these policies all the more consequential. As the architects of the New Deal for Housing Justice – a plan proposed to the Biden administration to address historical housing injustice – note:

“Following the Great Depression and World War II, the government pushed forward with the New Deal and Federal Housing Administration and Veterans Administration home loans. Of course, those policies very intentionally left out Black people, and the legacy of systemic exclusion endures. Black and Latinx families have spent decades locked out of home ownership.”⁴

The effects of these policies are still very much apparent today. The racial homeownership gap is now larger than it was in the 1930’s and continues to grow, with about 74% of white families, 54% Latinx families, and 39% of Black families owning their homes in the Chicago area.⁵ Despite advancements in fair housing and fair lending legal protections, there are more

1. *Racist policies were designed and implemented to advance the interests of white Americans, though it is important to note that the definition of “whiteness” has evolved over time and some policies intentionally excluded or prioritized whites of particular heritage. In particular, Homer Hoyt, former chief economist for the Federal Housing Administration created a racial hierarchy that placed “negroes” and “Mexicans” at the bottom of the hierarchy, but still preferring whites of Anglo Saxon and Northern European descent above whites with heritage elsewhere. This hierarchy was utilized to rank and redline communities.*

Bouie, Jamelle. May, 2015. A Tax on Blackness. <https://slate.com/news-and-politics/2015/05/racism-in-real-estate-landlords-redlining-housing-values-and-discrimination.html>

2. Kuo, Fan-Yu. Homeownership Remains Primary Driver of Household Wealth. *Eye on Housing. National Association of Homebuilders. February, 2021.* <https://eyeonhousing.org/2021/02/homeownership-remains-primary-driver-of-household-wealth>

3. *Chicago Area Fair Housing Alliance. Cook County Regional Assessment of Fair Housing. Community Engagement Report. August 2020.*

4. *Community Change. A New Deal for Housing Justice: A Housing Playbook for the New Administration. January 2021.*

5. McCargo, Alanna and Sarah Stochak. Mapping the black homeownership gap. *Urban Wire: Housing and Housing Finance, The Urban Institute. February 2018.* <https://www.urban.org/urban-wire/mapping-black-homeownership-gap>

missed opportunities for homeownership than ever before. In fact, nationally, “between 2000 and 2017, the Black homeownership rate dropped 4.8 percentage points—a loss of about 770,000 black homeowners—while the homeownership rates of other racial and ethnic groups either remained constant or increased.”¹ And with every missed opportunity entire families are harmed, and the consequences are felt across generations. For example, studies have shown that parental homeownership is a driving factor in future homeownership access, even more so than other factors like educational attainment; white individuals who have not secured a high school diploma but whose parents are homeowners are more likely than Black college graduates whose parents are renters to become homeowners.²

Because Black households have been denied homeownership and wealth building opportunities, they have relied disproportionately on a rental market where control of the cost, quality, and even longevity of one’s home rests in the hands of a landlord. That is a lot of power for people, with all their flaws and biases, to have over others, and even more concerning if the landlord is not a person but a corporation motivated exclusively by profit margins.³ Furthermore, as U.S. policy has shifted away from government-run affordable housing options to placing responsibility on the private market, the impacts of personal choices and prejudices by those who own rental housing on those who rent has only intensified.

Excluded from subsidized homeownership options, Black households have been steered toward subsidized rental options, where power, control, and freedom are stripped in subtle but significant ways. And in the absence of meaningful restitution for past harms, the years to come will only see growth in the homeownership divide. Bryan Greene, Vice President of Advocacy for the National Association of Realtors, sums it up best: “It’s hard to close the race gap in homeownership when everything is stacked against blacks... It’s myopic to look at immediate qualification standards and ignore that people are trying to overcome a century-old legacy of official disadvantage in housing and, on top of that, social dynamics and a lack of political will to fix this.”⁴

1. McCargo, Alanna, Jung Hyun Choi, and Edward Golding. Building Black Homeownership Bridges: A Five-Point Framework for Reducing the Racial Homeownership Gap. May 2019.

2. *Ibid.*

3. Dukmasova, Maya. Corporate culture at Chicago’s top evictor is ‘an absolute caste system’ Current and former employees of Pangea describe racism, segregation, and a “toxic” workplace. *Chicago Reader*. December 2020. <https://www.chicagoreader.com/chicago/pangea-toxic-racist-office-culture/Content?oid=84677214>

4. Lerner, Michele. One home, a lifetime of impact. *Washington Post*. July 2020. <https://www.washingtonpost.com/business/2020/07/23/black-homeownership-gap>



THE ROLE OF PUBLIC HOUSING AUTHORITIES, SCALING UP AN UNDERUTILIZED TOOL TO RESTORE HOMEOWNERSHIP OPPORTUNITIES

The tenant-based Section 8 program of 1974, called the Housing Choice Voucher program since 1998, was implemented as a vehicle for opening up new neighborhoods and opportunities to subsidized renters. In recent years, the program has been utilized as a tool to ease the effects of historical and legally mandated racial segregation of public housing and the urban planning decisions cementing that segregation in place. However, it has fallen far short of meeting this goal.¹ Whereas policies underlying public housing were rooted in anti-Black racism, with the rise of the voucher program those same forces have come to be expressed through anti-voucher holder discrimination.² Research demonstrates that voucher holders are nearly as segregated as their public housing counterparts.³ One voucher holder who took part in a Cook County Regional Assessment of Fair Housing community engagement session noted, “Landlords think you are trash if you have a voucher.”⁴ Another voucher holder concurred with this sentiment, stating “When renting, you become a commodity and you can be exploited.”⁵

“Being a homeowner has been a dream and goal of mine, since I joined the [Housing Choice Voucher] program.

My children’s lives and mine would be less stressful and more fun. Living on the 3rd floor of an apartment, I’m constantly worrying if we’re being too loud, and always making sure my kids are walking, not running.

Having a home of our own would give us freedom, to run, dance, play, to decorate, paint, plant flowers, grow food. Knowing that we wouldn’t have to worry about renewing a lease every year, or moving from place to place.”

SURVEY PARTICIPANT⁶

Reliance on the private rental market to provide affordable housing has therefore perpetuated the long history of stifled housing opportunities. As Eva Rosen points out in her book, *The Voucher Promise: Section 8 and the Fate of an American Neighborhood*: “Part of the appeal of the vouchers was their reliance on the advantages of the private housing market to solve some of the problems that besieged public housing (inadequate funding, maintenance backlog, geographic immobility); yet, without adequately addressing the private market’s shortcomings, we are seeing them

1. Moore, Natalie. Chicago’s Section 8 Vouchers Increasing In Black Communities, Declining In White Neighborhoods. *WBEZ Chicago*. May 2019. <https://www.wbez.org/stories/more-section-8-vouchers-in-chicagos-black-neighborhoods-than-a-decade-ago/e461cdf4-22d1-45bd-9522-e0983c2d1c08>

2. Chicago Policy Research Team and Chicago Area Fair Housing Alliance. Not Welcome: The Uneven Geographies of Housing Choice. *The University of Chicago*. https://docs.wixstatic.com/ugd/664803_7e496bfc89d345a7b6b3210991b38476.pdf. 2017.

3. Kneebone, Elizabeth and Natalie Holmes. Promise and pitfalls of housing choice vouchers vary across the nation. *Brookings*. August, 2015.

4. Chicago Area Fair Housing Alliance. Cook County Regional Assessment of Fair Housing. Community Engagement Report. August 2020.

5. *Ibid.*

5. *Ibid.*

5. Survey participant. Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents Survey. Chicago Area Fair Housing Alliance. February 2021.

mirrored within the voucher program.”¹ In essence, private market discrimination, shortages in affordable housing supply, a lack of appropriate monitoring of health, safety, and quality standards, and a lack of safeguards against needless displacement all contribute to the limitations of and frustrations with the voucher program, and to the want and need of many voucher households to own, not rent, their homes.

Across the country, and particularly in Cook County, there exists a key pathway to escape the challenges inherent in relying on the private rental market, and create significant homeownership opportunities for those who have been acutely harmed by the policies of the past. For Black residents of Cook County whose families have been historically denied access to subsidized homeownership options – those who have been intentionally segregated and targeted with predatory wealth-stripping schemes, who are disproportionately in need of affordable housing and disproportionately represented among the public housing authority participants – there exists an opportunity to advance restitution.

Specifically, the U.S. Department of Housing and Urban Development (HUD), already allows local public housing authorities (PHAs) to develop and implement homeownership programs. This program allows PHAs to shift the typical tenant-based voucher that pays a portion of one’s rent to a voucher that pays either a down payment or a portion of one’s mortgage each month. When devised in 2000, HUD heralded this program as “one of the most exciting developments in tenant-based assistance,” noting that, “under this program, many low-income families will have the opportunity to use Federal housing assistance that would otherwise be paid to a landlord as rent to purchase and build equity in a home of their own.”² The architects of the program hoped that new homeownership opportunities would stabilize not only families but entire communities.³ One homeownership counseling contractor for the Chicago Housing Authority’s homeownership program pointed out

that homeownership voucher holders do indeed sustain homeownership more stably than their similarly situated peers.⁴ Management staff for the CHA’s homeownership program concurs that the program is a “win-win” because it connects participants with programs and services, and frees up space within the rental program.⁵

Hopes for PHA homeownership programs are high and HUD offers broad flexibility for if and how they are created at the local level. However, HUD offers no additional funding streams for the program, meaning resources for homeownership vouchers and administration must come from the general voucher funding pool — dollars that are already stretched to help meet the overwhelming need for affordable rental housing across the United States. For this reason, PHA homeownership programs are woefully underutilized. This paper outlines the shortcomings and opportunities of HUD’s PHA homeownership program, reviews the local programs developed by the Chicago Housing Authority and Housing Authority of Cook County, and outlines recommendations created in partnership with voucher holders to enhance program accessibility and create a means to repair past harms caused by both government policy and the real estate industry.

The benefits of an improved PHA homeownership program cannot be overstated. As research demonstrates, owning a home is the main wealth building vehicle of the average American.⁶ According to a 2019 Census Bureau study, whites had a median household wealth of \$139,300 compared with \$12,780 for Black households.⁷ This is not only important today, but for future generations. Owning a home provides wealth that can be passed down, in addition to the experience and knowledge of homeownership that can guide the next generation as they seek to own their own home.

Another often understated benefit is the power over one’s life and future that homeownership provides. Author Eva Rosen affirms, “Like their forebears, members of this generation of low-

1. Rosen, Eva. *The Voucher Promise: “Section 8” and the Fate of an American Neighborhood*. Princeton; Oxford: Princeton University Press, 2020.

