

Community Homebuyer Assistance Program – Bond-Funded Expansion

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Agenda



- Background
- Housing Market Overview
- **PHASE 1:** CHAP Down Payment Assistance
- **PHASE 2:** CHAP Permanent Affordability Pilot
- Next Steps
- Questions & Comments

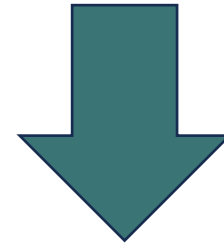




Background - Bond

Proposition 442:

Creating rental and homeownership opportunities for residents of Flagstaff (\$20 M)



Expanding the Homebuyer Assistance Program (\$7 M)

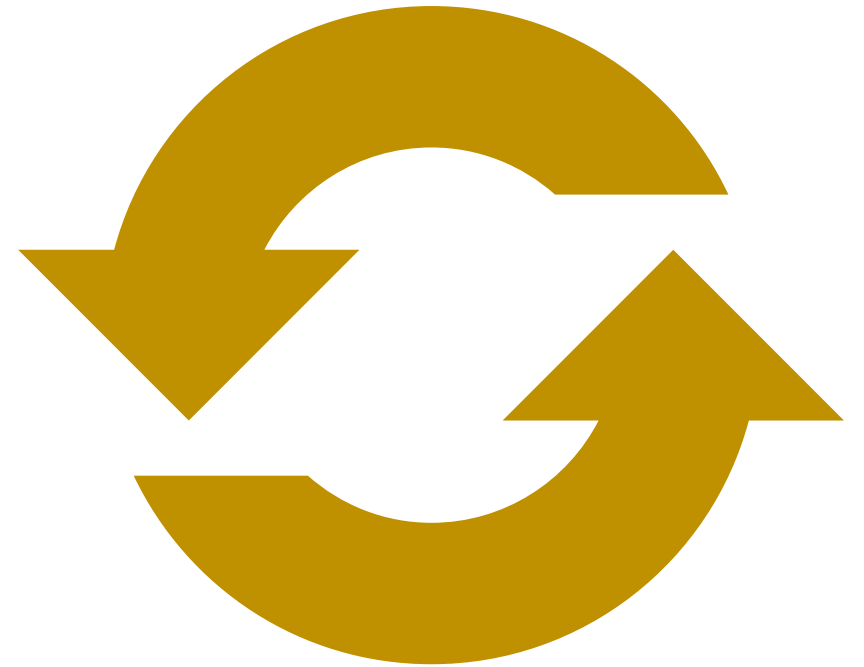




Background - CHAP

Community Homebuyer Assistance Program (CHAP)

- **Purpose:** Financial assistance and education for first-time homebuyers
- **Launched:** 1998
- **Evolution:** Housing Market
- **Funding Source:**
 - City general funds through Feb. 2025
 - Bond funds starting Aug. 2025
- **Assistance Type:** Revolving loan (never forgiven)





2025 Housing Market Overview

Cost of Living:

21.2% Over National
Average

Housing Costs:

51.6% Over National
Average

Median Home:

\$685,000

Average Days on the Market:

49

Housing Stock:

24% Under \$500,000

Needs:

Dual Incomes, Financial
& Family Support



2025 Home Prices



Condo - \$345,000

- **Income Needed:** \$82,000-\$95,000
- **Down Payment:** 3% (\$10,350)
- **Interest Rate:** 7.125%
- **Debt-to-Income:** 45%
- **Housing Payment/Mo:** \$3,078 (w/\$250 HOA)

