



# HOMEBUYER PROGRAM

2015 Notice of Funding Availability

August 31, 2015

Responses due: September 14, 2015, 12 PM

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## FUNDS AVAILABLE AND SCHEDULE

The City of Seattle Office of Housing (OH) announces the availability of funds for the Homebuyer Program. Funds awarded through this NOFA will assist low-income families and individuals to become homeowners in the city of Seattle. Within this document you will find criteria regarding applicant and project eligibility, application requirements and project funding.

*Please note that funds awarded in this round will be dedicated to **subordinate mortgage loans** based on individual buyer need, as calculated in the mortgage subsidy worksheet. Funds are not available for acquisition or development in this round.*

### Funds Available

\$1.87 million will be available for homebuyer assistance in this round. The fund source will be 2009 Seattle Housing Levy Funds.

OH reserves the right to award more or less funds, should they become available, depending upon the proposals received.

### Schedule

#### **2015 NOFA**

The following deadlines apply to this NOFA:

- |              |   |
|--------------|---|
| September 8  | <b>Submit application letters to OH no later than <u>noon</u></b>           |
| September 18 | Target date for fund reservation letters for approved projects to be issued |

## FUNDING PRIORITIES AND APPLICATION EVALUATION CRITERIA

### Priorities

OH priorities for the 2015 NOFA round include:

- Ability to close loans with homebuyers in **12 months**
- Ability to provide culturally competent assistance to households who are members of groups with low homeownership rates, such as minority households, people with disabilities, and households that have language or perceived cultural barriers to homeownership.

## Application Evaluation Criteria

### **Timeliness**

- Evidence that applicant will be able to use funds within 12 months.
- Evidence that applicant has existing waiting list or the ability to perform effective outreach to create buyer demand within the 12-month period.

### **Organizational Capacity**

- Evidence that applicant is able to provide the required Homebuyer Education counseling.
- Evidence that applicant is proficient at completing homebuyer downpayment assistance applications.
- Evidence that applicant is able to provide post-purchase support to homebuyers who receive downpayment assistance.
- Evidence that applicant has used or committed all past OH funding.

### **Financial Feasibility**

- Evidence that all non-city sources of funding are available. Application letter should include evidence of how applicant will be able to provide all financial assistance to borrowers at the income level proposed.

### **Additional Factors**

- If applicant is a prior awardee of OH funds, timely use of prior awarded funds will be a factor in considering an award of additional funds.

## **HOMEBUYER PROGRAM FUNDING POLICIES**

The two overarching policy documents that govern the use of OH funds in the Homebuyer Program are the [2014-2016 Housing Levy Administrative and Financial Plan](#) (page 34), and the [2014-2017 Consolidated Plan for Housing and Community Development](#). The applicable sections of those documents for the Homebuyer Program are available on the City's website.

The following is a summary of select policies from those documents. Please refer to the documents themselves for the complete set of policies governing the Homebuyer Program.

**Eligible Activities:** Eligible activities under this NOFA include:

Subordinate mortgages to eligible homebuyers.

**Maximum Assistance per Homebuyer:** City funds are awarded as gap financing, based on the amount of subsidy projected to be needed for each home purchase. The City will fund up to \$45,000 per qualified household; additional City assistance is allowed only in the following circumstances:

- Homebuyers purchasing properties subject to resale restrictions may receive additional homebuyer assistance up to a maximum of \$10,000 per assisted household. To be eligible for additional assistance, the resale of the home must be restricted to first-time homebuyers with incomes below 80% of median income for a period of at least 50 years and the resale price must be restricted to an amount affordable to a buyer at 80% of median income. Resale restrictions must be in the form of a ground lease, covenant, or other recorded document approved by OH.
- An additional \$10,000 in subsidy may be provided to homebuyers with income below 60% of median income.
- Generally, the maximum loan amount for any homebuyer is \$55,000. Under limited circumstances specified in the A&F Plan, larger homebuyer assistance loans may be possible.

**Eligible Homebuyers:** Homebuyers earning up to 80% of area median income, who have not owned a home in the past three years, are eligible for City homebuyer assistance. Income is calculated based on household size, using the IRS 1040 method. The home must be the homebuyer's principal residence.