2. Dennis, Morgan, and Linda Pastilli. *Housing Choice Voucher Homeownership Program Guidebook*. Office of Public and Indian Housing, US Department of Housing and Urban Development. n.d.

3. *Ibid.*

4. Karen Woods, *Director of Neighborhood Housing Services of Chicago*. Interviewed by authors, February 2021.

5. Rose Ann Zona, *CTO Program Manager, Chicago Housing Authority*. Interviewed by authors, November 2020.

6. Darity, William Jr. et al. *What We Get Wrong About Closing the Racial Wealth Gap*. Samuel Dubois Cook Center for Social Equity. April 2018. <https://socialequity.duke.edu/wp-content/uploads/2020/01/what-we-get-wrong.pdf>

7. Lerner, Michele. *One home, a lifetime of impact*. *Washington Post*. July 2020. <https://www.washingtonpost.com/business/2020/07/23/black-homeownership-gap>

income families dream of living in their own homes, making their own choices, and raising children on their own terms.”¹ Report authors note that voucher holders describe a pervasive “culture of disrespect” aimed at them by housing authority staff, private market property managers and landlords, and even the community at large. This reality is the result of stark power disparities evident between voucher holders and housing authorities and housing providers. Because of the layers of red tape that govern the use of a rental voucher — HUD guidelines, local PHA policy, private housing providers’ policies, etc.— voucher holders are deprived of even simple things like controlling what their home looks like, or who can be in their home and when.²

As a part of the research for this paper, authors reached 438 public housing authority participants through surveys marketed to Cook County and City of Chicago voucher holders, the vast majority of whom (92%) desired to own their home (see Appendix for a copy of the survey utilized). When asked how homeownership could make their lives different, respondents answered this open-ended question with many unique answers. However, common themes emerged around the safety, stability, and independence that homeownership could provide.

Everything from basic control over one’s surroundings to the very important option to modify one’s home to adapt to varying disabilities were cited as reasons survey participants wanted to own their own homes:

- *“I am disabled and could adjust my home to my needs and be able to live in it for life.”*
- *“I would have the ability to barbecue when I want to, cut grass, to be a whole different thing.”*
- *“I would be allowed to express myself as an open transgender person, which at this current time, I’m not allowed. My landlord told me to keep it secret and that I am NOT allowed to put up “gay” heart stickers, flags or LGBT related items.”*



PHA HOMEOWNERSHIP PROGRAM BASICS: Understanding Federal Requirements³

“Freedom. I don’t have to worry about being kicked out or given a notice. When something is wrong in the house... I won’t have to ask anybody... To be in control of your own home is everything.”

SHARON NORWOOD⁴

On September 12, 2000 HUD published the final rule for the Homeownership Voucher Program and set up program guidelines with only a few specific mandatory requirements.⁵

1. Rosen, Eva. *The Voucher Promise: “Section 8” and the Fate of an American Neighborhood*. Princeton; Oxford: Princeton University Press, 2020.

2. *Ibid.*

3. This section of the report—“PHA Homeownership Program Basics”—is a summary of HUD regulations and guidelines regarding the PHA Homeownership Voucher Program, found at 24 CFR 982.625.982.643 and within the *The U.S. Dept. of Housing and Urban Development, Office of Public and Indian Housing. Housing Choice Voucher Homeownership Program Guidebook*. N.d.

4. Sharon Norwood, HCV participant. Interviewed by authors, December 2020.

5. 24 CFR 982.625.982.643 and *The U.S. Dept. of Housing and Urban Development. Homeownership Program Guidebook*. N.d.

Overall, HUD leaves much room for localized personalization in program eligibility, requirements, and assistance that can be provided to participants. HUD allows each housing authority to choose the extent to which the PHA will allocate current Housing Choice Voucher dollars for homeownership purposes rather than rental assistance. There is also flexibility for PHAs to determine how to provide the assistance; HUD allows assistance to be paid directly to the family or to the lender on behalf of the family and can be used for monthly homeownership expenses (mortgage payments) or down payment assistance. Additionally, nearly any type of single-family home is eligible to be purchased through the program, including units that are not yet under construction and single units in condo or co-op buildings, so long as the unit passes the HUD required Housing Quality Standards inspection conducted by the PHA and an independent inspection chosen and paid for by the potential buyer. PHAs have discretion to offer additional assistance such as that to cover utilities, routine maintenance, major repairs, homeowner association fees, etc.

Public housing authorities that choose to offer homeownership programs must meet certain requirements, however. For example, the maximum term of homeownership assistance is set at 15 years if the initial mortgage has a term of 20 years or longer, or 10 years in all other cases. Time limits are not applicable “in the case of a family that qualifies as an elderly or disabled family.”¹ The PHAs must use the same payment standards in their homeownership program as their rental program. If a PHA utilizes Exception Payment Standards — an increase in the maximum allowable rent to make more costly areas of a PHA’s housing market accessible — then HUD requires that those same standards be used in the homeownership program. Importantly, if a home purchased with PHA assistance is sold or refinanced, a PHA cannot recapture previously provided assistance from the homeowner.

HUD regulations state that the housing authority payment may not be used to assist with costs of financing a mortgage and that the voucher holder is responsible for securing their own financing. Moreover, PHAs may partner with preferred lenders but may not require the use of certain lenders. Requirements can be locally applied regarding potential lender qualifications, prohibitions on certain forms of financing (e.g.

balloon payments), terms of financing (e.g. minimum down payments), and requirements or restrictions on other debt. PHAs retain the discretion to disapprove of proposed financing, refinancing, or financing for improvements or repairs if the PHA determines the debt is unaffordable or the loan terms do not meet the PHA’s requirements. All financing and affordability requirements, including a model of assistance provided by the PHA (such as whether the PHA will allow a secondary mortgage from a nonprofit lender) must be detailed in the PHA’s HCV program Administrative Plan — a HUD required and publicly available document that spells out a housing authority’s policies.

HUD also requires basic applicant eligibilities to be met, such as minimum incomes and work requirements, except if a household is considered to be “elderly or disabled,”² or is already pre-qualified to purchase. Voucher purchasers are also required to satisfactorily complete pre-purchase counseling by a HUD-certified housing counseling agency or equivalent program before receiving homebuyer assistance from a PHA. However, counseling can be tailored to each family’s needs.

LOCAL PHA HOMEOWNERSHIP PROGRAM DESIGN

Overall, the Chicago Housing Authority and the Housing Authority of Cook County follow the basic HUD programmatic requirements. Both have relatively small homeownership programs staffed by two employees and utilize contracted HUD-approved housing counseling agencies to provide a bulk of the supports to participants. These include credit counseling, financial literacy training, pre-purchase counseling, free legal assistance, grant program recommendations, and post-purchase counseling. Both housing authorities also work with preferred lenders who have a track record of success with voucher participants,

1. Cornell Law School. 24 CFR § 982.634 - Homeownership option: Maximum term of homeownership assistance. Accessed January 2021. <https://www.law.cornell.edu/cfr/text/24/982.634>

2. *Ibid.*

“Owning a home would make my life different because it will allow stability within a community that I can actually call my own. As well, owning a home allows me to build equity. I will no longer be obligated to invest in my landlord’s equity by paying rent each month. I will proudly invest in my own equity.”

SURVEY PARTICIPANT¹

although voucher holders are free to work with any lender of their choosing.

The CHA’s homeownership program, Choose to Own (CTO), was launched in 2002. To qualify, participants must meet minimum income requirements (outlined in Table 1 and as of 2021); for seniors or people with disabilities, income must be at least \$8,820 per year. Participants must also have a credit score of 640 or higher, at least \$3,000 in savings if they are working (\$2,000 for seniors and people with disabilities), must be a first-time homebuyer or not have owned in the last three years, be in “good standing” with their lease (no back rent owed or otherwise at risk of losing their voucher due to program noncompliance), and must have a reserve amount of \$1,000 prior to closing for unexpected home repairs or maintenance. It is also recommended that participants who purchase through the program add \$75 per month to their \$1,000 maintenance fund for the first three years for unexpected costs.

Table 1 shows the minimum income a household can earn to qualify for the voucher program relative to the number of people in their household.²

Family Size	Household Gross Annual Income
1	\$27,650
2	\$31,600
3	\$35,500
4	\$39,500
5	\$42,700
6	\$45,850
7	\$49,000

Overall, 681 families have purchased a home through the CTO program since its inception. Three hundred and four families have assumed their mortgage and exited the program. As of November 2020, there were an additional 20 participants with pending closings.

The Housing Authority of Cook County launched its homeownership program in 2010. To be eligible for the homeownership program, HACC HCV participants must have been a voucher holder for at least one year, make at least \$17,160 a year, have a credit score of at least 640, and have at least \$3,000 in the bank for earnest money and other fees involved with closing and the homebuying process. While the HACC generally requires homeownership program participants to take part in their in-house Family Self-Sufficiency program for at least 180 days prior to entering the homeownership program, they try to honor any participant’s desire to own a home and will either enroll the family directly or refer them to the HACC’s contracted housing counseling agency if they do not yet meet eligibility standards. From 2010-2019, about 100 participants successfully purchased homes through HACC’s program.³

1. Survey participant. Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents Survey. Chicago Area Fair Housing Alliance. February 2021.

2. Chicago Housing Authority, Choose to Own Homeownership Program Eligibility Flyer. <https://cha-assets.s3.us-east-2.amazonaws.com/s3fs-public/2019-08/CTO%20Eligibility%20Flyer.pdf>

3. Mathiowdis, Nicholas. The Housing Authority of Cook County Hosts Homeownership Workshop to Benefit Low-Income Residents of South Suburbs. The Housing Authority of Cook County. July 2019. <https://thehacc.org/2019/07/02/the-housing-authority-of-cook-county-hosts-homeownership-workshop-to-benefit-low-income-residents-of-south-suburbs/#:~:text=HACC's%20Homeownership%20Program%20assists%20Housing,to%20become%20first%20time%20homeowners.&text=Eligible%20HCV%20participants%20are%20matched,of%20the%20home%20buying%20process.>

For the CHA program, there is one key area where CTO deviates from HUD requirements. In interviews with the CHA staff and conversations with voucher holders, and confirmed through internal CHA documents received through a Freedom of Information Act request, the CHA contravenes HUD requirements by failing to apply Exception Payment Standards to their homeownership program despite doing so for their rental program.¹ Additionally, the CHA will not consider offering Exception Payment Standards even if requested as a reasonable accommodation for people with disabilities, which may be a violation of both HUD regulations and federal fair housing laws.²

Withholding exception payment standards from those seeking to purchase a home with the CTO program limits homeownership choice in a significant portion of the Chicago neighborhoods that CHA designates as “Mobility Areas.” In the rental program, the CHA’s exception payments are a crucial policy because they give voucher holders access to the full housing market by increasing the allowable fair market payment standard to

150% in “Mobility Areas”— areas with low poverty levels (below 20%) and “low violent crime rates.”³ Exception payment standards equip voucher holders to better compete in tight rental markets by increasing the amount that CHA will pay for units in these areas.

