Expanding Homeownership Access in Illinois: The Access Plus Financing Initiative

Illinois Housing Development Authority

Homeownership: Empowering New Buyers

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Access to safe, stable, and affordable housing is one of the most pressing issues facing low- to moderate-income families across the United States, and Illinois is no exception. Rising home prices, lender fees, interest rates, student loan debt, tightening lending standards, and limited housing inventory have combined to create formidable barriers for aspiring homeowners, especially those seeking modestly priced properties. A 2023 report from the Federal Reserve found that while 47% of bottom-income-quintile households were homeowners in 2023, 81% of the top income quintile were homeowners.

In June 2021, the Illinois General Assembly State Senate passed a resolution urging the state of Illinois to promote the sale of these types of properties. The resolution stated, "homeownership is an extraordinary tool to financially empower minorities and narrow the racial wealth gap; and it has been historically challenging, if not impossible, for borrowers to obtain mortgages of under $75,000, known as micro mortgages; as a result, a disproportionate number of homes in our most affordable communities are sold for cash to investors who offer them for rent." If a lender would not originate a mortgage due to the cost of the property being below a certain threshold, low-income renters were unable to take the next step to becoming a homeowner.

In response, the Illinois Housing Development Authority (IHDA) launched the Access Plus Financing Initiative, an innovative and targeted initiative designed to expand access to homeownership for underserved borrowers. Effective June 2022 and expanded in October 2024, this initiative aims to support low-income homebuyers by incentivizing lenders and reducing the financial barriers to home purchase.

Overview

Access Plus promotes homeownership by focusing on a specific and often neglected segment of the housing market: homes priced at $60,000 or less. These lower-value properties, often located in disinvested neighborhoods or rural communities, can offer a vital path to housing stability and generational wealth for low-income families. However, such properties are frequently overlooked by traditional lenders due to the low loan amounts and perceived higher risk. As a result, access to credit can be nearly impossible to help secure a home. Access Plus seeks to directly address this gap by providing financial incentives to lenders who originate qualifying mortgages.

To participate in the initiative, lenders must have borrowers who qualify for an IHDA-approved first mortgage of $60,000 or less. Eligible mortgage types include VA, FHA, USDA, or conventional loans with applicable private mortgage insurance. The mortgage must be used to purchase a one- or two-unit primary residence located in Illinois and must meet all local, state, and agency standards.

Borrowers must also meet IHDA's standard requirements, including income limits, credit score minimums, pre-purchase counseling requirements, and debt-to-income (DTI) ratio maximums. These thresholds are designed to ensure responsible lending while expanding opportunities for those who might not otherwise qualify for traditional financing.

Encouraging Lending Partners

The primary feature of Access Plus is the $5,000 flat Service Release Premium (SRP) paid to lenders for each qualifying loan, instead of the typical two percent. By removing variability and boosting lender earnings per loan, Access Plus encourages greater lender participation in affordable loan offerings, particularly in underserved communities, while simplifying the process and creating a win-win for both lenders and homebuyers. This incentive is designed to offset the fixed costs and reduced profitability typically associated with smaller loan amounts. The SRP applies automatically to loans of $60,000 or less. In fact, the top five highest producing Access Plus lenders were all IHDA Mortgage Lender Award winners, highlighting the importance of casting a wider net for low-income homebuyers.

The Need for Access Plus in Illinois

The necessity for an initiative like Access Plus in Illinois is grounded in several urgent housing market dynamics. First, there is a persistent affordability gap, particularly for first-time buyers in economically distressed communities. According to Zillow, there are more than 5,600 homes for sale priced at or below $60,000 in Illinois, predominately in low-income and rural communities. These homes could be lifelines for families provided there are local lenders willing to step in.

Traditional mortgage lenders are increasingly discouraged from offering small-dollar loans due to administrative costs, compliance burdens, and low returns. This leaves a critical gap in financing that disproportionately impacts communities of color and rural populations. Without accessible financing, these homes often go unsold, fall into disrepair, or are purchased by investors rather than owner-occupants, perpetuating cycles of disinvestment.

