



Woodlawn Construction Loan Fund

Virtual Information Session
Wednesday, October 13, 2021
10:00am - 11:00am

10/13/2021

Welcome

Speakers

- **Aaron Johnson**, Project Manager, Department of Housing at City of Chicago
- **Phillip L. Moore**, Senior Loan Officer, Community Investment Corporation
- **Jonah Hess**, Director of Community Initiatives, Inc., Community Investment Corporation
- **Moderator**
 - **Katie Elmore**, Manager of Business Development and New Programs, Community Investment Corporation



Community Investment Corporation

CIC's mission is to be a leading force in affordable housing and neighborhood revitalization through innovative financing, programs, and policy leadership

- Chicago's multifamily rehab lender
- Preservation of rental housing is the core business of CIC



Introduction

- Woodlawn Housing Preservation Ordinance created new programs and directed existing ones into the Woodlawn community area.
- CIC is implementing the Woodlawn Construction Loan Fund as a new loan program.
- Eight banks contributed low cost capital through program related investments or grants:

- 1) Byline Bank
- 2) Beverly Bank & Trust
- 3) CIBC Bank
- 4) First Midwest Bank

- 5) Fifth Third Bank
- 6) JP Morgan Chase
- 7) TCF National Bank
- 8) Wintrust Bank



Woodlawn Housing Preservation Ordinance Overview

CIC Woodlawn Loan Fund

October 13, 2021



Housing Woodlawn Housing Preservation Ordinance Goals

1

Create new rental and for-sale housing opportunities that are **affordable** to households at a range of incomes

2

Ensure that existing housing stock offers **good quality housing** for residents

3

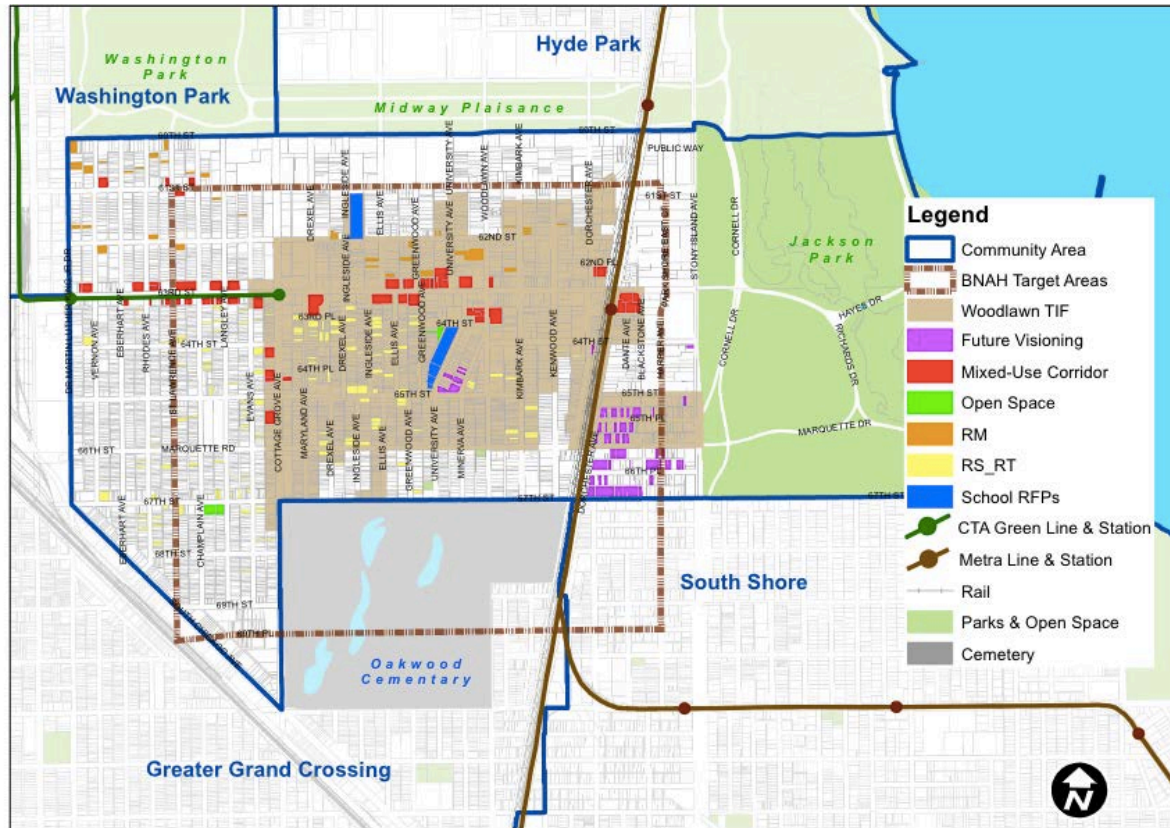
Promote housing options to support **equitable and inclusive income diversity** in Woodlawn