To put the potential impacts in perspective, consider a family with a household size of 5 that is using a 3-bedroom rental voucher in a “Mobility Area.” The CHA allows this family to have a monthly rent amount up to \$2,698. However, if the family sought to buy a similar sized home in the exact same neighborhood, their monthly mortgage payment would not be allowed to exceed \$1,620 because CHA does not apply the same exception payment standard to the homeownership program. In this example, the CHA will pay up to \$1,078 more per month to assist the family with renting a unit than it would assist with purchasing. If this family were able to purchase a home, then the monthly costs would be relatively fixed barring increases in property taxes or homeowners insurance. However, while that family is renting, the housing costs are subject to regular rent increases.

Table 2 compares the CHA’s regular Payment Standard⁴ to the Exception Payment Standards⁵ offered within the rental program. Exception Payment Standards are offered at 150% FMR to afford the higher costs in “Mobility Areas” and at 250% FMR as a Reasonable Accommodation in order to afford the higher costs of renting a unit with accessibility features necessary to accommodate a household member’s disability. It is clear that by not allowing Exception Payment Standards within the homeownership program participants have significantly less purchasing power than if they were in the rental program.

Bedroom Size	2021 Payment Standard	2021 Exception Payment Standard (150% FMR available in “Mobility Areas”)	Reduced value of voucher if purchasing vs. renting in “Mobility Area”	2021 Exception Payment Standard (250% FMR available as a Reasonable Accommodation to afford more costly accessible housing necessary to accommodate a disability)	Reduced value of voucher if purchasing vs. renting a home with needed accessibility features
0	\$995	\$1,656	-\$661	\$2,760	-\$1,765
1	\$1,198	\$1,836	-\$638	\$3,060	-\$1,862
2	\$1,355	\$2,125	-\$770	\$3,542	-\$2,187
3	\$1,620	\$2,698	-\$1,078	\$4,497	-\$2,877
4	\$1,933	\$3,220	-\$1,287	\$5,367	-\$3,434
5	\$2,223	\$3,703	-\$1,480	\$6,172	-\$3,949
6	\$2,556	\$4,258	-\$1,702	\$7,097	-\$4,541
7	\$2,939	\$4,897	-\$1,958	\$8,162	-\$5,223
8	\$3,380	\$5,632	-\$2,252	\$9,387	-\$6,007

1. CHA Advisory 2016-06. Homeownership Program Payment Standard/Reasonable Accommodation procedures

2. Ibid.

3. Chicago Housing Authority. MOBILITY COUNSELING PROGRAM. Accessed January 2021. <https://www.thecha.org/residents/services/mobility-counseling-program>

4. Chicago Housing Authority, 2021 HCV Payment Standards. <https://cha-assets.s3.us-east-2.amazonaws.com/s3fs-public/2020-10/2021%20payment%20standards.pdf>

5. Chicago Housing Authority, 2021 Exception Payment Standards. <https://cha-assets.s3.us-east-2.amazonaws.com/s3fs-public/2020-10/Exception%20Payment%20Standard%20Info%20Sheet%20for%20website%202021.pdf>

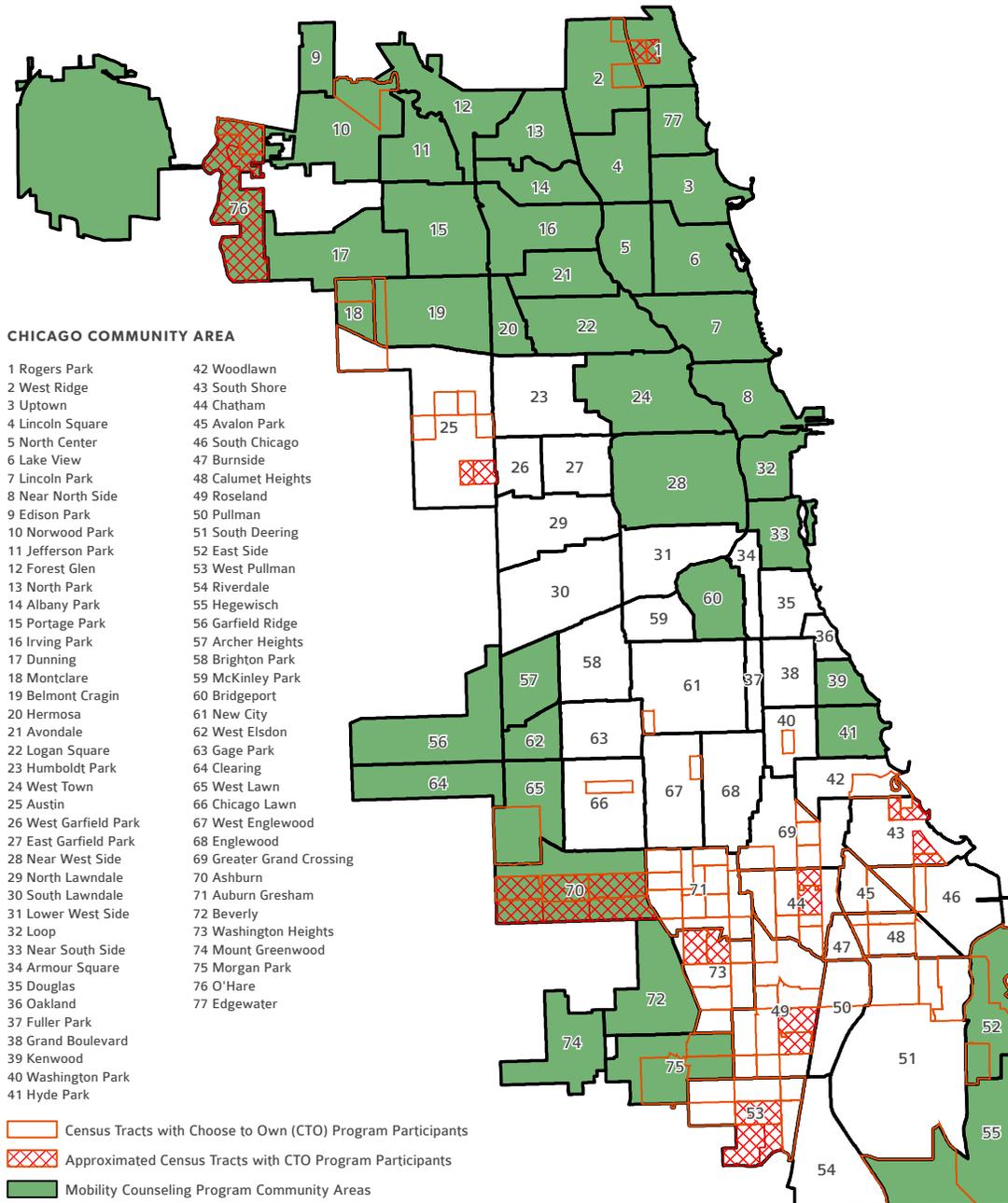
Table 3 shows the number of purchases made through CHA's CTO program in a given community area between 2018 and 2021 and indicates if that area is a CHA "Mobility Area."

Community Area	Purchases	Mobility Area
Auburn Gresham	21	No
Washington Heights	18	No
Chatham	13	No
West Pullman	13	No
Roseland	12	No
Austin	11	No
South Deering	7	No
Ashburn	5	Yes
Burnside	4	No
Calumet Heights	4	No
Greater Grand Crossing	4	No
Morgan Park	4	Yes
West Ridge	4	Yes
South Chicago	3	No
Avalon Park	2	No
East Side	2	Yes
Hegewisch	2	Yes
Pullman	2	No
South Shore	2	No
West Lawn	2	Yes
Belmont Cragin	1	Yes
Chicago Lawn	1	No
Montclare	1	Yes
New City	1	No
Norwood Park	1	Yes
O'Hare	1	Yes
Rogers Park	1	Yes
Washington Park	1	No
West Englewood	1	No
Woodlawn	1	No
Albany Park	0	Yes
Archer Heights	0	Yes
Armour Square	0	No
Avondale	0	Yes
Beverly	0	Yes
Bridgeport	0	Yes
Brighton Park	0	No
Clearing	0	Yes
Douglas	0	No

Community Area	Purchases	Mobility Area
Dunning	0	Yes
East Garfield Park	0	No
Edgewater	0	Yes
Edison Park	0	Yes
Englewood	0	No
Forest Glen	0	Yes
Fuller Park	0	No
Gage Park	0	No
Garfield Ridge	0	Yes
Grand Boulevard	0	No
Hermosa	0	Yes
Humboldt Park	0	No
Hyde Park	0	Yes
Irving Park	0	Yes
Jefferson Park	0	Yes
Kenwood	0	Yes
Lakeview	0	Yes
Lincoln Park	0	Yes
Lincoln Square	0	Yes
Logan Square	0	Yes
Loop	0	Yes
Lower West Side	0	No
McKinley Park	0	No
Mount Greenwood	0	Yes
Near North Side	0	Yes
Near South Side	0	Yes
Near West Side	0	Yes
North Center	0	Yes
North Lawndale	0	No
North Park	0	Yes
Oakland	0	No
Portage Park	0	Yes
Riverdale	0	No
South Lawndale	0	No
Uptown	0	Yes
West Elsdon	0	Yes
West Garfield Park	0	No
West Town	0	Yes

Map 1 illustrates the location (census tract level) of purchases between 2018 and 2021 that have been made through the CHA's CTO program.

Chicago Housing Authority's Choose to Own Homeownership Program Residences and Eligible Mobility Counseling Program Community Areas



Note: Approximated census tracts are derived from zip code information. Residences in these tracts are located in the crosshatched tract shown or an adjacent tract.
 SOURCES: CHICAGO HOUSING AUTHORITY, FREEDOM OF INFORMATION ACT

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The CHA should work to assess and quantify the past harms caused by their policies, including how they have restricted homeownership and wealth-building opportunities for otherwise-qualified voucher holders, and develop a plan to address these harms with input from voucher holders impacted by the policy.



“It is a dream I have always had. It’s a step towards long-term stability, security and success. It is an asset to my family’s values and life accomplishments.”