Buyers must successfully complete a pre-purchase homebuyer education program that is approved by OH. Current homebuyer education programs that are approved by OH include programs certified by the Washington State Housing Finance Commission, the U.S. Department of Housing and Urban Development, and the Neighborhood Reinvestment Full-Cycle Lending program.

**Eligible Property Types, Property Standards and Location:** Funding is available for homebuyer activities within the Seattle city limits. Homes must meet Housing Quality Standards and, in cases where federal funds form part of the assistance, applicable lead-based paint regulations (consult with OH staff for details). Eligible properties types include, but are not limited to, the following:

- Single family, duplex or townhouse units
- Condominium units
- Rental units converting to condominium ownership (where existing tenants are not displaced)
- Community Land Trust homes
- Limited equity cooperatives or co-housing units
- Lease to own units

**Maximum Home Purchase Price:** Though no federal funds will be issued in this NOFA, OH follows HUD HOME rules to determine the maximum home purchase price for HOME-funded purchases. For reference, HUD's 2015 limits for the Seattle area is \$354,000.

**First Mortgage Financing:** Borrowers may use any first mortgage product approved by OH, including FHA, Fannie Mae loan products and portfolio loans. OH may establish limitations on interest rates and fees to protect buyers from excessive costs and make best use of limited public funds.

**Loan Terms:** Subordinate mortgage loans shall generally be 30-year deferred loans and may include provisions for payment of a share of appreciation. Loans generally shall not exceed 3% simple interest.

**Buyer Contribution:** Homebuyers must provide a minimum of \$2,500 or 1% of the purchase price, whichever is greater, of their own funds toward the home purchase. Homebuyers with a long-term disability whose income includes SSI or similar public assistance may receive gifts of funds towards their portion of the down payment; however, gifts must not exceed 25% of the borrower's total downpayment requirement. Exceptions may also be made for homebuyers that contribute volunteer time as part of an OH-approved sweat equity program.

**Relocation, Displacement and Real Property Acquisition:** OH strongly discourages homebuyer proposals that will result in the permanent displacement of tenants. Projects should be designed to avoid or minimize displacement of tenants. If tenant relocation assistance is necessary, applicants will need to identify other sources of funding to cover these costs. Any displacement of households must comply with all applicable provisions of (a) Seattle Municipal Code 20.84–Relocation Assistance; (b) the City’s Just Cause Eviction Ordinance; and (c) for projects using federal funds, the federal Uniform Relocation Act (URA) and any other relocation regulations and handbooks applicable to the particular funding program. Federally funded projects involving any acquisition, rehabilitation or demolition must also comply with all applicable URA provisions.

These policies, laws and regulations contain, among other requirements, different timelines under which households must be given various notices and provided financial assistance under certain circumstances. Consultation with OH staff prior to submission of applications for funding is required for any applicant whose project will involve acquisition, demolition, rehabilitation, or temporary or permanent relocation activities. In order to reduce the risk of impairing eligibility for funding, applicants should not take any action regarding these activities prior to consultation with OH staff. Applicants are responsible for ensuring and documenting compliance.

## **APPLICATION INSTRUCTIONS**

Applicants may submit a letter demonstrating their ability to meet the above criteria. The application letter should include the following information:

- Number of buyers to be assisted
- Amount of funding requested
- Income level of prospective homebuyers
- Information supporting the application's compliance with the OH Priority areas identified above
- Any material to support the application in light of the evaluation criteria outlined above.

Incomplete applications will be returned to the applicant without further review. Returned applications may be completed and resubmitted at the next regularly scheduled submission date.

### **Where to Submit Applications**

#### *Office Location*

700 5<sup>th</sup> Avenue, Suite 5700  
Seattle, WA 98104

#### *Mailing Address*

City of Seattle Office of Housing  
P. O. Box 94725  
Seattle, WA 98124-4725  
Attention: Laurie Eckardt, Homebuyer Program

### **Application Deadline**

Tuesday, September 14, 2015, 12 pm