



Homeownership Programming Discussion

April 18, 2024 CDAC Meeting





Presentation Overview

- Neighborhood Stabilization Program (NSP) accomplishments
- Grant requirements for homeowner programs (HOME and CDBG)
- Existing homeownership programs
- County-wide allocation of CDBG and HOME funds
- Affordability analysis
- Employment and wages
- Potential partners
- Homeownership under the THRIVE Program



NSP Accomplishments

Activity Type	Total Expended	Period of Affordability (Years)	Units Assisted	Initial Cost Per Unit
Acquisition/New Construction - Rental	\$2,197,133	30	16	\$137,321
Demolition	\$156,429	0	10	\$15,643
Direct Homebuyer Assistance	\$83,269	5	18	\$4,626
Acquisition/Rehab/Resale - Homeowner	\$9,255,729	15	61	\$151,733
Total:	\$11,692,561	--	105	\$111,358



CPD Homebuyer Requirements

Requirement	HOME	CDBG
Income Limit	80% AMI	80% AMI
Maximum Home Value	\$432,000	None
Affordability Requirements	<ul style="list-style-type: none">• <15K = 5 years• \$15K-\$40K = 10 years• >\$40K = 15 years• New Construction = 20 years	None
Funding Cap	None	None
Eligible Uses of Funds	<ul style="list-style-type: none">• Down payment (HOME – no limit; CDBG – 50%)• Mortgage and points buy downs (including MI)• Loan guarantees• Reasonable closing costs	



Existing Homebuyer Programs

Program Name	Agency	Funding	Basic Program Requirements
Home in Five (Advantage and Platinum)	Maricopa County and Phoenix IDAs (joint sponsors)	Single Family Mortgage Revenue Bonds	HH Income: \$138,600 D/I Ratio: 50% Homebuyer Education
Open Doors	City of Phoenix	HOME	1 st time Home Buyer Low- Moderate income (80% AMI) Min Buyer Investment: \$1,000 Purchase Price below \$428,000 Homebuyer Education
First-Time Homebuyer Program	City of Avondale	HOME; not recommended for new funding in FY 2024-25	1 st time Home Buyer Low- Moderate income (80% AMI) Max assistance \$30,000 Homebuyer Education
Arizona is Home (New)	Statewide	Governor's Initiative	1 st time Home Buyer Low- Moderate income (120% AMI) Max assistance \$20,000- \$30,000 Homebuyer Education



FY 2024-25 Annual Action Plans (CDBG)

Municipality	CDBG Allocation
Avondale	\$650,000
Surprise	\$766,285
Peoria	\$902,707
Gilbert	\$1,023,547
Scottsdale	\$1,163,185
Chandler	\$1,343,477
Tempe	\$1,695,733
Glendale	\$2,354,682
Mesa	\$3,450,064
Maricopa County	\$3,731,446



FY 2024-25 Action Plans (HOME)

Municipality	HOME Allocation
Avondale	\$214,593
Surprise	\$252,694
Peoria	\$297,476
Gilbert	\$337,297
Scottsdale	\$355,614
Chandler	\$442,726
Tempe	\$575,285
Glendale	\$775,957
Mesa	\$3,400,000
Maricopa County*	\$2,057,196

* This figure is Maricopa County's share of the total HOME allocation from HUD. The total HUD allocation to the County is inclusive of all member allocations and is estimated to be \$5,308,838

** Final allocations from HUD are not yet available, though the total HOME Program appropriation was reduced by \$250M (17%), from \$1.5B to \$1.25B



FY 2024-25 Annual Action Plans (HOME)

Municipality	Proposed HOME funded activities
Avondale	Tenant-Based Rental Assistance (TBRA)
Chandler	TBRA
Gilbert	Acquisition/New Construction – Rental
Glendale	TBRA
Maricopa County	Acquisition/Rehabilitation – Rental; Acquisition/New Construction – Rental and Owner (including CHDO)
Mesa	TBRA, New Construction – Rental
Peoria	Acquisition/New Construction – Owner
Scottsdale	TBRA
Surprise	TBRA
Tempe	TBRA



What is the annual income needed to purchase a home in the current market?

Housing Cost Factor	Amount
Median Listing Price ¹	\$464,900
Median Sales Price ¹ (past 90 days)	\$424,990
Expenses at closing: down payment (3.5% for FHA), Upfront PMI (1.75% for FHA), Closing Costs (est. 3%)	\$34,801
Mortgage (Price less expenses paid at closing)	\$390,189
Mortgage Rate ²	6.82%
Principal & Interest Monthly Payment	\$2,549
Taxes & Hazard Insurance Monthly Payment	\$275
Mortgage Insurance ³ (MI) (\pm 0.55% of loan amount)	\$188
Total Monthly Housing Payment	\$3,012
HH Income Required to Afford Payment (30% of income)	\$120,476

Exceeds 80% AMI

1. AZ Multiple Listing Service, Statistical Market Analysis, 4/12/24
2. Freddie Mac, Primary Mortgage Market Survey, 4/4/24
3. MI Estimate, [HUD.gov](https://www.hud.gov), Accessed 4/15/2024



What is the purchase price an eligible HH requires to achieve affordable homeownership?

Housing Cost Factor (3-member household, looking for a 3-bedroom home in Glendale)	Amount
Max Annual Income (80% AMI for <u>3-member HH</u>)	\$66,375
HH Income Required to Afford Payment (30% of income)	\$120,476
Annual HH Income Gap	(\$54,101)
Affordable Monthly Payment @ median income (30% of 3-member HH income)	\$1,659
Max affordable mortgage	\$254,015
Total Properties Active on MLS (<u>3 Bedroom</u> , under \$255,000) ¹	20
Total Properties Active on MLS (<u>3 Bedroom</u> , under \$350,000) ¹	21
Total Properties Active on MLS (<u>3 Bedroom</u> , under \$425,000) ¹	55
Total Properties Active on MLS (<u>3 Bedroom</u> , over \$425,001) ¹	71

1. AZ Multiple Listing Service, Active Property Search, 3 Bedroom, Glendale, 4/12/24



Employee Wages (Arizona)

HH Income required to afford median house = \$120,476

Positions and median wages¹

– Kindergarten Teachers	\$51,200
– Executive Administrative Assistants	\$64,290
– Chefs and Head Cooks	\$64,560
– Licensed Practical Nurses	\$65,500
– Web Developers	\$66,960
– Respiratory Therapists	\$74,520
– Management Occupations	\$102,560
– Aerospace Engineers	\$128,230
– Nurse Practitioners	\$130,960

1. Bureau of Labor Statistics, Occupational Employment and Wage Statistics, May 2023



Partnership Opportunities

- Trellis
- Chicanos Por La Causa
- Community Development Financial Institutions (CDFIs)
- Housing for Hope
- Habitat for Humanity



Transcending, Hope, Resiliency, Into, Viable, Empowerment (THRIVE) Program

- CAP Success Coaches
 - Long-term stability focuses on:
 - Asset building, education, financial literacy, network building and maintaining housing
 - Three (3) participants are working towards homeownership
 - Paid off debt
 - Improved FICO Score
 - Saving down payment for the Workforce Initiative Subsidy for Homeownership (WISH) & State Down Payment program

 Thank you!

Questions