LESSONS LEARNED & ASPIRATIONS FROM PROGRAM PARTICIPANTS: Interviews & Survey Results

Authors conducted seven interviews with Housing Choice Voucher holders in addition to collecting 438 online surveys from Cook County and City of Chicago public housing authority participants (both voucher holders and public housing residents). Online surveys were disseminated through housing counseling provider Housing Choice Partners’ email network of current and past voucher holder clients in addition to the email networks of the Chicago Housing Authority, the Oak Park Housing Authority, and the Housing Authority of Park Forest. It is important to note that because the surveys were distributed via email, responses were biased toward those who are more tech savvy, and those who receive and respond to communications from service providers and housing authorities. See Appendix for a copy of the survey. Because the survey design utilized logic-based questions in which responses influence which questions are or are not presented, the sample sizes differ depending on the question being asked. Additionally, some inquiries allow for multiple selections and therefore not all summaries will describe percentages out of 100%.

Two hundred thirty-nine of the respondents are participants of the Chicago Housing Authority, 103 from Oak Park Housing Authority, and 58 from the Housing Authority of Cook County. The remainder are participants of either Park Forest, Cicero, Maywood, or other housing authorities. This breakdown of response rate by housing authority is reflective of the engagement methods utilized for survey distribution.

Although most respondents stated a desire to become homeowners, 174 of the respondents had not participated in any steps in a PHA

SURVEY PARTICIPANT¹

homeownership program, while 40 had participated in some steps. Twenty five of those attempting to purchase a home through their PHA program were not successful, but 16 of the respondents were successful.

Our survey results demonstrate a clear disconnect between the desire to own a home and homeownership program participation rates. To understand the contributing factors behind this disconnect, several interview and survey questions were targeted at understanding program barriers and how to overcome them.

COMMON BARRIERS TO ACCESSING & SUCCESSFULLY PARTICIPATING IN PHA HOMEOWNERSHIP PROGRAMS

For voucher holders working with the smaller PHAs across Cook County, homeownership programs are simply unavailable, and as a result, voucher holders experience drastically reduced housing options. Six housing authorities operate across Cook County, yet only two, the Chicago Housing Authority and the Housing Authority of Cook County have homeownership programs.

¹ Survey participant. Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents Survey. Chicago Area Fair Housing Alliance. February 2021.

“I’ve been working most of my life, I would feel like I should have something to show for it.”

SURVEY PARTICIPANT¹

In reviewing the following maps provided by Institute for Housing Studies at DePaul University, the authors find that the lack of homeownership programs available in areas like Cicero, Park Forest, and Oak Park needlessly limit the housing opportunities of voucher holders. For example, the maps splice Cook County into housing submarkets, and in the submarket of Cicero and Oak Park, both rental prices and home values share a relatively affordable median and the breakdown between rental and homeowner occupied units is about equal. Park Forest shares a submarket with Chicago Heights and rental units are 20-40% of occupied units in this area; this means that homeownership opportunities could unlock a greater portion of housing if available to voucher holders. Further, smaller PHAs, by not implementing homeownership voucher programs, deprive their community of hundreds of new entrants in the homeownership market. This increase in demand would be especially useful for communities like Park Forest, which has seen significant population loss and overall property value loss over the last two decades.²

The CHA and HACC, while offering homeownership options, have their own limitations due to program accessibility. Both programs are very small when compared to the HCV rental programs. For example, in 2020, 54 families purchased a home through the Chicago Housing Authority’s Choose to Own Program.³ With the CHA serving more than 63,000 low-income households through its

public housing, HCV, and project-based voucher programs in 2020, the number of households who accessed homeownership last year comprises just .001% of the CHA’s overall programming.⁴

In reviewing the maps herein, it is clear that increasing homeownership options would benefit housing choice within the HACC and CHA’s existing program areas. For example, within HACC’s program area, the Orland Park/Lemont submarket in the southwest suburbs has a shortage of rental housing options, and the available rental housing tends to be more expensive (20-40% of their already limited housing stock is considered affordable, Map 2). However, this same area boasts home values that are relatively affordable, with a median home value between \$100,000 and \$250,000 (Map 3). Similarly, within the CHA’s existing program area, submarkets in Beverly/Morgan Park, Gage Park/West Lawn, and Portage Park/Jefferson Park have a limited supply of rental housing options when compared to the rest of Chicago. But again, these areas offer relatively affordable homeownership opportunities (with the exception of Portage Park/Jefferson Park) and median home values are between \$100,000-250,000. Clearly, a homeownership opportunity for voucher holders would open up access to thriving markets that are currently inaccessible.

1. *Survey participant*. Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents Survey. Chicago Area Fair Housing Alliance. February 2021.

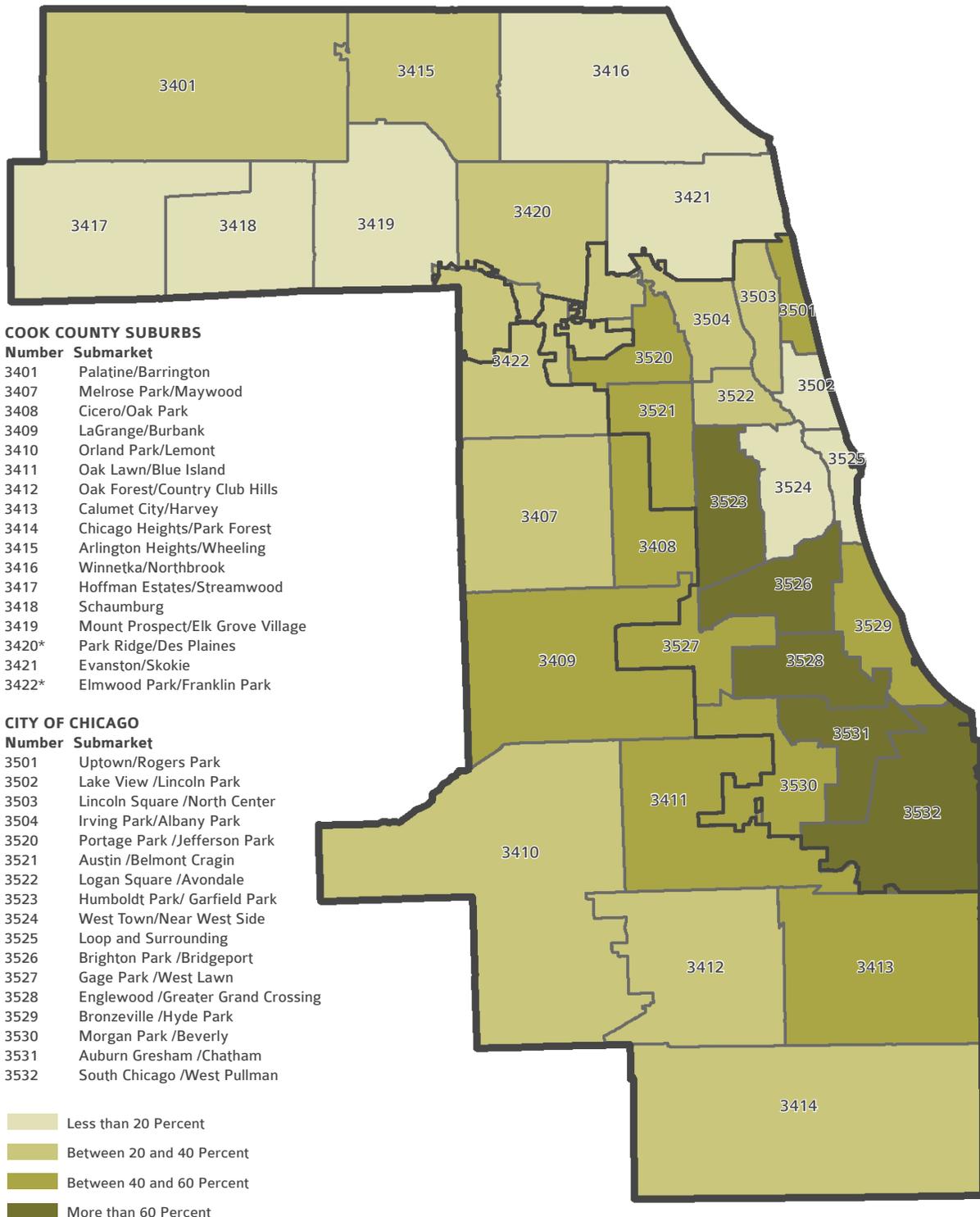
2. *Chicago Metropolitan Agency for Planning*. Community Data Snapshot Park Forest, Municipality. June 2020 Release.

3. *Smith, Kelli*. 'I moved in 10 days before Christmas. Oh my God.' A Chicago housing program has helped a record number of families buy homes this year. *Chicago Tribune*. December 2020. <https://www.chicagotribune.com/news/ct-homes-for-christmas-20201225-err-jpcboojddlgbwsy2axan7ji-story.html>

4. *Chicago Housing Authority*. CHA Quarterly Report, 3rd Quarter 2020. Accessed December 2020. <https://cha-assets.s3.us-east-2.amazonaws.com/s3fs-public/2021-01/Q3%202020%20Quarterly%20Report.pdf>

Map 2 illustrates the proportion of rental housing that is “affordable” within a given Cook County submarket. The map shows the share of rental units that are affordable (at 30 percent of income) to a household earning 150 percent of poverty, or roughly 55 percent of AMI. As you can see, affordable rental options are segregated. For example, the suburban submarkets nearest the south and west borders of the City of Chicago have higher rates of affordable rental housing, whereas the northwest suburban submarkets have very low rates of rental affordability.

