

Memorandum



CITY OF DALLAS

DATE August 17, 2012

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Dwaine Caraway, Linda Koop, and Pauline Medrano

SUBJECT Mortgage Assistance Program (MAP) Update

On Monday, August 20, 2012, you will be briefed on the Mortgage Assistance Program (MAP). Please see the attached briefing: Mortgage Assistance Program (MAP) Update.

Please let me know if you have any questions.

A handwritten signature in black ink, appearing to read 'Ryan S. Evans'.

Ryan S. Evans
Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa A. Rios, City Secretary
Tom P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
C. Victor Lander, Administrative Judge, Municipal Court
A.C. Gonzalez, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Jerry Killingsworth, Housing/Community Services Director
Stephanie Pegues-Cooper, Assistant to the City Manager

Mortgage Assistance Program (MAP) Update

A Briefing to the
Housing Committee

Housing/Community Services Department
August 20, 2012



KEY FOCUS AREA: ECONOMIC VIBRANCY

Purpose

- To provide an update regarding the Mortgage Assistance Program (MAP)
- To recommend program changes for FY 2012-13

MAP Program Purpose

- To provide homeownership opportunities to low to moderate income homebuyers through the provision of financial assistance in purchasing a home

Significant Change in MAP

- In Spring 2012, Enterprise Community Partners informed the City of Dallas that they did not wish to continue to provide the MAP program
 - Additionally, Enterprise recently informed the City of Dallas that it will close its local office
- City of Dallas Housing/Community Services will operate the MAP program from in-house

MAP Budget for 2012-13

Community Development Block Grant	\$1,800,000
HOME Investment Partnership Program	<u>\$ 840,000</u>
Total Allocation	<u>\$2,640,000</u>

Note:

- 1) With direct delivery costs estimated at \$500,000, available program dollars will be \$2.1M
- 2) Entitlements total \$19,089,755 with 14% for MAP Budget

Comparable Programs in Other Cities

City & Program Details	Loan Terms	Funding Sources
<p>City of Austin</p> <ul style="list-style-type: none"> •First time homebuyers •Principal reduction, down payment, closing •Shared Equity Program •Buyer is U.S. Citizen •Incomes at 60-80% AMFI 	<ul style="list-style-type: none"> •Forgivable Loan •Due & payable upon sale, refinance, lease and transfer •Lien Terms <ul style="list-style-type: none"> \$10,000 – 10 years \$40,000 – 30 years Shared Equity 	<ul style="list-style-type: none"> •HOME •Entitlements \$9,122,015 •Program Budget is \$871,933 or 10% of Entitlements
<p>City of Ft. Worth</p> <ul style="list-style-type: none"> •First time homebuyers •Buyer is U.S. Citizen •Incomes at or below 80% AMFI •Principal reduction, down payment, closing 	<ul style="list-style-type: none"> •Forgivable Loan •Due & payable upon sale, lease and transfer •Lien Terms <ul style="list-style-type: none"> \$8,500 – 5 years (non-target) \$14,999 – 5 years (target) 	<ul style="list-style-type: none"> •HOME •Entitlements \$7,803,288 •Program Budget is \$1,775,852 or 23% of Entitlements

