



Affordable Housing Investor Equity Fund

Executive Summary: CMHDC is raising a \$30 million social investment fund to acquire and preserve non-subsidized affordable housing in the Chicago region. CMHDC has over \$70 million of AUM in affordable housing that spans nearly 700 units. The Fund will target apartment buildings (12-50 units) located in emerging, gentrifying and appreciating areas and preserve them with affordable rentals. The Fund will keep rents for 75% of the apartments affordable for families making up to 80% adjusted Median Income (AMI) with 25% of the units rented to working families at other income levels. Investing in non-subsidized naturally occurring affordable housing is the most cost-effective way to preserve and create affordable housing.

The Problem

Chicago and Cook County face an affordable housing shortage with a deficit of 160,000 affordable units. The decline in affordable units over the last decade (10.2% since 2012) is leading to the displacement of families in gentrifying neighborhoods. New LIHTC construction can cost over \$600 thousand per unit, making development unfeasible.

The Solution: NOAH Preservation

Naturally Occurring Affordable Housing (NOAH) is not subsidized (market rate) and represents over 70% of affordable housing stock in Chicago. NOAH investment is a cost-effective means to preserve affordable housing at a significantly lower basis than new construction. CMHDC is uniquely positioned to acquire, maintain, and manage NOAH units.

Investment Opportunity

- The Fund will target multi-family buildings (12-50 units) in emerging, changing, and high-opportunity Chicagoland communities
- Deals will be capitalized with a mix of equity (30%) and debt (70%)
 - CMHDC has access to unique financing opportunities through its relationships with local community banks as well as new bank relationships.
- New acquisitions will undergo a value-add program managed by CMHDC's in-house construction management team
- At the end of the fund life, the properties will be refinanced to pay the fund investors their initial investment plus any additional return, and allow CMHDC to continue to own and operate the assets at an affordable rate.

Key Fund Metrics

- Fund Size: \$30 million
- Fund Life: 10 years
- Annual dividend distributed quarterly
- Sale Proceeds/Refinancing Proceeds: After full return of capital to Fund LP's, remaining proceeds may be split between fund investors and CMHDC (depending on agreement)

Other Fees:

- Asset Management Fee: 3% of revenue
- Acquisition Fee (Deferred)/Development Fee: 0.75%
- Construction Management Fee: 5% of rehabilitation costs

Target Investors

The Fund provides a compelling investment opportunity to organizations that want to make an impact in their community. Likely investors include but are not limited to:

- Regional and community banks looking to meet their Community Reinvestment Act (CRA) requirements
- Foundations & CDFIs
- State and local government agencies
- Large Corporations
- Social minded investors

About CMHDC

The Chicago Metropolitan Housing Development Corporation (CMHDC) as a nonprofit has a 25+ year history of owning and managing non-subsidized, naturally occurring affordable housing. The corporation owns approximately 700 multi-family units today that represent over \$70 million in estimated value. CMHDC has developed relationships with key stakeholders in Chicago including the City of Chicago, the Chicago Housing Authority, local and regional banks, the Illinois Housing Development Authority, and other nonprofits. This network of organizations has participated in transactions with CMHDC over the years and can attest for the strength of the organization.

Management Team

Rafael Leon, CEO: Rafael Leon is the Chief Executive Officer of CMHDC and is an experienced and recognized leader in affordable housing and nonprofits. His impressive career spans over 35 years including his decades at the helm of CMHDC and his prior work at the City of Chicago.

Russell Rydin, COO: Russell Rydin is the Chief Operating Officer of CMHDC and has over 30 years of innovation and leadership in affordable housing, real estate development, finance, government, and economic development.

Edward Lee, Director of Asset Management: Edward Lee has been with CMHDC since 2017 and serves as the Director of Asset Management with thirty years of experience in affordable and institutional commercial real estate investments, and with roles in asset management, acquisitions, lending, and appraisal.

Contact Details

Rafael Leon, CEO	312-422-1680	rleon@cmhdc.com
Russ Rydin, COO	630-866-6171	rydin@cmhdc.com