4

Support **economic development** opportunities

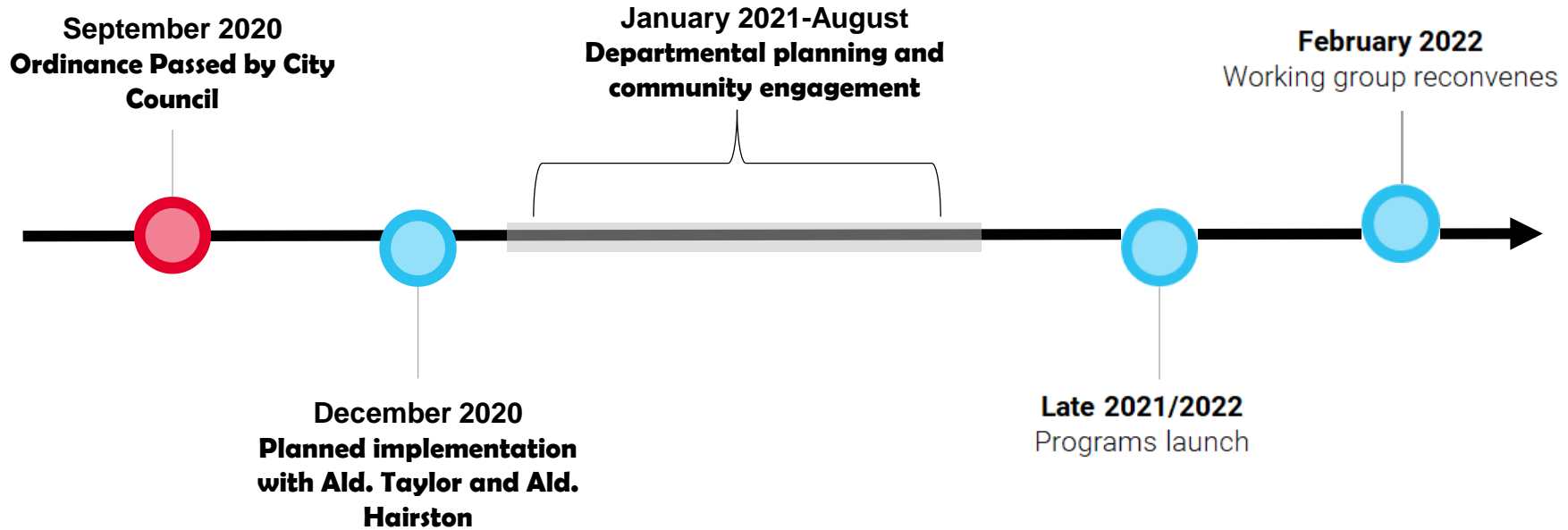


Housing Woodlawn Community Area





Housing Ordinance Timeline





Housing Programs in the Ordinance

Target population	Program name	Program description
Current Homeowners	Chicago Community Land Trust Opt-in	No income requirement for homeowners. Owners can qualify for \$30,000 home improvement grant and property tax reduction
	Long-term Homeowner Improvement grant	120% AMI and homeowners for at least 5 years for up to \$20,000 home improvement grant
Renters	Tenant Right of first refusal	Tenants in buildings with 10+ units rents set at 60% AMI for 30-years
New Homeowners	Renew Woodlawn	Cannot exceed 120% AMI targeting those below 100%AMI for down payment assistance
	Building Neighborhoods and Affordable Homes	Homebuyer income cannot exceed 120% AMI for down payment assistance up to \$60,000 for City Lots for Working Families homes
Developers	Neighborhood Hiring Plan/Local Developer	Residents of Woodlawn and developers from Woodlawn preference in development projects stated in the ordinance
	City Lots for Working Families	Homebuyer income cannot exceed 140% AMI and home prices cannot exceed 120% AMI for new home construction on city-owned land
	Woodlawn Loan Fund	For sale homes cannot exceed 120%AMI and rents cannot exceed 80% AMI for buildings constructed from the low interest construction loan fund
	Development on City Owned Land	Buildings with 6+ units restricted lots for low-income people
	Preserving Existing Affordable Rentals	Buildings with 6+ units 20% of units are affordable through private debt refinancing

