

# Lease Purchase Program

“CHN is really the national model for this [Lease Purchase]. Other organizations have the capacity, but not to the extent—in terms of volume and refinement—that CHN has achieved.”

—Tom Eastman, Vice President of Syndication  
Enterprise Community Investment



In 1987 Cleveland Housing Network (CHN) was the first program of its kind to link the Low-income Housing Tax Credit (LIHTC) with a lease-to-purchase option. This enabled CHN to begin developing homes on a large scale for families who would not otherwise achieve homeownership. Today, CHN is largest affordable single-family developer through the LIHTC. The program works as follows:

## Financing & Development

Each year CHN establishes site control of 50-100 scattered site single-family homes. A Limited Partnership is established, and an application is submitted for Low Income Housing Tax Credits through the Ohio Housing Finance Agency. Subject to a competitive process, CHN typically is awarded 1-2 projects annually. When development is complete, homes are turned over to CHN's Property Management department for lease-up and 15-year management.

## Application

Families apply for the program through CHN or one of its CDC partners. Prospective tenants must have incomes below 60% AMI and must complete homeownership classes before moving in. A typical resident is a single woman with 2-3 children and an income below 50% AMI. (Increasing their incomes while in their homes does not disqualify them from the program.)

## Shared Responsibilities

The program requires that residents provide basic, loving-care maintenance of their homes and yards. As owner, CHN handles larger maintenance and mechanical repairs, pays the water bill and property taxes.

## Preparation & Transition

CHN counsels residents for up to 5 years prior to home ownership. In Year 16 the home is sold for the outstanding debt, granting significant equity to the homeowner. To help buyers in the tough economic environment, CHN now offers closing cost assistance, IDA programs and short-term, self-financed loans at 0% interest. Combined, these tools can bring down the amount financed to \$10,000 or less.

## Lease Purchase Facts

(15-year pathway to homeownership)

Homes Developed:	2,882 <sup>1</sup>
Sold thru 2012:	765 <sup>2</sup>
Transition Rate:	85-90%
Median Sales Price:	\$18,500
Appraised Values:	\$30,000-80,000
Education & Counseling:	Every 6 mths for 1-5 years
Average Monthly Rent:	\$550

<sup>1</sup> Includes 143 homes that are pre-1987 (i.e., non-LIHTC lease purchase homes).

<sup>2</sup> As of 12/31/13. Only homes that have reached Year 16 (developed before 1998) are eligible for sale.