Typical CMHDC Properties



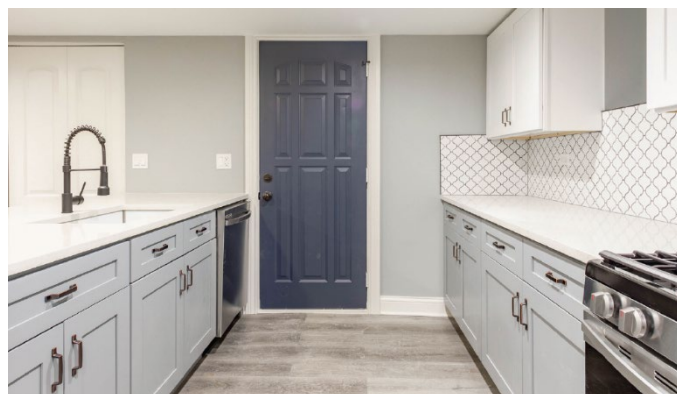
ACQUISITION WITH AN INVESTOR

WABANSIA APARTMENTS – CHICAGO, IL

Asset

- **Property Details:**
 - Address: 6221-6235 W Wabansia, Chicago, IL 10 Units Total; All Two Bed / One Bath
 - Asking rent ranges from \$1150-\$1400/month depending on unit
 - Property is 100% occupied
 - Purchase Price: \$1,140,000 (\$114,000/unit)
- **Business Plan:**
 - Property recently underwent renovation under previous ownership
 - Maintain rents at an affordable level for a working-class family (~\$1300-\$1500/month w/ 2-3% rent increases annually)
 - Financed the property with bank debt, investor equity, and CMHDC equity

General		
Units	10	
Purchase Price	\$1,140,000	
Price/Unit	\$114,000	
Capitalization		
Bank Financial A-Note	\$745,000	65.4%
Bank Financial B-Note	\$50,000	4.4%
Bank Financial Equity	\$114,000	10.0%
CMHDC Equity	\$231,000	20.3%
Economics		
T12 NOI	\$83,065	
Cap Rate	7.22%	



Wabansia Apartments is a 10-unit multi-family property located in the Galewood neighborhood of Chicago. CMHDC acquired the property in December 2024 with the intent to preserve the property's affordable rents.

The property was financed with Bank Financial who provided a \$745k A-note, \$50k B-note, and \$114k of equity. Bank Financial receives a fixed 3% return on their equity as well as CRA credit for their CRA qualified investment, loans and commitment to helping low-income families in the Chicago market.

Galewood, on Chicago's Far West Side, provides a quieter suburban experience with easy access to urban Chicago. The area has seen steady appreciation, with median home prices rising to \$357,000, an 8% increase year-over-year. Galewood offers local amenities like restaurants and delis as well as parks and green spaces and benefits from its close proximity to Oak Park. Three nearby Metra stations provide a 20-minute commute to downtown Chicago.

ACQUISITION WITH A GRANT

244 S MARION – OAK PARK, IL

Asset Description

- **Property Details:**
 - Address: 244 S Marion St. Oak Park, IL 60302
 - 10 Units Total; 6 One-bed; 4 Two-bed
 - Asking rent ranges from \$1,200-\$1,625/month depending on unit
 - Property is 100% occupied
 - Purchase Price: \$1,480,000 (\$148,000/unit)
- **Business Plan:**
 - Property recently underwent renovation under previous ownership. We will upgrade roof and boiler
 - Maintain rents at an affordable level for a working-class family (~\$1,400-\$1,700/month w/ 2-3% rent increases annually)
 - Financed the property with bank debt and grant equity from JP Morgan Chase

General		
Units	10	
Purchase Price	\$1,480,000	
Price/Unit	\$148,000	
Capitalization		
Bank Loan	\$1,080,000	73.0%
JP Morgan Grant	\$400,000	27.0%
Economics		
T12 NOI	\$84,804	
Cap Rate	5.73%	



244 S Marion is a 10-unit multi-family property located in the desirable Oak Park neighborhood about a 20-minute drive from the Chicago Loop. CMHDC acquired the property in July 2024 with the intent to preserve the property's affordable rents.

The property was financed with a loan from First National Bank of Brookfield who provided a \$1,080,000 flexible first mortgage. J.P. Morgan Chase provided \$400,000 of grant funding towards the project as equity that does not earn any return or need to be repaid by CMHDC. However, J.P. Morgan Chase can claim a qualified CRA credit and grant donation credit to a qualified 501(c)(3).

Oak Park, located directly west of downtown Chicago, is a high opportunity area with nearby employers, services, retail, and transportation options. Oak Park has transformed to a higher income neighborhood and thus affordable housing is dwindling. CMHDC's acquisition will preserve 10 units of very well-located affordable housing in a great area and with a well-preserved building. CMHDC installed a new roof and high efficiency boiler shortly after acquisition. The units feature various finishes throughout including hardwood floors, updated kitchens with wood cabinets, granite countertops and tile backsplashes. On-site amenities include a laundry facility, two garage parking spaces and nine surface parking spaces that are included in rent.