

Memorandum



DATE September 18, 2009

TO Housing Committee Members: Steve Salazar, Chair, Carolyn R. Davis, Vice-Chair, Tennell Atkins, Dwaine Caraway, Angela Hunt, Ann Margolin, Pauline Medrano

SUBJECT Mortgage Assistance Program (MAP)

On Monday, September 21, 2009, you will be briefed on Mortgage Assistance Program (MAP). A copy of the briefing is attached.

Please let me know if you have any questions.



A.C. Gonzalez, Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
C. Victor Lander, Judiciary
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Dave Cook, Chief Financial Officer
Jerry Killingsworth, Housing Director
Jeanne Chipperfield, Director, Budget and Management Services
Helena Stevens-Thompson, Assistant to the City Manager

Mortgage Assistance Program (MAP)

A Briefing to the
Housing Committee

Housing Department
September 21, 2009



KEY FOCUS AREA: ECONOMIC VIBRANCY

Purpose

- To provide information regarding the Mortgage Assistance Program (MAP)
- To recommend approval of the 2009-10 MAP Program Guidelines
- To recommend approval of the Enterprise Community Partners to service the MAP contract for 2009-10

MAP Program Guidelines

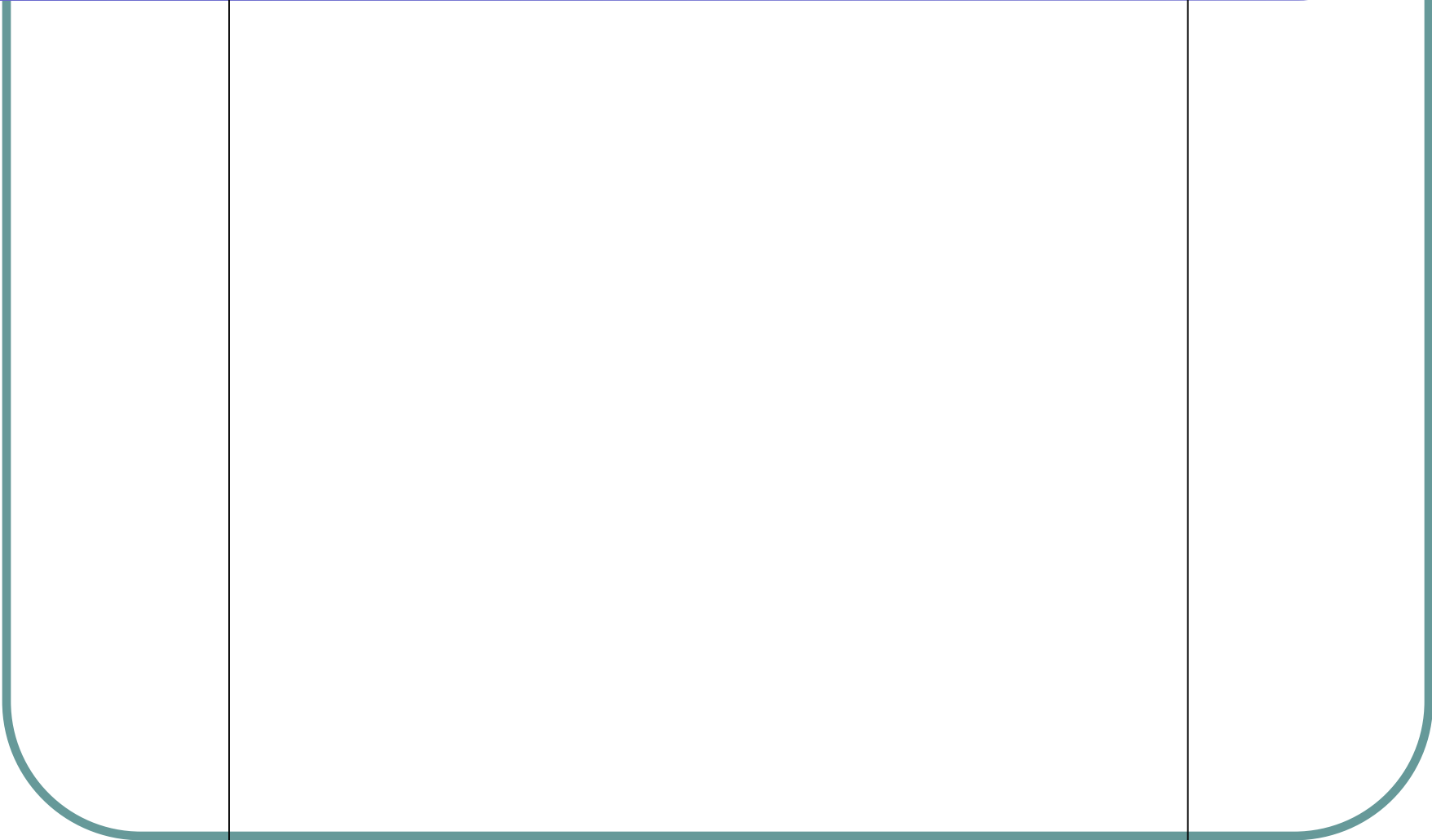
- The MAP provides homeownership opportunities to eligible homebuyers through the provision of financial assistance in purchasing a home in the city of Dallas
- MAP provides principal reduction and closing cost assistance
- MAP is offered citywide unless otherwise noted
- Eligible homebuyers' income cannot exceed 80% of the Area Median Family Income (AMFI), adjusted for family size
- Eligible homebuyers must complete a homebuyer education class in order to qualify
- The home purchased must meet Minimum Acceptable Property Standards (MAPS)
- MAP funding is budgeted annually within the Community Development Block Grant and the HOME Investment Partnership Program