Finally, homeownership remains one of the most reliable pathways to wealth creation and community stability. Programs like Access Plus not only create new homeowners but also contribute to neighborhood revitalization, school stability, and increased civic engagement. In this way, the initiative has the potential to provide long-term social and economic benefits well beyond the initial investment.

Results

Access Plus received an initial funding allocation of $2,000,000 from IHDA administrative funds, which is projected to assist approximately 400 eligible households on a first-come, first-served basis. While limited in initial scope, the initiative's targeted nature and built-in flexibility position the initiative as a potential model for future affordable housing efforts.

At launch, the initiative targeted loans at or below $50,000. However, as both home values increased across Illinois and the need for Access Plus was proven true, IHDA expanded the initiative to loans of $60,000 or less. Since launching in 2022, Access Plus has assisted 207 new homebuyers with a total loan volume exceeding $8.8 million. Female borrowers represented 55.1 percent of the participants, and the average borrower had a credit score of 705 and an average age of 41. Home purchase prices averaged $53,680, with buyers qualifying with an average income of $37,685. The initiative also saw a strong geographic impact, with nearly half of all loans (46.38 percent) occurring in more rural southern Illinois.

Through the Service Release Premium, lenders have been provided with $1.03 million to incentivize their participation in the Access Plus Initiative. In addition, all the Access Plus homebuyers utilized an IHDA down payment assistance program and are now able to build wealth, create stronger communities, and give back to their local economies.

Conclusion

By directly addressing the structural and financial barriers that have historically excluded low-income families from homeownership, the Access Plus Financing Initiative represents a meaningful step toward equity and economic opportunity. Through targeted incentives, policy alignment, and a focus on micro mortgages, IHDA is not only expanding access to credit but also helping more families build wealth and stability through homeownership. This initiative signals a shift in how the state supports housing access and serves as a potential model for other states facing similar challenges.

Access Plus (the "Initiative") is designed to increase home purchase accessibility to low-to-moderate income families by incentivizing lenders to provide 30-year fixed rate 1st mortgages to underserved borrowers with loan amounts $50,000 or less paired with down payment assistance.	
Structure	Borrowers must qualify for an IHDA 1st Mortgage of $50,000 or less to utilize assistance. 1st Mortgage options: a. Veterans Affairs (VA) b. Federal Housing Administration (FHA) c. United States Department of Agriculture (USDA) d. conventional loan Borrowers can pair this with any IHDA down payment assistance program. The initiative will provide $5,000 to the lender in the form of Service Release Premium (SRP) to encourage lending to borrowers with loan amounts $60,000 and below. All IHDA Mortgage Lock Policy guidelines will apply, and any delays will result in reduced SRP as described in the IHDA Mortgage Procedural Guide SRP Grid. Max allowable fees on the first mortgage should not exceed IHDA's standard allowable fees per the Program Matrix. Seller paid closing costs are acceptable in accordance with the applicable agency requirements. All local, state, and agency laws and regulations must be followed at all times.
Overview	Borrowers will apply with an approved IHDA participating lender. Borrower must qualify for an IHDA 1st mortgage loan (which can be VA, FHA, USDA, or conventional loans). Borrowers must be within IHDA's applicable income limits, credit score, and debt-to-income (DTI) ratio maximums (which are subject to change from time to time). This initiative can be paired with other IHDA down payment and closing cost assistance.
Loan Terms	The 1st mortgage will carry a 30-year term and must be insured by FHA, guaranteed by VA or USDA, or carry Private Mortgage Insurance as may be required for conventional loans.
Loan Eligibility Criteria	1) Eligible borrower must purchase a 1-2 unit, qualified primary residence located in the State of Illinois that meets local, state, and agency minimum condition requirements

	2) Eligible Borrower loan amount cannot exceed $50,000 3) Income limits, credit score, and maximum DTI must follow IHDA's requirements 4) Additional IHDA requirements may apply, all terms subject to change at any time
Duration	Ongoing until funds are exhausted.
Source of Funds	Initial source of funds is an allocation from IHDA admin funds with the initial allocation not to exceed $2,000,000. This will serve an estimated 400 eligible households on a first-come, first-served basis.

