

Seattle Housing Levy Homeownership Program Update September 2017

The 2016 Housing Levy supports four homeownership program activities:

- Down payment assistance (DPA) loans of up to \$55,000 for low-income, first-time homebuyers.
- Up to \$90,000 per unit in development loans for the creation of permanently affordable homes for low-income, first-time homebuyers.
- Home repair grants of up to \$10,000 for low-income homeowners (50% AMI and below), who cannot obtain an OH Home Repair loan.
- Foreclosure Prevention pilot to provide loans of up to \$30,000 to low-income homeowners (80% AMI or below) who have experienced a financial hardship and need assistance to become current on housing-related payments.

Status of Program Activities

- OH released a Request for Proposals (RFP) for an affordable homeownership development on a City-owned site in the Leschi neighborhood in late July. Proposals are due in September. The RFP provides an estimated \$500,000-\$900,000 in funding to help subsidize development costs of approximately 7-9 units.
- The Homebuyer Assistance Notice of Funds Available (NOFA) for development projects and DPA programs will be released in September. OH anticipates one application for funding to develop affordable homes. DPA providers currently have large balances of unspent funds, so no applications for that purpose are anticipated.
- OH released an RFP for an administrator of the Foreclosure Prevention pilot program in late July. Proposals were due August 31. We have received one response. We anticipate making a final decision on the administrator in October and executing a contract by the end of the year.
- OH has operated a Home Repair Program for many years. In June, OH began offering home repair grants to assist homeowners who did not meet loan eligibility requirements. Grants of up to \$10,000 are available to homeowners at or below 50% AMI. Six applications have been approved as of September 1.

Funds Available for Homeownership

The 2016 Housing Levy will provide \$9,500,000 over seven years for the homeownership activities listed above. Additional funds are available through unspent/uncommitted 2009 Levy Funds that will be carried forward, program income, and a small balance of other local funds. Program income is generated when loans are repaid, either because the homeowner sells or refinances. Program income can be difficult to predict, as factors such as interest rates can impact the number of refinances.

As of 12/31/16, the following funds were available for homeownership:

Source	Amount as of 12/31/16
2009 Housing Levy Carry Forward	\$2.5 million
Levy Program Income balance	\$2.3 million
Other local sources	\$460 thousand
Total	\$5.26 million

The projected amount for homeownership over the seven-year levy period includes this fund balance as well as anticipated program income from loan repayments:

Source	Amount
2016 Housing Levy Homeownership Allocation	\$9.5 million
2009 Levy carry forward, current balance of program income and other local funds	\$5.26 million
Anticipated Program income 2017-2023	\$1.84 million
Total	\$16.6 million

Meeting Levy Goals

The Homeownership Program has a goal of assisting 280 low-income homebuyers and homeowners. That goal was set assuming that there would be additional funds available to supplement the \$9.5 million in the 2016 Housing Levy. OH has the flexibility to provide funding to any of the program activities to meet the overall goal.

For planning purposes, OH has developed unit and spending projections by program activity. OH projects that 377 homebuyers and homeowners will be assisted over the seven years. OH will monitor and adjust these projections as needed. If program income is not sufficient, program activity could be reduced in some areas while still meeting or exceeding the levy goal of 280 households assisted.

Program Activity	Amount	Households Assisted	Notes
30 DPA Loans at \$55,000	\$1,425,000	30	6 loans per year for 5 years* Half the loans are at \$40,000 with a \$15,000 WSHFC match**
Permanently affordable homes, 3 bedrooms or more	\$7,110,000	79	\$90,000 per unit
Permanently affordable homes, 2 bedrooms or less	\$5,530,000	79	\$70,000 per unit
Home Repair Grants	\$840,000	140	20 grants per year, with average grant of 6,000
Foreclosure Prevention Loans	\$1,694,000	49	7 loans a year, for 7 years, with average loan of \$22,000 plus 10% administrative fee.
Total	\$16,599,000	377	

**Two homeownership agencies have a total of \$1.7 million in prior Levy funding that has been awarded but not yet spent, for approximately 30 loans. Those loans have already been counted in the 2009 Levy production, so cannot be counted under the 2016 Levy. DPA loans under the current levy likely won't start until at least 2020.*

*** DPA loans made through the Washington State Housing Finance Commission are jointly funded by OH and the Commission.*