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New Round of Financing Approved for TaxSmart Mortgage Program

First-time homebuyers will be eligible for a new round of mortgage-based tax breaks under a financial proposal approved by City Council today.

The measure authorizes \$80 million in bond funding for the City of Chicago's TaxSmart Mortgage Certificate Program, which provides eligible first-time buyers with federal income tax credits that are applicable over the term of their mortgages. The 2013 funding round will assist approximately 600 homebuyers over the next three years.

"As Chicago's housing market continues to build momentum, this measure will help to ensure that income-qualified households throughout the city will participate in its recovery," Mayor Emanuel said.

Under the TaxSmart program, 20 percent of a buyer's mortgage interest is eligible for a dollar-for-dollar reduction in federal income tax liability.

To qualify, buyers must be purchasing new or existing 1-4 unit properties that would serve as their primary residences. Homebuyers with down payments less than 5 percent of the purchase price would have to attend pre-purchase counseling to be eligible. Household income, purchase price limits, and other guidelines would also apply.

The program will be administered through a to-be-determined network of local lenders.

The 2010 TaxSmart funding round benefitted more than 400 Chicago homebuyers. Since 2005, TaxSmart has helped 1,600 households purchase homes with mortgages valued at nearly \$281 million.

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