Comparable Programs in Other Cities

City & Program Details	Loan Terms	Funding Sources
<p>City of Houston</p> <ul style="list-style-type: none"> •Principal reduction, down payment, closing •Four (4) programs- <u>DAP</u>-Hurricane Ike & Dolly Relief Incomes at or below 80% AMFI <u>HAP</u>-City wide homebuyer assistance •Incomes at or below 80% AMFI Houston "<u>HOPE</u>" Neighborhoods •Incomes at or below 80% AMFI <u>Workforce Housing</u>- Revitalization areas •Incomes up to 110% AMFI 	<ul style="list-style-type: none"> •Forgivable Loan •Due & payable upon sale, refinance, lease and transfer •Lien Terms DAP: \$45,000 – 10 years HAP: \$19,500 – 10 years Hope: \$30,900 – 10 years Workforce: \$30,000 – 10 years 	<ul style="list-style-type: none"> •HOME •Workforce: TIRZ Funds •Entitlements \$32,095,108 •Program Budget is approximately \$5.5M or 17% of Entitlements
<p>City of San Antonio</p> <ul style="list-style-type: none"> •First time homebuyers •Principal reduction, down payment, closing •Shared Equity Program •Buyer is U.S. Citizen •Incomes at or below 80% AMFI 	<ul style="list-style-type: none"> •Forgivable Loan •Due & payable upon sale, lease and transfer •3% Interest Repayment •Lien Terms \$12,000- 5 years 	<ul style="list-style-type: none"> •HOME •Entitlements \$15,432,248 •Program Budget is \$1,300,000 or 8% of Entitlements

FY 2012-13 Program Guidelines to Be Maintained

- MAP provides principal reduction and closing cost assistance
- Homes purchased must be within the city of Dallas
- Eligible homebuyers' gross income cannot exceed 80% of the Area Median Family Income (AMFI), adjusted for family size
- Eligible homebuyers must:
 - Be a U.S. citizen or permanent resident
 - Complete a homebuyer education class in order to qualify
 - Agree to occupy the home as a primary residence
- The home purchased must meet Minimum Acceptable Property Standards (MAPS) and must be inspected prior to purchase
- The sales price of the home may not exceed \$271,050

FY 2012-13 Program Guidelines to Be Maintained (continued)

- Borrower must have continuous, satisfactory employment history for the past six months
- Borrower's down payment must satisfy the MAP lender's minimum requirements
- Borrower may not have more than \$4,000 plus two month's gross income after closing
- Borrower must qualify for a conventional, FHA, or portfolio mortgage loan from a participating MAP lender
- No adjustable rate mortgages
- Borrower cannot receive cash back at closing
- Debt Ratio for housing & debt expenses cannot exceed 45% at loan approval

Recommended Changes to the FY2012-13 MAP Program

- Provide two categories of Assistance:
 - Existing Homes Citywide
 - Preowned homes within the City of Dallas
 - \$8,500 with a 5 year forgivable loan term
 - Provide \$340,000 for this category
 - 40 homebuyers will be assisted
 - Community Housing Development Organizations
 - New Construction and Rent to Purchase Transactions
 - \$20,000 with a 10 year forgivable loan term
 - Each organization, including affiliates, is limited in its access to total funding up to 50% of the available funding for this category
 - Provide \$1,760,000 for this category
 - 88 homebuyers will be assisted

Next Steps:

- September 26, 2012 – City Council will consider amendments to the program statement for FY2012-13
- FY 2012-13 MAP Program to begin by November 2012 with the Housing/Community Services Department operating the program

Exhibit A

Area Median Family Income
for 2012

Area Median Family Income for 2012

% Income	Family Size				
	1	2	3	4	5
30%	\$14,550	\$16,600	\$18,700	\$20,750	\$22,450
50%	\$24,200	\$27,650	\$31,100	\$34,550	\$37,350
80%	\$38,750	\$44,250	\$49,800	\$55,300	\$59,750
100%	\$48,370	\$55,280	\$62,190	\$69,100	\$74,628
120%	\$58,044	\$66,336	\$74,628	\$82,920	\$89,554

Exhibit B

AMFI and Affordability
of Housing

Low-to-Moderate Income Buyer

Family Size	80% of AMFI	Income per Month	30% of income paid for housing	40% of income paid for housing	45% of income paid for housing
1	\$38,750	\$3,229	\$969/mo	\$1,292/mo	\$1,453/mo
2	\$44,250	\$3,688	\$1,106/mo	\$1,475/mo	\$1,660/mo
3	\$49,800	\$4,150	\$1,245/mo	\$1,660/mo	\$1,868/mo
4	\$55,300	\$4,608	\$1,382/mo	\$1,843/mo	\$2,074/mo