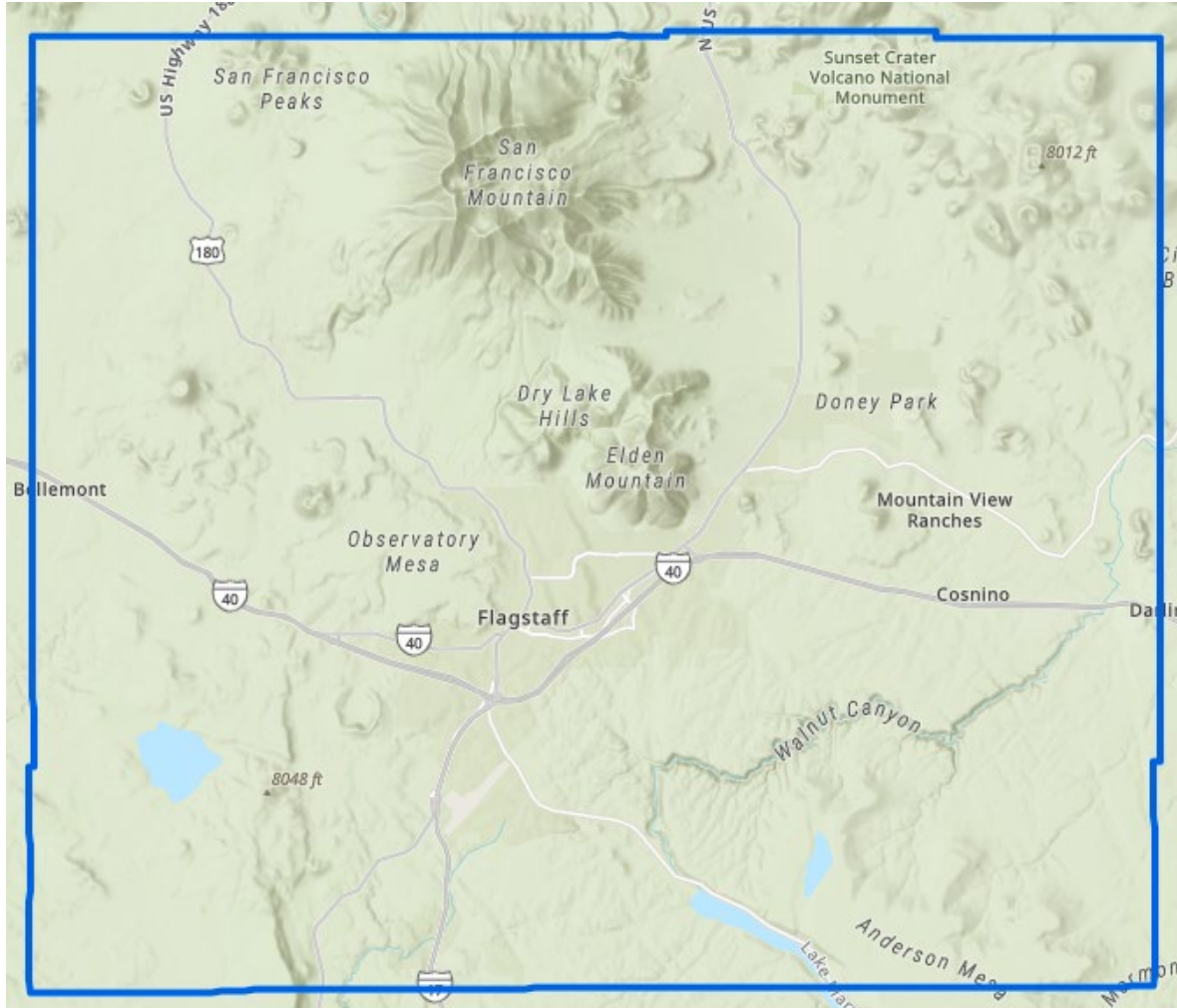


Single-Family Home - \$787,000

- **Income Needed:** \$165,000-\$177,000
- **Down Payment:** 3% (\$23,610)
- **Interest Rate:** 6.875%
- **Debt-to-Income:** 45%
- **Housing Payment/Mo:** \$6,104