Share of Rental Housing Units that are Affordable, 2019 Cook County Submarkets

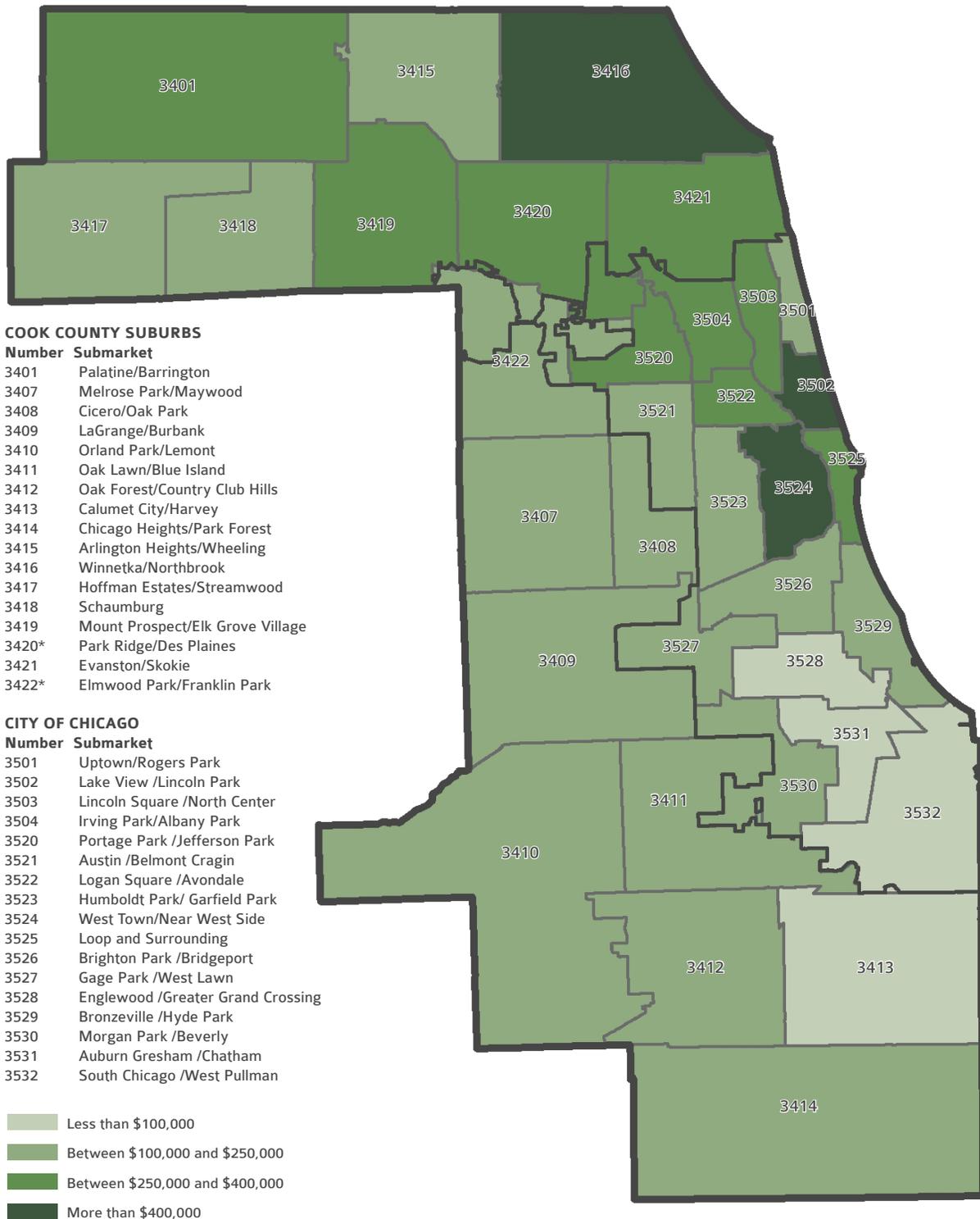


SOURCES: IHS CALCULATIONS OF DATA FROM ACS 1-YEAR PUMS DATA, U.S. CENSUS BUREAU

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Map 3 illustrates the median sales prices of Single Family Homes and Condominiums in each submarket. Interestingly, many suburban submarkets that have the lowest rates of rental affordability (see Map 3) are shown in this map to have affordable sales prices. For example, submarkets 3415, 3417, and 3418 all had 20% or less affordable rental housing but each have median sales prices between \$100-\$250k.

Median Sales Price of Single Family Homes and Condominiums, 2019 Cook County Submarkets



SOURCES: IHS CALCULATIONS OF DATA FROM THE COOK COUNTY ASSESSOR

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Not only are these programs underutilized, and in some cases entirely unavailable, but additional barriers further prevent interested voucher holders from entering and successfully participating in the program. Many of the participants in the homeownership program will not only be first-time homebuyers, but they will be *first generation* homebuyers, which comes with additional challenges that must be mitigated for success. However, it also means the program can change the life trajectory of entire families, as one survey participant explained: “Not only is homeownership the American dream come true for my family and me. I would be the first person in my family to own a house. Lastly, I would no longer deal with the rejection I have experienced with the owner saying no to the Section 8 voucher.”¹ The following are key issues gleaned from interviews with voucher holders, housing authority staff, housing counselors, and other experts, in addition to survey responses from voucher holders.

Awareness of the Homeownership Programs

Interviews and surveys evidence a lack of consistent marketing of the homeownership programs. Of the survey participants, 85 respondents with vouchers from the CHA or HACC indicated that they had never heard about the homeownership program. Given that the survey participants are among those most responsive to PHA communications, this is almost certainly a liberal estimate of knowledge of this program among all voucher holders and public housing residents. When asked “what PHAs could do to make homeownership more accessible,” 284 survey respondents indicated that simply “providing more information about the homeownership program and how to participate” would be helpful. One interview participant questioned why voucher holders are not provided information about the homeownership program upon receiving a voucher and reminded about the program on a regular basis thereafter. In this participant’s mind, the homeownership program should be consistently marketed and held up as a tool for long-term stability. CHA program staff note that the most prominent form of spreading

“People don’t believe me when I say section 8 helped me buy my home.

If people could see people who have successfully gone through the program, people will believe it. Right now, they don’t believe it.”

REGINA COBB²

knowledge about the program comes from word-of-mouth peer referrals and not directly from the CHA.

Noticeable themes in phone interviews conducted with voucher program participants included frustration with PHA communication regarding the homeownership programs, as well as dissatisfaction with initial information sessions. Contractors for the programs in both the county and city agree that a challenge to program success lies in building awareness of the program. Many voucher holders simply don’t know that these programs exist and/or how to access them. Jerry Johnson, a recent homeownership program participant noted, “My suggestion would be they need to have more outreach in the sense that they need to get out there. They have these meetings.... and they advertise things like coat drives in a more robust way but they only advertise these classes in the newsletter. They need to go out to places where voucher holders actually go to or neighborhoods where they live to advertise.”³

1. Survey participant. Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents Survey. Chicago Area Fair Housing Alliance. February 2021.

2. Regina Cobb, HCV participant. Interviewed by authors, December 2020.

3. Jerry Johnson, HCV participant. Interviewed by authors, January 2021.

Access to the Homeownership Programs

Among the most common recommendations for program improvement collected from interviews were better communication about the program and wider outreach, more robust trainings, and the assignment of a 1:1 staff member or peer participant who had already gone through the program and who could guide the participant through the process from beginning to end.

“It’s motivation and hope and so much more.”

SURVEY PARTICIPANT¹

One interview participant, Patrick Barberousse, proposed the development of a peer mentorship program: “The profile and the relationship needs to be built. People should be partnered with someone, a mentor. When you have individuals who have completed Choose to Own, CHA could have them be homeowner coaches who engage participants in the process. These people who have completed the program could help people understand the process...individuals should be able to do some one-stop shopping with individuals who have completed the program. Someone to go to for very simple questions throughout the process.”² Such a mentorship program could be beneficial not only for voucher holders in need of mentorship but for the mentors themselves by providing compensation for their time and providing training. For those interested, it could even put mentors on a career path into the housing industry as a housing counselor, real estate agent, mortgage broker, etc.

There is precedence for such peer support programs. For example, the Housing Authority of New Orleans has developed a Homeowners Club within their homeownership program. Past program participants present to new participants and share their experiences through peer

support networks, and help new homeowners post-purchase with acclimating to this major life change. However, interview participants propose going beyond the HANO model of peer support by adding dedicated one-on-one mentors throughout the entire process, from entry into the program to post-purchase. As one CHA contractor aptly notes: “Think of it like first generation college students – universities have done a lot of work in getting folks through college and it’s the same with homebuying. It’s not just getting people into a position to purchase but getting you through homeownership. If we are going to do this, let’s do it right. That includes building larger support networks.”³

Much like first generation college students, first generation homeowners must face and overcome a myriad of obstacles to successfully purchase a home. Having someone who deeply understands the trials and tribulations, a peer who could walk new home seekers through the process with care and compassion, could go a long way in alleviating stress, building community, and making the process more manageable. As Susan Reed, an interview participant, and successful homeownership program participant notes, “You can have someone saying ‘you’ll get through this, it’s just part of the process.’”⁴

These themes are remarkably consistent to another study interviewing HCV clients who have an interest in the HCV homeownership program in Jonesboro, Georgia.⁵ In the report, 10 clients repeatedly noted a lack of awareness about the program or other homeownership opportunities. While participants all found value in homeownership, commonly noting themes referenced in interviews conducted for this report, they also raised fears of navigating the costs of repairs that come with owning a home, making the case that post-homebuyer follow-up and access to low-cost products to help with repairs are important to sustainable homeownership. Lastly, another critical theme emerging from interviews conducted for this report was the importance of social circles in influencing clients’ perceptions on the benefits of homeownership, noting that if a family member or friend owned a home and was stable, the respondents were more inclined to have confidence in their ability to become homeowners.

1. Survey participant. Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents Survey. Chicago Area Fair Housing Alliance. February 2021.

2. Patrick Barberousse, HCV participant. Interviewed by authors, December 2020.

3. Lissette Castañeda, Executive Director, LUCHA. Interviewed by authors, February 2020.

4. Susan Reed, HCV participant. Interviewed by authors, December 2020.

5. Strozier, Sandra M. Perspectives of Low-Income Homeowners on the Housing Choice Voucher Homeownership Program. Walden University ScholarWorks. 2004.

Programmatic Requirements

Income, savings, and credit score requirements were frequently noted barriers to program access and success. Of the survey participants who had not attempted to participate in the program, 123 stated they are interested but worried they would not meet requirements. For those who attempted to participate in the program but were not successful in purchasing a home, 11 stated that this was because they did not meet income requirements. In response to a Freedom of Information Act request, the CHA shared data on homeownership program applicants and participants from 2014-April 2021. During this time, 421 participants entered the homeownership program, with 257 “active” cases, 15 “pending,” 39 “inactive” with reason noted “voluntary,” and 241 noted to be “owner-new.” The CHA reported 1,449 program applicants during this time that ultimately did not enter the program. The majority of these applicants (931) were determined to be “Non-Eligible” by the CHA. The most frequently noted reasons that applicants were determined to be ineligible were for “savings required, under income” (165); “savings required; not credit worthy” (152); “savings required, under income, not credit worthy” (139) “under income” (139); “savings required” (125); “under income; not credit worthy” (78); “not credit worthy” (66). Finally, 518 cases were “inactive” for unspecified reasons.

For survey and interview participants reflecting on their unsuccessful experiences with the homeownership programs, several stated that more flexibility with program eligibility requirements, such as income and credit score, could have improved their chances. Others reported that staffing and communication could have been stronger. Staff at both CHA’s and HACC’s homeownership programs echoed participants’ concerns about program eligibility standards. When asked their thoughts on the biggest barriers to participation, staff for CHA’s program noted income¹ while HACC staff identified the \$3,000 savings and 640 credit score requirements.²

Barriers to accessing the program are steeped in a history of race-based exclusion from wealth

“I would not have to worry about moving as I know my rent will not consistently be going up every year and worrying about if my voucher amount is going to cover the new rent amount or if I’m going to have to hustle and bustle to find a new apartment which the process is extremely stressful.”