All Programs Matrix - April 2025

IHDA MORTGAGE

	IHDAccess Forgivable 4% / $6,000	IHDAccess Deferred 5% / $7,500	IHDAccess Repayable 10% /$10,000	SMARTBUY up to $40,0... Closed 02.24.2025
Purpose	Purchase	Purchase	Purchase	Purchase / Student Debt Relief
1st Mortgage Term	30-Year Fixed Only	30-Year Fixed Only	30-Year Fixed Only	30-Year Fixed Only
Form of Assistance	10-Year Forgivable 2nd Mortgage	30-Year Deferred 2nd Mortgage	10-Year Repayable (Monthly) 2nd Mortgage	Debt Relief: 3-Year Promissory Note DPA: 30-Year Deferred 2nd Mortgage
Assistance Amount	4% of purchase price up to $6,000	5% of purchase price up to $7,500	10% of purchase price up to $10,000	Flat $5,000 toward DPA Up to, but not to exceed $40,000, toward student loans
Key Assistance Terms	Forgiven monthly over 10-years	Repayment, with 0% interest, due at maturity date, or when loan is paid in full, refinanced, or property is sold, whichever comes first	Repaid monthly over 10-years with 0% interest	Debt Relief: Deed restriction[12] / promissory note forgiven pro rata monthly over a 3-year forgiveness period DPA: Repayment, with 0% interest, due at maturity date, or when loan is paid in full, refinanced, or property is sold, whichever comes first
Min. Borrower Contribution[8]	Greater of $1,000 or 1% of purchase price	Greater of $1,000 or 1% of purchase price	Greater of $1,000 or 1% of purchase price	Greater of $1,000 or 1% of purchase price
Minimum Credit Score	640 [11]	640 [11]	640 [11]	640 [11]
Maximum DTI[11]	FNMA / FHLMC - Max 50%[11] FHA / VA / USDA - 680 FICO Max 50%[11] Below 680 require PTC exception if 45.01-50%[11]	FNMA / FHLMC - Max 50%[11] FHA / VA / USDA - 680 FICO Max 50%[11] Below 680 require PTC exception if 45.01-50%[11]	FNMA / FHLMC - Max 50%[11] FHA / VA / USDA - 680 FICO Max 50%[11] Below 680 require PTC exception if 45.01-50%[11]	FNMA / FHLMC - Max 50%[11] FHA - 680 FICO Max 50%[11] Below 680 require PTC exception if 45.01-50%[11]
IHDA 1st Mortgage Loan Type	FHA / VA / USDA / FNMA HFA Preferred / FHLMC HFA Advantage	FHA / VA / USDA / FNMA HFA Preferred / FHLMC HFA Advantage	FHA / VA / USDA / FNMA HFA Preferred / FHLMC HFA Advantage	FHA / FNMA HFA Preferred / FHLMC HFA Advantage[4]
Max LTV: FHA/VA/USDA/FNMA/FHLMC[6] *CLTV follow Agency guidelines	1 unit: 96.5/100/100/97/97	1 unit: 96.5/100/100/97/97	1 unit: 96.5/100/100/97/97	1 unit: 96.5/97/97
	2 unit: 96.5/100/NA/95/95	2 unit: 96.5/100/NA/95/95	2 unit: 96.5/100/NA/95/95	2 unit: 96.5/95/95
Key Borrower Eligibility	First-Time[1] and Non First-Time Homebuyers	First-Time[1] and Non First-Time Homebuyers	First-Time[1] and Non First-Time Homebuyers	First-Time[1] and Non First-Time Homebuyers with a minimum of $1,000 in student loans[9,10]
1st Mortgage Max Allowable Fees[2,9]	Origination: 1% + $1200 plus all reasonable and customary fees	Origination: 1% + $1200 plus all reasonable and customary fees	Origination: 1% + $1200 plus all reasonable and customary fees	Origination: 1% + $1200 plus all reasonable and customary fees
2nd Mortgage Max Allowable Fees	Recording fees only	Recording fees only	Recording fees only	Recording fees only
Additional Initiatives[9]	Available with 1st Mortgage Loan Amounts $60,000 or less IHDAccess Plus	Available with 1st Mortgage Loan Amounts $60,000 or less IHDAccess Plus	Available with 1st Mortgage Loan Amounts $60,000 or less IHDAccess Plus	Available with 1st Mortgage Loan Amounts $60,000 or less IHDAccess Plus
Funds allowed to leave table[9]	$250 + plus any amount over the borrower's required minimum investment of 1% or $1,000 (any additional should be principal reduction)	$250 + plus any amount over the borrower's required minimum investment of 1% or $1,000 (any additional should be principal reduction)	$250 + plus any amount over the borrower's required minimum investment of 1% or $1,000 (any additional should be principal reduction)	$250 + plus any amount over the borrower's required minimum investment of 1% or $1,000 (any additional should be principal reduction)
Property type[3,6,7,9]	Single Family owner-occupied primary residence, (1 - 2 units only, condo, townhouse, community land trust) on less than 5 acres, No Manufactured	Single Family owner-occupied primary residence, (1 - 2 units only, condo, townhouse, community land trust) on less than 5 acres, No Manufactured	Single Family owner-occupied primary residence, (1 - 2 units only, condo, townhouse, community land trust) on less than 5 acres, No Manufactured	Single Family owner-occupied primary residence, (1 - 2 units only, condo, townhouse, community land trust) on less than 5 acres, No Manufactured
Homebuyer Education[7]	Required Prior to Lock	Required Prior to Lock	Required Prior to Lock	Required Prior to Lock
Mortgage Insurance[5]	Borrower Paid MI (Monthly, Single, or Split Premium)	Borrower Paid MI (Monthly, Single, or Split Premium)	Borrower Paid MI (Monthly, Single, or Split Premium)	Borrower Paid MI (Monthly, Single, or Split Premium)
IHDA Approval	Post Close	Post Close	Post Close	2 Stage: Pre-Close and Post Close Review