PHASE 1: CHAP Down Payment Assistance



FMPO Boundary
Source: arcgis.com

Buyer Eligibility

- US citizen or legal permanent resident
- Live/work in FMPO x1 year
- First-time Flagstaff homebuyer
- Owner-occupancy
- AMI: 150% max (\$152,820 HH of 3)
- Debt-to-Income: 45% max
- **PROPOSED CHANGE:** Up to 50% if approved by City



PHASE 1: CHAP Down Payment Assistance



Unit Eligibility

- **Location:** City limits
- **Type:** Single-family, townhome, condo, manufactured (permanently affixed)
- **Loan:** 30-year, competitive rates, below jumbo limit
- **Guidelines:** Livable and meet lender occupancy/purchase guidelines
- **Home Inspection:** Recommended
- **Housing Ratio:** 35% max
 - **PROPOSED CHANGE: 30-35%**



\$559,000 townhome in Country Club
Source: flagstaffmlssearch.com



PHASE 1: CHAP Down Payment Assistance

Assistance

- **Assistance Amount:** Up to \$50,000
- **Assistance Type:** 10:1 matching loan
 - **Example:** \$5,000 buyer funds = \$50,000 CHAP assistance
- **Buyer Contribution:** \$1,000 min.
 - **PROPOSED CHANGE:** \$2,500 min.



Unlocking Homeownership Event, September 3, 2025



PHASE 1: CHAP Down Payment Assistance



Repayment

- No payment/interest until triggered
- **Repayment Triggers:**
 - Home is sold
 - No owner-occupancy
 - Refi. for cash-out
- **Loan Repayment:** Shared appreciation based on % assistance (*if not otherwise restricted*)
 - **PROPOSED CHANGE:** ½ shared appreciation if paid w/in 7 years

Example:

- **Purchase Price:** \$500,000
- **Assistance Amount:** \$50,000 (10% of purchase amt.)
- **Resale Value:** \$550,000
- **Repayment Amount:** \$55,000 (10% of resale value & \$5,000 more than original assistance)



PHASE 2: CHAP Permanent Affordability Pilot



Eligibility same as CHAP - DPA, **EXCEPT:**

- **AMI:** 125% max (\$127,350 HH of 3)
- **Home Price:** \$600,000 max
- **Assistance:** 30% of purchase price - no match
- **Triggers for Resale:**
 - No owner-occupancy



\$475,000 in NoHo
Source: flagstaffmlssearch.com



PHASE 2: CHAP Permanent Affordability Pilot



Crestview Homes

Assistance Terms:

- No repayment
- 99-year renewable Ground Lease/Deed Restriction
- Residential purposes (no STR)
- Parameters for construction/alteration
- No liens against land
- City has right of first refusal
- Sell to eligible buyer



PHASE 2: CHAP Permanent Affordability Pilot



**Initial Purchase Price – City Assistance =
Initial Affordable Purchase Price**

Example:

Initial Purchase Price	\$600,000
City Assistance (30% of Initial Purchase Price)	\$180,000

$$\mathbf{\$600,000 - \$180,000 = \$420,000}$$



PHASE 2: CHAP Permanent Affordability Pilot



$$\text{(Initial Purchase Price) + [(Appraisal 2 - Appraisal 1) x 25\%]} = \text{Affordable Resale Price}$$

Example:

Initial Purchase Price:	\$420,000
Appraisal 1 (at purchase):	\$600,000
Appraisal 2 (at sale):	\$700,000

$$(\$420,000) + [(\$700,000 - \$600,000) \times 25\%] = \text{Resale Price}$$

$$(\$420,000) + [\$100,000 \times 0.25] = \text{Resale Price}$$

$$\mathbf{\$420,000} + \$25,000 = \mathbf{\$445,000}$$



Next Steps



- **Action Needed Today**
 - Forward to Council with a recommendation for (approval/approval with comments/denial)
- **City Council Consideration**
 - October 21



Questions & Comments



Thank you!