SURVEY PARTICIPANT³

building opportunities, making these survey findings unfortunately unsurprising. Research by Zillow, national real estate marketplace company, finds that one out of every ten U.S. adults are considered “credit invisible,” meaning they lack an established credit history, impacting their ability to access future credit opportunities. These households are disproportionately Black and Latinx.⁴ Additionally, research by Project REACH finds that 50 million individuals across the country have no usable credit score and that to address this issue alternatives to traditional credit scoring must be established.⁵ Since the vast majority of home purchasers require a loan to secure homeownership opportunities, the lack of credit access has major consequences for homeownership. Zillow study author Nicole Bachaud asserts, “Securing a loan is a prime barrier to entry for prospective homeowners — nearly three-quarters (72%) of all home buyers obtain

1. Rose Ann Zona, CTO Program Manager, Chicago Housing Authority. Interviewed by authors, November 2020.

2. Claudia Tiscareno, Program Manager FSS, Mobility, Homeownership. Housing Authority of Cook County. Interviewed by authors, November 2020.

3. Survey participant. Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents Survey. Chicago Area Fair Housing Alliance. February 2021.

4. Bachaud, Nicole. Expanding Access to Credit Could Shrink the Homeownership Race Gap. Zillow. March 2021. <https://www.zillow.com/research/credit-access-homeownership-29074>

5. Project REACH. The Project REACH Approach. Office of the Comptroller of the Currency. N.d. [https://www.occ.gov/topics/consumers-and-communities/minority-outreach/project-reach-fact-sheet.pdf](https://www OCC.gov/topics/consumers-and-communities/minority-outreach/project-reach-fact-sheet.pdf)

a loan to help pay for their home and the rate is even higher for Black (78%) and Latinx (77%) home buyers. Credit history, or the lack thereof, is the number one reason cited for why mortgage applications are denied to Black applicants.¹ With the CHA and HACC voucher participants identifying as 88% and 84% Black respectively, the impacts of inequitable credit access are felt acutely.²

Even if a person successfully secures a loan, differences in credit scores lead to constraints on how much of a loan one can afford, and on the monthly costs of that loan. “Even after controlling for differences in income and other endowments, minority households will therefore face higher home purchase and mortgage costs than similarly situated white households on the basis of credit score differences alone.”³ Housing counseling contractors for the homeownership programs concur that credit history is one of the biggest challenges that prospective purchasers face. One contractor notes that building or repairing credit encompasses much of the work to get households on the path to homeownership as this may not have been on their clients’ radar previously. The contractors interviewed for this report noted that this is typical of any household seeking to purchase a home with a lower income.

These common credit deficits not only make counseling and credit repair critical but also make other supplemental supports like down payment assistance essential. Homeownership program counseling contractors note that down payment assistance often makes or breaks a family’s shot at purchasing. When asked what could be improved in their program, CHA CTO staff noted that greater and more reliable opportunities for down payment assistance would be most critical.⁴ When survey participants were asked “what PHAs could do to make homeownership more accessible,” 321 survey participants indicated that “providing more financial support, like down payment assistance or home repair funds” would

be most helpful. If passed, proposed federal down payment assistance programs geared toward first generation homebuyers, could be an important tool to create consistent down payment assistance accessible to voucher holders.⁵

Housing Type & Purchasing Constraints

Interviews with staff of both PHAs and contractors noted that potential buyers in the Chicago and Cook County programs are often greatly constrained in the home location, size, and amenities they are able to afford, in part due to program limitations.

According to HACC staff, participants often cannot find a home that is affordable within the payment standards and that also fits their specifications and desires.⁶ One CHA contractor noted that although

“I was interested in sheriff’s sales. Wouldn’t the cost savings be worth it? They [CHA] said they don’t do non-conforming products.”

PATRICK BARBEROUSSE⁷

1. Bachaud, Nicole. Expanding Access to Credit Could Shrink the Homeownership Race Gap. *Zillow*. March 2021. <https://www.zillow.com/research/credit-access-homeownership-29074/>

2. Chicago Housing Authority, CHA Quarterly Report, 3rd Quarter 2018. *Data as of September 30, 2018*, <https://www.thecha.org/sites/default/files/Q3%202018%20Quarterly%20Report--Final.pdf> and Housing Authority of Cook County, “The Housing Authority of Cook County Resident Characteristics Report”, 2018.

3. Nelson, Ashlyn Aiko. Credit Scores, Race, and Residential Sorting. *Journal of Policy Analysis and Management* 29, no. 1 (2010): 39-68. Accessed January 2021. <http://www.jstor.org/stable/20685167>.

4. Rose Ann Zona, CTO Program Manager, Chicago Housing Authority. Interviewed by authors, November 2020.

5. National Council of State Housing Agencies. Downpayment Toward Equity Act of 2021. Accessed April 2021. <https://www.ncsha.org/wp-content/uploads/Summary-of-DPA-Toward-Equity-Act-of-2021-House-Discussion-Draft.pdf>

6. Claudia Tiscareno, Program Manager FSS, Mobility, Homeownership. Housing Authority of Cook County. Interviewed by authors, November 2020.

7. Patrick Barberousse, interviewed by authors. December 2020.

their agency provides housing counseling to purchasers throughout Chicago, voucher participants using the Choose to Own Program are not able to purchase homes within their primary service area. CHA's program staff also mentioned that, due to affordability constraints, most program participants purchase homes on the South or West Sides of Chicago. This may, in part, be due to the CHA's lack of payment standard parity with the rental voucher program. Since the CHA does not provide for Exception Payment Standards for the homeownership program it is not surprising that higher cost areas in the city would be out of reach.

Locational constraints are attributed to the limited supply of homes affordable to households with low-incomes, and to the fact that the types of homes allowable for purchase under PHA homeownership programs are limited by HUD requirements in two key ways. First, in addition to an independent home inspection, homes must meet HUD Housing Quality Inspection Standards (HQS) conducted by the housing authority before purchase.¹ These standards establish requirements for 13 HUD defined aspects of housing quality and safety. While many home seekers with low incomes can purchase affordable homes in need of upgrades and slowly improve their homes over time (particularly those seeking affordable homes in higher cost markets), these types of homes may not always pass the inspection requirements of the voucher program.

Even in lower cost markets where other resources are available to support home purchasing by lower-income households, the HUD inspection requirements pose a significant barrier to accessing the full range of available homes for purchase. For example, the Cook County Land Bank Authority (CCLBA), established in 2013 to address the county's vacant and distressed properties, works to acquire, transfer, and redevelop property back to productive use in an effort to promote neighborhood stability, and further affordable housing and homeownership opportunities. The CCLBA's Homebuyer Direct program offers affordable opportunities to purchase "fixer upper" homes at below market prices. However, due to HUD requirements, voucher holders would not be in a position to

purchase these homes without intervention by a third-party, mission-driven developer to conduct the necessary rehab work before purchase.² Although home safety should be a paramount concern of the housing authority, anecdotal evidence from voucher holders and service providers points to failures in Housing Quality Inspection Standards. It is important to determine with future study where HQS helps or hinders housing access and safety; simply put, do the benefits outweigh constraints?

A second constraint of the program lies in the fact that voucher purchasers are strictly prohibited from purchasing multi-family properties, further limiting housing choice and the ability to gain income-generating opportunities and/or build wealth. In Chicago and suburban Cook County, two-flats are an iconic part of the housing landscape. "They're one of the most common housing types in the city," said Adam Rubin, the Chicago Architecture Center's Director of Interpretation in an interview with Block Club Chicago. "They've been popular for a century."³ Even today, two flats make up a significant portion of Chicago's housing stock. The University of DePaul's Institute for Housing Studies notes that in some neighborhoods, more than 60% of the housing stock is comprised of two- to four- unit buildings.⁴ One contractor for the CHA homeownership program noted that this poses a serious barrier, particularly for families who may wish to pool resources. "Multiple units can mean larger families can pool resources together. What we have often seen in communities of color is pooling of resources to meet the American Dream. Any barriers to that are detrimental."⁵

With few exceptions, these constraints remove higher cost communities, where a greater number of resources like well-resourced schools, job centers, and healthy environments have been segregated. Furthermore, as family configurations are changing in response to the unprecedented consequences of the COVID-19 pandemic, flexible options for intergenerational or multi-family housing are essential for housing recovery, especially for lower-income families.

1. *Housing Choice Voucher (HCV) program regulations at 24 CFR Part 982*

2. *Robert Rose, Former Executive Director, Cook County Land Bank Authority. Interviewed by authors. February, 2021.*

3. *Bauer, Kelly. Wait, Are Two-Flats Only A Chicago Thing? Why These Uniquely Chicago Homes Have Thrived For A Century. Block Club Chicago. February 2019. <https://blockclubchicago.org/2019/02/18/wait-are-two-flats-only-a-chicago-thing-why-we-remain-obsessed-with-the-uniquely-chicago-home-after-a-century/>*

4. *Institute for Housing Studies at DePaul University. Housing Units by Property Type – 2019. Accessed April 2021. https://www.housingstudies.org/data-portal/browse/?view_as=view-table*

5. *Lissette Castañeda, Executive Director, LUCHA. Interviewed by authors, February 2020.*

Long-Term Homeownership Stability

Despite these shortcomings, subsidized homeowners demonstrate long-term stability once they close on their new home. Of the 681 families that have purchased homes through CHA's program, staff note that 14, or 2%, have returned back to rental status, primarily due to aging and health issues.¹ HACC has seen similar results with an estimated 1% of participants returning to the rental HCV program.² In speaking with staff of programs in other jurisdictions, the positive results were similar. At Housing Authority of New Orleans, where 400 purchases through the program have been made since 2001, staff note there has never been a foreclosure or a client go back to being a rental voucher holder.³ Similarly, Rob Leuchs of Champlain Housing Trust in northwest Vermont notes, "In the last 4 years we've had 14 people have foreclosure proceedings begin against them and none of them are section 8 voucher holders... they're not a foreclosure risk."⁴

Interviewees attributed this success to the fact that there are many steps in the process to make sure participants are fully equipped and prepared to own a home. And most critically, in the event that a homeowner's income is reduced — for instance if their hours are cut or a job is lost — and they can no longer afford their calculated portion of the housing payment, the housing authority would make an adjustment and increase the housing authority mortgage support for the remainder of the term. This is an essential support that non-subsidized homeowners simply do not have access to. As one survey respondent notes: *"I think it's great to have a chance at home ownership. Without this program it wouldn't happen."*⁵

Despite the many voucher homeownership purchasers who are able to sustain their homeowner status long-term, the true cost of homeownership is not just the mortgage but maintenance as well. Long-term stability for homeowners means being able to prepare for and absorb needed maintenance, upgrades, and adjustments to ensure that one's home meets

one's needs. When survey participants who have gone through a voucher homeownership program were asked to identify what has been hard or what challenges have been faced as a result of homeownership, several respondents named maintenance and associated costs.

