

Affordable Housing:

Pre-Purchase Client Information

FEBRUARY 2024



Down Payment/Closing Cost Assistance

- HSNA is a HUD-approved housing counseling agency.
 - Certified every three years
 - Adopted national standards for housing counseling and education
 - Three HUD-certified housing counselors
- Provide pre-purchase, rental, financial literacy, foreclosure mitigation and post-purchase housing counseling to residents in Coconino, Mohave and Yavapai counties
- Volunteer Housing Assistance Programs (HAP) Committee comprised of lenders, title agency representatives help to advise and design programs

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Pre-Purchase Housing Counseling Demand in 2023:

- HSNA provided pre-purchase housing counseling to 92 households interested in purchasing a first home in Flagstaff, AZ.
 - 85 households currently live in the greater Flagstaff area (Flagstaff, Bellemont, Williams)
 - 7 households live in other parts of the state, but are interested in moving to Flagstaff (Kayenta, Pinon, Lakeside, Gilbert, Mesa)
- 65 households first sought pre-purchase housing counseling in 2023.
27 households began housing counseling services in 2021 or 2022.

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Pre-Purchase Housing Client Demographics (2023):

- Average Household Income = \$60,528
 - Lowest income = \$17,112 & Highest income = \$175,920
- Average Household AMI Percentage = 84%
 - 24 households under 50% AMI
 - 40 households between 50-80% AMI
 - 25 households between 80-100% AMI
 - 32 households above 100% AMI

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Pre-Purchase Housing Client Demographics (2023):

- Average Household Size = 2.4 persons
 - 32 households = 1 person
 - 43 households = 2 persons
 - 23 households = 3 persons
 - 23 households = 4+ persons

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Pre-Purchase Housing Client Demographics (2023):

- Household Race/Ethnicity:
 - African American = 4.1%
 - American Indian = 19%
 - Asian = 1.7%
 - Caucasian = 67.8%
 - Other/Multi Racial = 4.1%
 - Did not Disclose Race = 3.3%
 - Hispanic = 17.4%

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Pre-Purchase Housing Client Demographics (2023):

| Outcome/Readiness | |
|--|-----------------------|
| - Purchased w/ assistance | 13.0% (12 households) |
| - Purchased w/out assistance | 5.4% (5 households) |
| - Decided not to pursue homeownership | 28.3% (26 households) |
| - Homeownership not feasible (purchase power, debt, credit, savings) | 12.0% (11 households) |
| - Client preparing for homeownership (improving savings, reducing debt, etc.) | 33.7% (31 households) |
| - Actively pursuing home-purchase | 7.6% (7 households) |

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Recent Home Purchase Scenarios:

- Household composition: two adults, both employed full-time in Flagstaff (Food Service/Education)
- Household income: \$93,662.95
- Household AMI: 111%
- Flagstaff resident: 10 years
- Purchase price: \$343,000 for manufactured home in Christmas Tree
- Loan info: 30-year FHA loan for \$298,000. Interest Rate = 7.75%
- Seller credit = \$0
- Monthly payment (PITI) = \$2,470.21 (Housing Ratio = 31.62%)
- Debt-to-Income Ratio = 45% (Clients have \$1,046.22/mo. In debt)
- Client contribution = \$17,447
- Received \$40,000 in CHAP assistance

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Recent Home Purchase Scenarios:

- Household composition: two adults, both employed full-time in Flagstaff (Car dealer/Dental office)
- Household income: \$88,222
- Household AMI: 105%
- Flagstaff resident: 26 years
- Purchase price: \$339,000 for single-family home in Sunnyside
- Loan info: 30-year conventional for \$298,500. Interest Rate = 6.875%
- Seller credit = \$11,000
- Monthly payment (PITI) = \$2,248.07 (Housing Ratio = 30.58%)
- Debt-to-Income Ratio = 31.53% (Clients have \$70/mo. In debt)
- Client contribution = \$5,006.72
- Received \$40,000 in CHAP assistance

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Recent Home Purchase Scenarios:

- Household composition: two adults, both employed full-time in Flagstaff (City of Flagstaff)
- Household income: \$134,721
- Household AMI: 160%
- Flagstaff resident: 27 years
- Purchase price: \$376,000 for a manufactured home in Kachina Village
- Loan info: 30-year FHA loan for \$362,230. Interest Rate = 7.75%
- Seller credit = \$0
- Monthly payment (PITI) = \$3,024.54 (Housing Ratio = 26.94%)
- Debt-to-Income Ratio = 34.94% (Clients have \$898/mo. In debt)
- Client contribution = \$11,851
- Received \$20,000 in EAH assistance

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Our Impact:

- Since 1999, HSNA has:
 - Provided financial assistance to 452 households (1,175 people), purchasing a first home in Northern Arizona.
 - We have administered \$8.3 million in financial assistance, leveraging \$69 million in first mortgage financing and \$3.7 million in homebuyer contributions.
 - 38% of first-time homebuyers were female-headed households.
 - Average AMI = 82.4% since inception
 - Average AMI last fiscal year = 117.6%
 - Average income last fiscal year = \$86,582

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What's Working:

- Interest in home purchase and first-time homebuyer assistance programs remains high.
- Households have support and tools to become home-purchase ready; they can work on improving credit, reducing debt and saving for down payment.
- Dual-income households have additional buying power and more options to make purchase a reality in our community.
- We've seen significant increase in program interest since assistance levels were increased in the fall. More people are coming to us to learn about assistance and see if they qualify.

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Challenges:

- We can't control the market.
 - Interest rates remain higher than they have been in since the Great Recession – this makes borrowing more expensive and limits buying power.
 - Inventory remains relatively low, especially in lower price ranges.
- Lower-income households under 80% AMI struggle to afford to purchase homes in our market, as their buying power is limited by income.