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BY THE NUMBERS Since 1984

\$1.5 billion
loaned
2,500
loans financed

63,000
units rehabbed



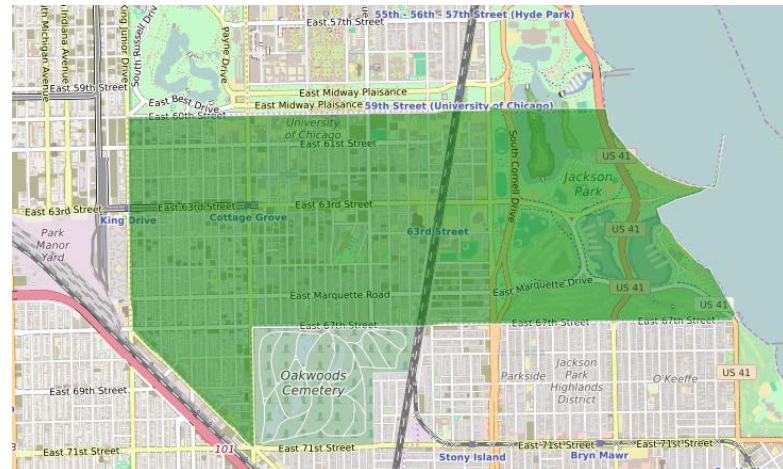
homes for
157,000 low and
moderate income people

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Loan Products

CIC offers two low-cost products to local developers:

- Multifamily Rental product
- Single family 1-4 for-sale product



**Program area is the entire Woodlawn Community Area*

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Rental Loan Terms

5+ unit buildings that are eligible for takeout funding by CIC.

Interest Rate:	2.5% during the construction period
LTC/LTV:	Up to 90% and up to 90% post-rehab LTV. Perm Debt underwritten at 1.15x debt cover
Loan Term:	Up to 24 months
Security:	Recorded mortgage lien
Permanent Debt:	Could be provided by CIC at current interest rates or third party lenders
Affordability:	50% of units provided at rents affordable at or below 80% AMI for 10 years; <80% AMI income verification at initial tenant move-in

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Multifamily Rental Affordability

- **Affordability:** 50% of units provided at rents affordable at or below 80% AMI for 10 years; <80% AMI income verification at initial tenant move-in

Household Size	80% Area Median Income (Effective April 1, 2021)*
1	\$52,200
2	\$59,650
3	\$67,100
4	\$74,550
5	\$80,550

Number of Bedrooms	Maximum Rents Affordable at 80% AMI**
0	\$1,273
1	\$1,354
2	\$1,622
3	\$1,872
4	\$1,627
5	\$2,295

- Borrower signs an agreement with the City

*https://www.chicago.gov/city/en/depts/doh/provdrs/renters/svcs/ami_chart.html

**https://www.chicago.gov/content/dam/city/depts/doh/general/2021_Rent_Limits.pdf

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Example Multifamily Rental

WLF Multifamily Loan Product:		
62 nd and King Dr.		
Project: 8 units apartment building	Amounts	
Purchased		\$ 200,000
Construction Cost		\$ 438,000
Contingency		\$ 43,800
Soft Cost		\$ 37,238
Holding Cost		\$ 37,294
Total Project Cost		\$ 756,332
(WLF) <i>financed up to 90% LTC</i>		\$ 675,000
Equity Contribution:		\$ 81,332
Notes:		
1. The developers agreed to 50% of units being affordable requirements: 4 units for 10 years at or below 80% AMI		
2. Annual reporting for tenant income verification		

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Single Family, 2-4 Unit For Sale Terms

*Single-family construction (for buildings with **1-4 units** intended for sale to owner occupants)*

Interest rate: 2.5% (or such other rate as may be agreed to by CIC and the City during the construction period)

LTV/LTC: Up to 90% loan-to-cost, not to exceed 70% loan to value

Loan Term: Up to 12 months (subject to extension in discretion of CIC)

Security: Recorded mortgage lien

Affordability: Sale to homebuyers <120% AMI

Rental Exit: Property can revert to rental at the request of the developer after six months of marketing a finished product.

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Single Family, 2-4 Unit For Sale Affordability

- **Affordability:** Sale to homebuyers <120% AMI
- Example home owner information:

Household Size	120% Area Median Income (Effective April 1, 2021)*
1	\$78,360
2	\$89,520
3	100,680
4	111,840
5	120,840

*https://www.chicago.gov/city/en/depts/doh/provdrs/renters/svcs/ami_chart.html

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Single Family, 2-4 Unit For Sale Example

WLF 1-4 For Sale Loan Product:	
Example Project: New Construction 2 Flat	
Project: 8 units apartment building	Amounts
Purchase Price of Land	\$ 45,000
Construction Cost	\$ 360,000
Contingency	\$ 36,000
Soft Cost	\$ 30,000
Holding Cost	\$ 20,000
Total Project Cost	\$ 491,000
<i>(WLF) financed up to 90% LTC</i>	\$ 441,900
Equity Contribution:	\$ 49,100
Potential Sale Price	\$ 550,000
*This example uses \$120 per sq ft. for construction cost	
**This example also uses 3,000 sq. ft. structure	
Note:	
A household size of 3-5 could qualify for this example with the additional rental income of \$1,300 per month.	

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Q & A

Contact loan officers about your project:

- **Phillip L. Moore**
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- **Kyle Harvey**
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www.cicchicago.com/woodlawn-construction-loan-fund