

City of Flagstaff Homebuyer Assistance

Closing Cost & Down Payment Assistance Impact 1999 - 2019



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The History

- Housing Solutions of Northern Arizona (HSNA), formerly The Affordable Housing Coalition and BOTHANDS, is a HUD-approved housing counseling agency and an Arizona nonprofit corporation, based in Flagstaff.
- We have been providing one-on-one pre-purchase housing counseling since 1999, when we originally partnered with the City of Flagstaff to administer a down-payment assistance program.
- We also offer:
 - Foreclosure mitigation counseling
 - Financial literacy/credit counseling
 - Rental counseling

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The Benefits of Partnering

- HSNA has combined individualized pre-purchase counseling since the beginning of the program, ensuring buyers make informed decisions about their home purchase and have resources to overcome barriers to homeownership such as high debt or poor credit.
- Volunteer Housing Assistance Programs committee oversees all loans and advises on program design.
- HSNA has been able to layer City-funded assistance with other programs, such as WISH and available State of Arizona funds (when those programs were available).
- HSNA staff work extensively with lenders to ensure assistance programs meet Fannie Mae, Freddie Mac and FHA guidelines. We've adjusted program design, assistance amount, repayment, etc. over time to meet lending guidelines


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The Data

- 278 households received financial assistance (CHAP, BFAP, EAH) to purchase a first home in the greater Flagstaff area
 - 388 adults & 345 children (total of 732 individuals assisted)
- 39% of homebuyers were female-headed households
- Average AMI served = 81.97%
- Average household annual income = \$40,436


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The Data

- Leveraged \$1.22 million in client contributions
 - (average = \$4,477/household)
- Leveraged \$1.48 million in additional financial assistance
- Leveraged \$38.57 million in mortgage financing
 - (average household mortgage = \$141,280)
- 2.2% foreclosure rate over the past 20 years (6 foreclosures)

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The Data

The City's financial assistance program has really benefitted our local workforce. Buyers have been employed at the following companies:

| | |
|----------------------------------|--|
| Northern Arizona University (25) | Coconino County (14) |
| City of Flagstaff (25) | Restaurant/Hospitality (24) |
| WL Gore (17) | Flagstaff Medical Center (15) |
| State of Arizona | Flagstaff Unified School District (13) |
| Nonprofit (18) | Retail (22) |
| Grocery (11) | Coconino Community College (3) |
| NAIPTA (3) | Church/Religious (6) |

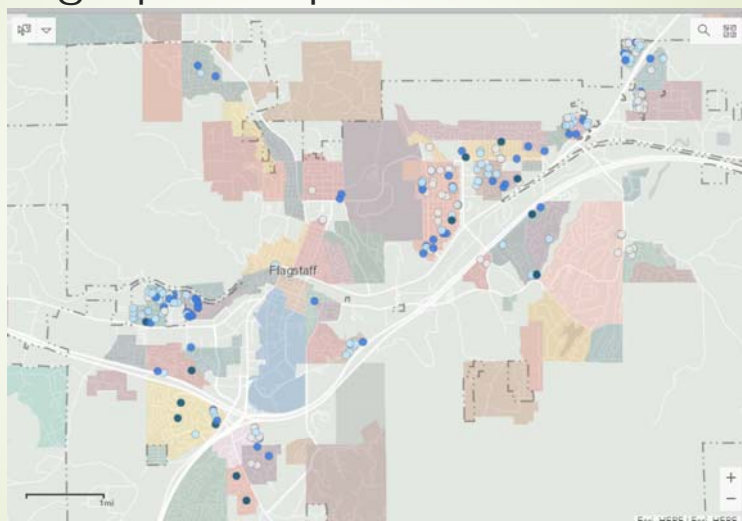
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Building Wealth

- Data on 130 buyers who have sold their homes
 - Average length of ownership = 5.95 years
 - Average appreciation = \$52,277
- Data on 145 buyers who still own their homes
 - Average appreciation (based on current Zillow value) = \$86,778

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Geographic Impact



<https://flagstaff.maps.arcgis.com/apps/opstdashboard/index.html#/d21a74a4f29d4a53b4d44f3fa9eef1dd>


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The Impact

- ▶ Purchasing a first home in Flagstaff enabled my family to...
 - ▶ "... have a place that we can call our own, to make memories, to build a family and to have roots in the city we love." --Jamie & Eli
 - ▶ "... feel a sense of pride and belonging in Flagstaff and to become a member of the Flagstaff community." -- GR
 - ▶ "... establish a solid foundation in life, instead of constantly moving and living in other people's homes and always having to move if things changed. We have been in the same home now for 17 years." --Marjorie
 - ▶ "... stop renting and establish a more permanent presence in this community." --Ron

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The Impact

- ▶ Without the City's down payment/closing cost assistance, I would have ...
 - ▶ "... never purchased a home here in Flagstaff, and [I] would have moved away." -- GR
 - ▶ "... not been able to purchase a home at a price I could afford." -- JJ
 - ▶ "... not been able to buy my house. As a single mother raising four children, I was unable to save enough money for a down payment toward a home." -- Debbi
 - ▶ "... not been able to purchase my home. I deeply appreciate that this service was available." --Rosalie
 - ▶ "... given up on finding a home and moved." -- Julia

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Current Program Information

- \$200,000 in CHAP funding awarded through competitive RFP in November 2018. To date, \$155,500 spent.
- One client under contract to purchase in November; two additional CHAP clients in eligibility-determination phase.
- Additional funds budgeted in Council's FY2020 budget to keep CHAP program funded moving forward.
- \$100,800 in EAH funding awarded through competitive RFP in November 2018. To date, \$22,500 spent.
- One client is under contract to purchase in December; two additional EAH clients are shopping for homes to purchase.

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Recommendations for the Future

- ***Consistent and available funding is critical for financial assistance programs like CHAP/EAH.*** Once funds are awarded (through the City's procurement process), loan documents have to be created or revised. Advertising and marketing materials need to be created. Lenders need to understand and approve the program. Clients need to complete homebuyer counseling and eligibility determination. Ramping up and winding down programs lead to client confusion, lack of support from industry partners.
- ***Increase EAH assistance per employee, but don't forgive the assistance.*** Employees can certainly benefit from increased assistance, given appreciation in our housing market. If EAH assistance is not forgiven, it is not income and would not be taxed.

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Questions?

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