It is important to remember that for many households with low-incomes, entire savings are often wiped out to purchase and furnish a home. This means that little, if anything, is left over to address unexpected issues post-purchase. Getting into a comfortable position to resume building up savings takes a good deal of time, even for those with fewer financial constraints. Post-purchase counseling and connections to resources like the Chicago Furniture Bank to assist with the cost

"I thank the Housing Authority/government for this program; it has made me better at motherhood, financial management and the opportunity to raise my children in a neighborhood that they will/can strive and have a better shot at being successful individuals."

SURVEY PARTICIPANT⁶

1. Rose Ann Zona, CTO Program Manager, Chicago Housing Authority. Interviewed by authors, November 2020.

2. Claudia Tiscareno, Program Manager FSS, Mobility, Homeownership. Housing Authority of Cook County. Interviewed by authors, November 2020.

3. Jedediah Jackson, Director of Client Services, and Carol Griffin, Homeownership Counselor at Housing Authority of New Orleans. Interviewed by authors, March 2011.

4. Rob Leuchs, Director of Homeownership Center at Champlain Housing Trust. Interviewed by authors, February 2021.

5. Survey participant. Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents Survey. Chicago Area Fair Housing Alliance. February 2021.

6. *Ibid.*

of furnishing a home, can help alleviate some of the burden by providing resources that can help lower housing costs, assist with maintenance, and regain financial stability. However, this knowledge could be even more powerful when layered with connections to homeownership networks and access to non-profit or lender provided “rainy day” funds, grant programs, or no- to low- interest loan products to assist with repair and modifications. Currently, in Cook County there are limited options for securing home repair assistance and service providers interviewed for this project note that maintenance issues are the number one factor jeopardizing long-term homeowner stability for low-income households. At particular risk are households who experience maintenance issues shortly after purchase who have just dipped into their savings to purchase the home, have not yet built equity to borrow against, and have few options due to the limitations of grant programs.

Beyond barriers related to maintenance and repair issues, there must also be recognition of the role played by inequitable assessment and funding of public services through residential property taxes, as a report released last year by the Washington Center for Equitable Growth helped quantify. According to the report, even “holding jurisdictions and property tax rates fixed, Black and Hispanic residents nonetheless face a 10–13% higher tax burden for the same bundle of public services.”¹ Property tax relief for borrowers in this program should be intentionally addressed to further support durable homeownership.

1. Avenancio-Leon, Carlos, and Troup Howard. The Assessment Gap: Racial Inequalities in Property Taxation. *Washington Center for Equitable Growth*. February 2020.



“Having a stable place to call home is the best gift a mother can give to a child.”

UNTAPPING THE POTENTIAL

SURVEY PARTICIPANT²

The potential for PHA homeownership programs to transform the economic outcomes of households across generations is vast but significantly underutilized. Research including interviews and surveying of rental and homeownership voucher program participants paints a clear picture that expanding and improving these programs will better align with participants' needs. Further, interviews with PHA homeownership program contractors and PHA staff reinforce the need for ambitious investment into homeownership programs as a means to positively change lives. But not only can improved programming benefit individual households, it too can benefit entire communities and the affordable housing subsidy infrastructures at large.

Rental vouchers have become the federal government's largest program to address the nation's affordable housing crisis. As with most welfare assistance programs, the underlying goal is to eliminate the need to participate in the program entirely. But with a housing affordability crisis rooted in deeply steeped racism, income inequality, classism, ableism, stagnant wages, and reliance on a private profit-driven rental housing market, rental vouchers alone cannot meet the vast and urgent need for housing and also provide the supports to reduce program need in the long-term. Currently, only a quarter of households who qualify for vouchers are able to obtain them due to high need and demand in markets across the country.¹ In fact, HUD's Office of Policy Development and Research found that across age groups, length of HCV assistance is increasing,

meaning waiting lists for new households, particularly in larger markets, grow ever longer.³ Part of the issue is that a rental voucher can assist a household with affording this month's rent, but it cannot control what next month's or next year's rent will cost. This, in addition to the reliance on private landlords who can ultimately refuse to rent or displace current renters with limited safeguards, means that housing authorities cannot truly provide for stable and consistent housing options. Or in other words, as rents increase there are only two possible outcomes, either invest more funding in the voucher program to maintain the status quo, or keep funding static and provide less households with vouchers to afford rent increases. Neither option results in an improved outcome. However, by increasing the number of homeownership vouchers that come with predictable and consistent housing payments, cost savings to the PHAs should free up additional resources to either offer more vouchers or afford rising rents.

While the need for greater investment in the rental voucher program is glaringly evident, there is also a need for innovation and a seismic shift in how we view, value, and deliver services to voucher program participants. Many voucher holders desire homeownership and an opportunity to access a tangible path to the elusive “American Dream.” In addition, for Black households, there is an urgent need to reverse the tide of government generated wealth stripping.

Increasing the number of homeowners in the voucher program could also save on costs as many

1. *The Joint Center for Housing Studies at Harvard, America's Rental Housing Report 2020*

2. *Survey participant. Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents Survey. Chicago Area Fair Housing Alliance. February 2021.*

3. *The U.S. Dept. of Housing and Urban Development, Office of Policy Development and Research, Length of Stay in Assisted Housing. October 2017*

localities across the country face high rents that are climbing with no bounds. But with increased investment in the homeownership program, with every payment made, the mortgage principal will decrease and the participant and their family's wealth will grow. The program's administrative burdens should also decrease since the purchase is a one-time move, whereas those in the renter program could theoretically move every year, requiring paperwork and processing in order to approve units and landlords, and set up payments. Importantly, for households requiring home modifications to meet accessibility needs, making one home fully accessible instead of going through the long and often frustrating process to modify rental units with every move, offers significant cost saving potential and can alleviate unnecessary hindrances for people with disabilities.

Increasing homeownership vouchers is in effect an investment of public funds into members of the public—voucher participants and their families for generations to come. To that end, and in consideration of the noted barriers to homeownership, report authors and voucher participants developed a list of recommendations to a variety of stakeholders. The recommendations are aimed at repairing past harms and scaling up homeownership opportunities through existing HUD programming to expand housing choice and opportunities for intergenerational wealth building.

“To be the first in my family to pass on ownership would be an honor.”

SURVEY PARTICIPANT¹

RECOMMENDATIONS

Recommendations to HUD:

To create opportunities for PHA homeownership program expansion, HUD must intentionally invest in the program and provide greater guidance and resources to local housing authorities across the country.

- **Work with Congress to allocate dedicated resources for PHA homeownership programs that are independent from Housing Choice Voucher program allocations. Such resources are needed both to increase the financial capacity of PHAs to support voucher participants' transition into homeownership and to bolster administration of the homeownership program, including PHA staff capacity.**
- **Work with PHA industry groups, such as the Council of Large Public Housing Authorities, National Association of Housing and Redevelopment Officials, and Public Housing Authorities Directors Association, to generate discussion and interest in the homeownership program, including building a forum or guide for housing authorities to learn best practices about starting, maintaining, and innovating programs.**
- **Increase HCV homeownership program technical assistance offerings under HUD's Community Compass program. Technical assistance could include best practices and lessons learned from PHAs with existing programs, along with resources and tools for supporting voucher holders through the homeownership process, and building relationships with lenders and community organizations to bolster program success.**

Conduct an audit of the homeownership program regulations to identify areas that can be amended for greater accessibility and success. For example, consider:

- **Amending regulations to increase the types of properties that are eligible for purchase, including 2-unit buildings.**
- **Assess Housing Quality Standard inspection requirements to identify inefficiencies and**

¹ Survey participant. Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents Survey. Chicago Area Fair Housing Alliance. February 2021.

redundancies. Where possible, increase the number of homes available for purchase through the program and decrease time to home purchase closing.

The debate about whether HQS inspections are overly paternalistic or whether they provide needed safeguards continues, and authors do not propose a definitive answer here. Voucher holders should be deeply engaged in a HUD assessment to determine whether this process is more of a help or a hindrance, and whether those dollars could be reallocated to more efficient ends.

- Assess the impacts on long-term homeownership stability of the 10-15 year cap on the subsidy.

■ Create specialized FHA loan products designed to work with HCV homeownership programs. Possible examples:

- Eliminate costly Private Mortgage Insurance (PMI) requirements for FHA borrowers whose mortgage payments are guaranteed by the HCV program.
- Eliminate or modify credit score requirements for all HCV Homeownership participants.
- Create opportunities to allow HCV homeownership programs to have streamlined access to purchase FHA foreclosed homes.
- Allow HCV participants to access rehab home loan products such as a modified FHA 203(k) loans and allow for especially flexible loan products if it is to purchase an FHA foreclosed property.
- For those participants receiving 30 years of assistance payments for whom payment is guaranteed through the entirety of the loan term:

Eliminate PMI.

Eliminate credit score requirements.

■ Coordinate efforts across all of HUD's LMI homeownership programs to ensure better outcomes for each.

Whether homeowner initiatives are as large as the HOME Investment Partnership Program (HOME) to smaller programs, such as HCV homeownership programs, Public Housing Homeownership or even the Good Neighbor Next Door Program, HUD can more effectively help participants and

communities confront persistent barriers to homeownership for LMI borrowers if there is information sharing and guidance about grants, deferred-payment loans, below-market-rate loans, or loan guarantees that exist in communities across the country.

Recommendations to the Illinois General Assembly:

- Implement property tax relief for buyers securing a home through this program. One promising approach may be to amend 35 ILCS 200 Section 15-65 (Charitable purposes) to allow automatic exemption from property taxes as certified by the PHA that the property is owned by the borrower participant in this program. Another approach may be to allow borrowers participating in these programs to be included as eligible for a similar benefit as those receiving the Illinois Long-Time Occupant Homestead Exemption. The exemption limits a home's year-to-year EAV increase to either 7% or 10%, depending on income and is open to homeowners earning less than \$100,000 annually.

Recommendations to Park Forest Housing Authority, Housing Authority of Oak Park, and Cicero Housing Authority:

- Consult with HACC, CHA, and other technical assistance providers to establish a homeownership program mirrored after successfully established programs.

