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MAYOR DALEY ANNOUNCES COMMUNITY LAND TRUST TO ENSURE LONGTERM HOUSING AFFORDABILITY

Mayor Richard M. Daley said today he will ask the City Council to approve an ordinance establishing a Chicago Community Land Trust to ensure that affordable homes and apartments remain affordable when they're sold by the initial owner.

"This is part of our ongoing commitment to provide high-quality affordable housing for the people of Chicago, so that our city can remain affordable for people of every age, income and background," Daley said at a news conference at the new Kedzie Townhomes, 1752-56 N. Milwaukee Ave

The seven-unit development will be the first to be part of the Chicago Community Land Trust, which will guarantee that the housing units remain affordable for generations to come.

City programs have created and preserved more than 125,000 units of affordable housing since 1989, generally by providing subsidies to create new housing units, sometimes in appreciating or high-priced markets.

"Yet we continue to face a serious challenge," the Mayor said. "How do we make the subsidy last beyond the first homebuyer?"

"When the family who first bought the subsidized unit moves out, they are unlikely to sell to a low-or-moderate-income family. That's a step backward in our effort to increase the amount of affordable housing in our city. And the challenge grows larger as the pool of federal affordable housing resources decreases."

Under the Community Land Trust, the land beneath a home is leased to the homeowner through a long-term renewable ground lease. When the homeowner decides to move, he or she can sell the home for an amount determined by the resale formula set forth in the ground lease.

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If the unit is a condominium, the resale formula is set forth in a long-term deed restriction, which works like the ground lease to maintain long-term affordability of the unit.

When the Community Land Trust designs the resale formula, it will balance the need to give homeowners a fair return for their investment with the need to keep the price affordable for the next low-or-moderate-income buyer.

The Community Land Trust is modeled on the Chicago Low-Income Housing Trust Fund. It will be established as a nonprofit corporation with a Board of Directors appointed by the Mayor, with the advice and consent of the City Council. It will be administered and staffed by the Chicago Department of Housing.

Daley thanked the John D. and Catherine T. MacArthur Foundation for providing a three-year, \$396,000 grant to cover start-up costs for the trust, which is expected to become self-sustaining within three years. He said his goal is to bring 300 units into the Trust's portfolio during the first three years.

Daley's ordinance would make Chicago the first big city in the country to create a citywide community land trust. The ordinance was prepared in consultation with an advisory group whose members represent community-based and faith-based organizations, as well the legal, financial, and philanthropic sectors of Chicago.

Kedzie Townhomes was developed by Hispanic Housing Development Corp., which converted a building originally designed as a group home into six four-bedroom town homes with full basements and one two-bedroom apartment for very-low-income families.

The units will be sold to families earning less than 60 percent of median income, which means an annual income of no more than \$45,250 for a family of four.

The development was built under the City Department of Housing's New Homes for Chicago program, which provided subsidies of up to \$40,000 to make the homes affordable at a price \$150,000. The Illinois Housing Development Authority also provided subsidies of up to \$40,000.

The project also used donations tax credits. Additional financing was provided by LaSalle Bank, Harris Bank, Marquette Bank, Countrywide Home Loans and U.S. Bank.

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