Income and Purchase Price Limits Apply ~~~~ ALL properties must become the owner occupied principal residence of the borrower within 60 days after the closing of the IHDA loan! ~~~~ No Manufactured Housing on any programs! ~~~~ All IHDA 2nd mortgages are subject to TRID! ~~~~ FNMA HFA PREFERRED or FHLMC HFA ADVANTAGE ONLY on CONVENTIONAL LOANS! ~~~~ No Manual Underwrites ~~~~ LPA allowed on FHLMC, VA ,or FHA ~~~~ No HOMEPATH, HOMEREADY, or 203K ~~~~ THIS IS NOT MEANT TO BE FULLY INCLUSIVE OF ALL GUIDELINES PLEASE ALSO REVIEW THE PROCEDURAL GUIDE

1. Veterans and those buying in a targeted area are exempt from the first-time homebuyer requirement. (Use the lookup tool at IHDAMortgage.org to identify targeted properties.)
2. No high costs mortgages permitted (lenders must follow U.S. Bank HFA Division requirements for High Price Mortgage Loans (HPML)).
3. Conventional loans ≥ 95.01% LTV - 1 unit only (for 2 units, max LTV=95%).
4. For guidance on entering SmartBuy in AUS - please refer to the SmartBuy Addendum of the IHDA Mortgage Procedural Guide.
5. MI - see DU or LPA findings, conventional FNMA must be run as "HFA Preferred", conventional FHLMC must be run as "HFA Advantage (eligible users only)" ***NO LPMI ALLOWED***
6. U.S. Bank Home Mortgage Condo Review REQUIRED unless the lender is delegated by U.S. Bank.
7. Conventional 2 unit properties - Landlord Education is required in addition to homebuyer education. (Full details at www.ihdamortgage.org/edu)
8. Conventional 2 unit properties - requires 3% borrower's own funds (verified and included in AUS).
9. For full details please see the IHDA Mortgage Procedural Guide.
10. Borrowers must have a minimum of $1,000 in student loans to be eligible. The assistance, or assistance in combination with borrower's own funds, must pay off the student loans in entirety at closing.
11. Effective 8.15.2023 - with AUS approval, DTI can be up to 50%. DTI 45.01% - 50.00% (i) must use Finally Home! Homebuyer Education (https://www.finallyhome.org/) and (ii) FHA/USDA/VA loans must have a credit score of 680 or higher.
12. A deed restriction for three years will require the borrower to sell to a household that qualifies under IHDA income and purchase price limits if sold within the first three years.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

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