Recommendations to HACC and CHA:

- Increase marketing and awareness of the homeownership programs. Ensure that voucher holders know about the program when first enrolling with the housing authority and are reminded about the program at frequent intervals.
- Review orientation trainings and materials for opportunities to enhance motivational content. For example, bring in speakers who successfully purchased homes through the program or develop videos with past success stories. The Montgomery County Housing Authority notes that "The most powerful part of the MCHA homeownership briefings" is video content showcasing MCHA homebuyers and their path to homeownership.¹

1. Dennis, Morgan, and Linda Pastilli. Housing Choice Voucher Homeownership Program Guidebook. Office of Public and Indian Housing, US Department of Housing and Urban Development. N.d.

■ **Enhance partnerships to increase affordable home options. For example, housing authorities across the country have found success in partnering with local community land trusts to create more affordable options for homeownership. A standout example is the Champlain Housing Trust, the largest in the country that partners closely with the local housing authority homeownership programs.**

- In Chicago, the Chicago Community Land Trust can be a vehicle for partnership in high-cost areas of the city. Although the CCLT is strategically focusing on building a more diverse portfolio of housing options, historically, the stock of housing was predominantly smaller size units and condos. For smaller households or those looking to own in and around downtown, this poses an opportunity for the CHA, as these geographic areas are typically out of reach for lower-income households. While the CCLT program is compatible with the CHA's Choose to Own Program, over the past 3 years no CTO participants have purchased with CCLT, although the CCLT did certify a CTO participant as eligible to purchase a CCLT unit in May of 2021 and hopes this will be the first of many more to come.¹ The CHA should explore opportunities to connect CTO participants to the CCLT program when appropriate, and stay in close communication with CCLT staff as the program has been expanding to include more single family and larger homes across the city, so that these opportunities can be marketed to CHA participants.
- In Cook County, HACC should explore opportunities to partner with the Cook County Land Bank to identify third party, mission driven developers who can bring land bank homes into compliance with HUD requirements for purchase by HACC homeownership participants.
- Both CHA and HACC should increase strategic non-profit partnerships to support voucher holders through the process and link home seekers with affordable home options. For example, Lawndale Christian Development Corporation in Chicago is a member institution bolstering United Power's 1,000 Homes Campaign and could

benefit from CHA partnership to get voucher holders into a position to purchase homes affordably in North Lawndale.

- **Partner with philanthropy and nonprofits to launch a peer "Homeownership Mentor" program.**
 - Modeled after the "Community Navigator" or "Promotores" program, where community members receive specialized training to provide peer support, information, and services to their communities and serve as liaisons between community members, service providers, and government entities.² Homeownership Mentors should be trained, equipped with resources, support, and supervision, and compensated for their time. This would not only expand the administrative capacity for the homeownership program and address some of the recommendations coming directly from voucher holders to create peer support networks, but would also create an income generating opportunity for those who have successfully gone through the program and put Mentors on a track to becoming housing industry professionals if so desired.
- **Increase outreach and education to lenders. The PHA homeownership program can and should be promoted to lenders as a vehicle for meeting their CRA goals and lenders need to be better informed of how to incorporate voucher payments as income. Also, one of the single most pervasive barriers to homeownership is credit score requirements. Work with lenders to promote alternatives to traditional credit score reviews when determining creditworthiness. As credit requirements for lenders become less restrictive, assess and relax program requirements related to credit score thresholds as well.**
- **On an annual basis, review programmatic requirements and determine areas where HUD allows for greater flexibility and adjust program accordingly to ensure the least restrictive requirements at all times. Additionally, convene voucher holders to assess the opportunities and barriers to the homeownership program as well as internal data on program success, and adjust program as necessary. Part of this annual assessment should include conversations**

1. Jennie Fronczak, Executive Director, Chicago Community Land Trust. Interviewed by authors, March 2021.

2. National Partnership for New Americans. Community Navigators. Accessed April 2021. <https://partnershipfornewamericans.org/community-navigators/>

with successful home purchasers to better understand common post-purchase issues to create programming and supports in response. For example, maintenance issues are a noted barrier post purchase, in response, the Louisville Housing Authority provides incentives for homeowners who make monthly deposits of \$15.00 for two years (\$360) into a maintenance fund and complete a post-purchase workshop. The Louisville Housing Authority will then deposit double the homeowner's contribution (\$720) and pay for 2/3 of any approved expenditure. At the end of the two years, the homeowner receives a check for the balance and is encouraged to set up their own account and continue the monthly payments for future repairs and expenses.

Recommendations to CHA as a Moving to Work (MTW) Agency:

- Immediately address conflict with HUD's requirement to impose the same payment standards to the homeownership program as to the rental program regarding exception payment standards under CHA's "Mobility Program." Assess and quantify the past harms caused by this conflict and how it has potentially restricted homeownership and wealth-building opportunities for otherwise qualified voucher holders, and develop a plan to address these harms, ideally with input from voucher holders.
- Partner with a housing research group to conduct a thorough investigation into the barriers placed on potential homebuyers by current HUD regulations, and implement any relevant MTW activities that can decrease barriers to homeownership in general, increase housing choice, and create opportunities for long-term wealth accumulation by Choose to Own purchasers.

Recommendations to Lenders and Real Estate Professionals:

- Increase work with PHA's to better understand the voucher program and adapt loan products to the needs of voucher participants. The Homeownership Voucher Program can and should be used to meet CRA goals.

- Institute alternatives to traditional credit score reviews when determining creditworthiness for purchasers with subsidies that mirror source of income protections and guidance in Cook County regarding use of income when calculating ability to meet requirements.¹
- Create a low- to- no interest loan product for housing maintenance accessible to and marketed to voucher holders.
 - Expanded CRA investment tools and lending partnerships could significantly enhance the ability of this program to help assisted tenants realize their dream of stable homeownership. Beyond offering mortgages, banks could boost mobility and mortgage sustainability among homebuyers in this program by funding down payment assistance in the form of a grant or forgivable zero interest loan, which may be particularly critical to helping prospective buyers afford homes in a broader range of areas. Additionally, banks could increasingly partner with PHAs to offer low- or no-interest rainy day loan products to help program participants weather financial emergencies related to home repairs that should be available for the life of the mortgage. Even with policy debates about what counts for CRA credit and the amended requirements under OCC, these funding uses have consistently been core to eligible credit under CRA exams.
- Launch a Real Estate Restitution Program for Black households that is inclusive of voucher holders:
 - An example of structuring a restitution program for further review and consultation with those directly impacted includes:

The Chicago Association of Realtors has 16,538 members (2020) who are real estate agents, appraisers, brokers, and leasing agents currently paying annual membership dues of \$887 - \$1,290 per year, depending on membership category. A roughly \$60.00 additional annual fee paid into a Real Estate Restitution Program could generate almost \$1,000,000.00 in down payment assistance funds. At \$10,000 per household, this could provide 100 down payment assistance grants per year. A \$150 annual fee per member could

¹ See Cook County Department of Human Rights 2013 memo on the equation of requiring voucher holders to have three times the amount of rent in monthly income to discrimination on the basis of Source of Income.

generate close to \$2.5 million and provide \$20,000 in down payment assistance to 125 households per year.

Such a fund would be a concrete step in acknowledging and remediating the effects of past harms committed against Black Americans through redlining, speculative land valuing and blockbusting, contract selling, illegal steering, and other once-common and/or once-official practices of national and local real estate industry professionals that decimated the ability of Black households to gain, build, and pass down wealth through the decades. Now is the time to do more than apologize, but to actually reverse the course of harm. A restitution program that is inclusive of voucher holders, could open the door to homeownership for those otherwise locked out of such opportunities.

APPENDIX

Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents

* 1. Do you have a housing choice voucher or live in public housing?

- Yes
- No
- I had a voucher or lived in public housing, but do not anymore
- Not Sure
- Other (please specify)

* 2. How long have you had your voucher or lived in public housing?

- Less than 1 year
- 1 - 3 years
- 3 - 6 years
- 6 - 10 years
- 10 - 15 years
- More than 15 years
- Other or more information:

* 3. What city or neighborhood do you currently live in?

4. What is your zip code?

* 5. Which Housing Authority is your current or former voucher/housing from?

Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents

* 6. Have you heard about the Housing Authority homeownership program?

- Yes
 No

Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents

7. How did you hear about the homeownership program? Choose all that apply:

- Pamphlet
 Website
 Friend, family, or personal contact
 Other (please specify)
- Housing authority staff member
 At a housing authority briefing

* 8. Have you participated in the homeownership program or taken steps to purchase your own home with the help of the Housing Authority?

- Yes
 No

Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents

* 9. Were you successful in purchasing a home with the help of the Housing Authority?

- Yes
 No

Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents

* 10. What was most helpful about the Housing Authority's homeownership program? Select all that apply:

- Financial or credit counseling
- Legal services
- Training on being a new homeowner
- Housing inspections
- Accessing grants or down payment assistance
- Other (please specify)

* 11. Are you happy with your decision to become a homeowner?

- Yes
- No

Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents

12. What about being a homeowner has been good for you and your family?

13. What has been hard about being a homeowner or what challenges have you faced?

Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents

Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents

* 19. Why have you not participated in the homeownership program?

- I am not interested in becoming a homeowner
- I do not have the time to participate in the homeownership program
- I am interested in the homeownership program, but I am worried that I will not meet the requirements (like income, credit score, downpayment, etc.)
- Other (please specify)
- I tried to participate in the homeownership but could not get the information or help I needed
- I tried to participate but was told I do not qualify

Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents

* 20. Do you want to become a homeowner?

- Yes
- No
- Not Sure

21. How would owning a home make your life different?

* 22. Of the following, which do you believe would make it difficult for you to be a homeowner ? Check all that apply:

- Credit Score
- Down payment for a home
- Employment
- Finding a home that is affordable
- Other (please specify)
- Finding a home in the neighborhood I want
- Having enough savings to handle costs, like home repairs
- N/A I do not want to be a homeowner

Homeownership Opportunities for Housing Choice Voucher Holders and Public Housing Residents

* 23. Of the following, what do you think the Chicago housing authority and/or Housing Authority of Cook County can do to make homeownership options more available? Check all that apply:

- Provide more information about the homeownership program and how to participate
- Provide more support like counseling, and credit repair services
- Provide more information about how to be a successful homeowner
- Provide more financial support like down payment assistance or home repair funds
- Other (please specify)

24. Anything else you would like to say about the homeownership program?

25. Would you like to be entered into a raffle to win a gift card for your participation in the survey?

- No
- Yes, my contact information is (enter below):



The **Chicago Area Fair Housing Alliance (CAFHA)** is a 501(c)(3) non-profit consortium of fair housing and advocacy organizations, government agencies, and municipalities. CAFHA works to combat housing discrimination and promote equitable place-based opportunity through education, advocacy, and collaborative action.

Learn more: cafha.net