MAP Loan Guidelines

- 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

MAP Accomplishments

- Since 1991, over 6,800 homebuyers have been assisted through the program
- Over the years, the MAP program has increased the property tax base by approximately \$15 million
- MAP program partners include 40 lenders, 32 title companies, 14 homebuyer counseling agents, and hundreds of real estate professionals



MAP Snapshot for 2008-09

- 354 loans closed and 129 loans registered
 - Ethnicity Data:
 - 12 Anglo
 - 144 African American
 - 194 Hispanic
 - 4 Other
 - Income Data:
 - 10 @ 30% or below AMFI
 - 93 between 31% and 50% AMFI
 - 251 between 51% and 80% AMFI

MAP Loans for 2008-09

District	Loans	District	Loans
1	27	8	70
2	5	9	26
3	50	10	1
4	61	11	4
5	40	12	1
6	41	13	3
7	22	14	3

MAP Snapshot for 2008-09 (continued)

- Average sales price for MAP assisted units \$91,321
- Average subsidy for MAP assisted units \$11,334
- Majority of MAP recipients fall within 51% to 80% of Area Median Family Income
- The average foreclosure rate for MAP is 2.4%. In comparison, the average annual foreclosure rate is 6.7% and the foreclosure rate for all subprime conventional loans for Dallas County is 5.6%
- Leverage of funds (private to public) is about 8:1

Enterprise Community Partners, Inc.

- National Nonprofit Corporation provides investment capital and technical expertise to create decent, affordable homes and revitalize communities.
 - With \$500 million in assets and \$160 million in equity, Enterprise invests in communities at a rate of \$1 billion per year
 - There are 16 offices across the country
 - They provide a \$1.5 million line of credit to the Dallas office to facilitate the closing of MAP loans
- The Enterprise Dallas Office has serviced the City of Dallas' MAP contract for over 15 years

Current Contract Services with Enterprise Community Partners, Inc.

- Review mortgage underwriting and loan packages in accordance with City of Dallas guidelines
- Submit MAP loans to the City for review, approval, and reimbursement
- Coordinate closings and loan servicing (approx. 6,000 loans)
- Coordinate and ensure homebuyer education
- Perform training, outreach, and marketing activities
- Partner with lenders, realtors, title companies, education providers, and property inspectors to achieve program objectives

Budget for 2009-2010

Community Development Block Grant	\$2,170,000
HOME Investment Partnership Program	<u>\$2,075,455*</u>
Total	<u>\$4,245,455</u>

*\$200,000 in administration costs included

Request for Proposals

- July 9, 2009, the City of Dallas issued a Request for Proposals to administer the MAP
- July 20, 2009, the City of Dallas held a pre-proposal conference for interested bidders
- RFP closed on August 26, 2009 with a single successful bidder, Enterprise Community Partners, Inc.

Recommendations

- Allow 50% of budgeted project funds to be set-aside for citywide loans and 50% of budgeted project funds to be set-aside for Community Housing Development Organizations (CHDOs) with partial releases of unused funds at each quarter
- Allow citywide loans up to \$13,500 to eligible homebuyers
- Allow CHDO generated loans up to \$25,000 to eligible homebuyers with no more than 50% of available funds to any individual CHDO citywide
- Allow loans in support of City approved foreclosure programs up to \$25,000

Concerns

- Prepayments before the 8 year burn-off period represents about 10% of the annual MAP funds expended
- The low percentage of revolving funds through the prepayment event coupled with the increase in recommended down payment assistance will reduce the number of homebuyers served annually
- The Committee should anticipate some modification being recommended at a future Housing Committee meeting that could require all or partial repayments of MAP funds

Recommendations

- Approve successful bidder, Enterprise Community Partners, Inc for the administration of the MAP for 2009- 2010

Next Steps:

- October 14, 2009, City Council Action Item to authorize the service contract with the Enterprise Community Partners, Inc., a non-profit corporation, in the amount of \$4,245,455 for operation and administration of the Mortgage Assistance Program (MAP), including homebuyer education, for the period October 1, 2009 through September 30, 2010

Exhibit A

Area Median Family Income
for 2009

Area Median Family Income for 2009

% Income	Family Size				
	1	2	3	4	5
30%	\$14,196	\$16,224	\$18,252	\$20,280	\$21,902
50%	\$23,660	\$27,040	\$30,420	\$33,800	\$36,504
80%	\$37,856	\$43,264	\$48,672	\$54,080	\$58,406
100%	\$47,320	\$54,080	\$60,840	\$67,600	\$73,008
120%	\$56,784	\$64,896	\$73,008	\$81,120	\$87,610

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	\$37,856	\$3,155	\$947/mo	\$1,262/mo	\$1,420/mo
2	\$43,264	\$3,605	\$1,082/mo	\$1,442/mo	\$1,622/mo
3	\$48,672	\$4,056	\$1,217/mo	\$1,622/mo	\$1,825/mo
4	\$54,080	\$4,507	\$1,352/mo	\$1,803/mo	\$2,028/mo