

# Pritzker Administration Launches Two New Homebuyer Assistance Programs

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CHICAGO – Today, Governor JB Pritzker announced the creation of two new programs designed to help bring additional assistance to working class families and underrepresented communities of color across the State of Illinois. Offered by the Illinois Housing Development Authority (IHDA), the SmartBuy and Opening Doors programs were designed to aid communities of color, which have historically endured many barriers in their path toward homeownership. These programs will help contribute the financial assistance necessary to begin addressing pitfalls that traditionally have created financial barriers, with a goal to provide equal opportunities for all Illinois residents. Both programs launch December 1, 2020 and will continue until funding is exhausted.

"One of the biggest obstacles to buying a home is saving enough money for a down payment, which is increasingly difficult when saddled with student loan debt and taking care of a family," said Governor JB Pritzker. "The Smart Buy and Opening Doors mortgage assistance programs will help bridge the financial gap that has historically prevented certain communities from owning a home. While we cannot undo past harms that resulted in barriers to home ownership for too many Illinoisans, my administration is committed to providing assistance that will allow more people to reach this goal."

While many people are taking advantage of low interest rates and purchasing a home, multiple studies have shown that access to homeownership continues to be out of reach for specific populations. For example, a June 2020 story by WBEZ and City Bureau found that for every \$1 banks loaned in Chicago's white neighborhoods, they invested just 12 cents in the city's Black neighborhoods and 13 cents in Latino areas.

To further compound that, Illinois Treasurer Michael Frerichs reported that 17% of Illinois residents – more than 2 million people – carry student loan debt, the average value of which is \$29,855. A 2018 study by the University of Illinois found that outstanding student loan debt negatively impacts wealth accumulation for all borrowers (regardless of their race), but the impact is especially significant for Black and Latinx borrowers.

"Governor Pritzker made a promise after his election that he would work to remove barriers and make housing safe, affordable, and stable for everyone regardless of race, ethnicity, gender or immigration status," said IHDA Executive Director Kristin Faust. "These programs are a direct result of the Governor's public charge to invest in Illinois' people and communities and we look forward to increasing homeownership opportunities for those who thought owning their own home was out of reach".

Both programs were created using appropriations allocated to IHDA in Governor Pritzker's bipartisan Rebuild Illinois capital plan and will continue until funds run out. Borrowers must meet all eligibility requirements established for IHDA's DPA

programs, and homebuyer education is required. The program is not exclusive to first-time buyers and may be used by buyers in any county in the state.

"The COVID-19 pandemic has shined a light on the difficulties that communities of color face when it comes to purchasing a home," said State Senator Cristina Castro (D-Elgin). "Since staying at home is such an important factor in the fight against COVID-19, it is imperative to find a way to help disadvantaged people afford a home. These new programs will help give a boost to the communities that need them the most."

"It's no question that communities of color have been hit the hardest by the COVID-19 pandemic, and so many are struggling to cope with the economic, public health and societal crises that arose from it," said State Senator Robert Peters (D-Chicago). "These new programs will boost up the people who need help the most, and I encourage anyone who is thinking of buying a house but is unsure if they can afford it to make use of them."

**SmartBuy: IHDA Mortgage SmartBuy** will provide a safe, affordable 30-year fixed rate first mortgage with a deferred \$5,000 for down payment and/or closing cost assistance. In addition, the program will provide 15% of the purchase price (up to \$40,000) in assistance for student loan debt relief to borrowers looking to buy a home and help build generational wealth

Potential borrowers must have at least \$1,000 in student loan debt and must pay off their full remaining student loan balance at closing. The promissory note and deed restriction will have a term of 3 years, and if the borrowers sell the property within that time, they will need to sell to another borrower within IHDA's income and purchase price limits.

"First-time homeownership is exactly what our fragile economy needs right now. At a time when student loans are an obstacle for so many young people - especially in communities of color - the innovative SmartBuy Program will turn this debt into an opportunity for younger generations to buy a home and invest in their future, said State Representative Bob Morgan (D-Deerfield). I am proud the Governor is taking up the cause and joining in championing issues that can help our young families in Illinois."

The program is expected to assist approximately 500 to 1000 borrowers.

**Opening Doors: IHDA Mortgage Opening Doors, or Abriendo Puertas**, is designed to increase home purchase accessibility for low- and moderate-income qualified homebuyers across Illinois. This includes Deferred Action for Childhood Arrivals (DACA) recipients, who pay hundreds of millions in federal, state and local taxes, yet

struggle to find mortgage lenders and programs that will work with them. IHDA will provide a 30-year 1st mortgage with a fixed interest rate and \$6,000 in down payment and/or closing cost assistance. The down payment assistance is forgiven after five years.

“These are incredibly trying times for so many people we represent. Programs like Opening Doors and Smart Buy are another way legislators like me can work with Gov. Pritzker’s Administration to reach our constituents and provide them the direct help to become homeowners, stay in their homes and provide for their families, said State Representative Lindsey LaPointe (D-Chicago). This is exactly the kind of investment we should be making with our capital dollars. I look forward to promoting this program in the 19th House District and helping give more families the support they need to make Illinois and the Northwest Side of Chicago their long-term home.”

The program is expected to assist approximately 6,000 borrowers.

Interested homeowners can find additional information and a list of the nearest participating lenders at: [www.ihtdamortgage.org](http://www.ihtdamortgage.org).