

Memorandum



DATE September 13, 2013

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Monica Alonzo, Rick Callahan, Dwaine Caraway, and Philip Kingston

SUBJECT Mortgage Assistance Program Update

On Monday September 16, 2013, you will be briefed on the Mortgage Assistance Program Update. A copy of the briefing is attached.

Please let me know if you have any questions.



Theresa O'Donnell
Interim Assistant City Manager

- c:
- The Honorable Mayor and Members of the City Council
 - A. C. Gonzalez, Interim City Manager
 - Rosa A. Rios, City Secretary
 - Warren M.S. Ernst, Interim City Attorney
 - Craig Kinton, City Auditor
 - Judge Daniel Solis, Administrative Judge
 - Ryan S. Evans, Interim First Assistant City Manager
 - Forest E. Turner, Assistant City Manager
 - Jill A. Jordan, P.E., Assistant City Manager
 - Joey Zapata, Assistant City Manager
 - Charles M. Cato, Interim Assistant City Manager
 - Jeanne Chipperfield, Chief Financial Officer
 - Frank Libro, Public Information Officer
 - Bernadette Mitchell, Housing/Community Services, Interim Director
 - Elsa Cantu, Assistant to the City Manager – Mayor and Council

Mortgage Assistance Program Update

A Briefing to the
Housing Committee

Housing/Community Services Department
September 16, 2013



KEY FOCUS AREA: ECONOMIC VIBRANCY

Purpose

- To provide an update regarding the Mortgage Assistance Program (MAP)
- To recommend approval of changes to the program for FY2013-14

Background

MAP Program Purpose

- To provide homeownership opportunities for low to moderate income homebuyers through the provision of financial assistance in purchasing a home in Dallas

Background (cont.)

- Enterprise Community Partners (ECP) began operating the Mortgage Assistance Program in 1991
- ECP closed their Dallas office in September 2012
- City of Dallas began operating the Mortgage Assistance Program in-house on October 1, 2012
 - Website and mortgage registration system transferred November 2012
 - MAP was fully staffed by March 2013 within City organization
 - Seamless transition for homebuyers and program partners
- Added a new category of assistance to include homebuyers purchasing a home constructed on a Land Bank acquired lot.

Homeownership Data

- Dallas Homeowner Units

- DCAD lists 216,827 detached residences
- US Census
 - Total Housing units 2010: 516,639
 - Homeownership rate 2007: 42.0%
 - Homeownership rate 2007-2011: 45.2%
 - Total ownership units: 233,521

- MAP Property Tax Data

	<u>FY2011-12</u>	<u>FY2012-13</u>
● Tax Value New Construction:	\$305,887	\$ 74,492
● Tax Value Existing Homes:	<u>\$152,709</u>	<u>\$ 91,472</u>
● Total Tax Value:	\$458,597	\$165,964
● Grand Total:	\$624,561	

Program Partners

- 29 Lenders
- 23 Title Companies
- 9 Homebuyer Education Providers
- 6 CHDOs
- Leveraging Private Dollars
 - FY 2011-2012 \$13,877,612 (4:1)
 - FYTD 2012-Aug 2013 \$ 5,407,879 (6:1)

Program Guidelines

- MAP provides principal reduction and closing cost assistance
- Homes purchased must be in the City of Dallas
- Eligible homebuyers' gross income cannot exceed 80% of the Area Median Family Income (AMFI), adjusted for family size
- Eligible homebuyers must:
 - Be a U.S. citizen or permanent resident
 - Complete a homebuyer education class in order to qualify
 - Agree to occupy the home as a primary residence
- Homes are inspected prior to purchase and must meet Minimum Acceptable Property Standards (MAPS)
 - MAP provides up to \$1,500 for MAPS repairs which must be completed prior to closing
- The sales price of the home may not exceed \$271,050

Program Guidelines (cont.)

- 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 LENDING PROCESS

- Homebuyer attends and receives course completion certification from participating homebuyer counseling agency
- Homebuyer gets pre-qualified for a loan with one of the participating MAP lenders
- Homebuyer contacts Real Estate agent to locate a suitable home
- Lender registers homebuyer online with MAP to reserve funds
- Lender submits loan package to MAP staff
- MAP staff underwrites the loan and submits funding to title company
- Homebuyer closes loan at title company

Note: Program information and registration process are available on the MAP website at www.dallasmap.org

FY2013-14 Program Guidelines

- Categories of Assistance:
 - Existing Homes Citywide
 - Pre-owned homes within the City of Dallas
 - \$8,500 with a 5 year forgivable loan term
 - \$510,000 initially set aside for this category
 - 60 homebuyers will be assisted

 - Community Housing Development Organizations
 - New Construction and Rent to Purchase Transactions
 - \$20,000 with a 10 year forgivable loan term
 - Each CHDO, including affiliates, is limited in its access to total funding up to 50% of the available funding for this category
 - \$800,000 initially set aside for this category
 - 40 homebuyers will be assisted

FY 2013-14 Program Guidelines (cont.)

- Categories of Assistance (cont.):
 - Newly Constructed Homes on Lots Purchased from the Dallas Housing Acquisition and Development Corporation (City of Dallas Land Bank)
 - New Construction
 - \$10,000 with a 5 year forgivable loan term
 - \$300,000 initially set aside for this category
 - 30 homebuyers will be assisted

MAP Production*

	FY2011-12	FYTD 2012 thru 8/31/2013	Anticipated for September 2013
Unit Production	171	62	8
Total Subsidy	\$3,320,685	\$827,500	\$125,500
Private Dollars Leveraged	\$13,877,612	\$5,407,879	\$872,453
Average Sales Price	\$98,209	\$96,737	\$109,056

*See exhibits for production breakdown

Production Analysis

- Causes of production decreases FY2012-13
 - Delays caused by transition of program from Enterprise
 - Continued slow sales during first part of year
 - Tightening of credit score requirements
 - Fixed allotment categories restricted best use of available funds
- Changes to increase production FY2013-14
 - Complete Program cycle starting October 1, 2013
 - Training of Partners on October 4, 2013
 - Continue processing existing FY2012-13 registrations
- Ramped up Marketing
 - Focus on DISD and area hospitals
- Estimated increased production from 70 to 130

MAP Snapshot

ETHNICITY AND HOUSEHOLD INCOME BREAKDOWN

ETHNICITY	FY2011-12	FYTD 2012-13		INCOME	FY2011-12	FYTD2012-13
Anglo	10	2		30% and Below	6	0
African American	64	15		31%-50%	39	9
Hispanic	95	44		51%-67%	84	27
Other	2	1		68%-80%	42	26
Total	171	62			171	62

MAP Snapshot

COUNCIL DISTRICT PRODUCTION FY 2011-12

Council District	Loans	Subsidy		Council District	Loans	Subsidy
1	14	\$143,215		8	55	\$1,302,000
2	3	\$47,000		9	6	\$63,500
3	36	\$703,970		10	0	\$0
4	15	\$300,000		11	0	\$0
5	8	\$82,000		12	3	\$75,000
6	4	\$40,000		13	0	\$0
7	25	\$525,500		14	2	\$38,500

MAP Snapshot

COUNCIL DISTRICT PRODUCTION FYTD 2012-8/31/2013

Council District	Loans	Subsidy		Council District	Loans	Subsidy
1	10	\$85,000		8	8	\$115,500
2	0	\$0		9	4	\$34,000
3	13	\$202,500		10	0	\$0
4	2	\$17,000		11	1	\$8,500
5	3	\$25,500		12	3	\$25,500
6	2	\$28,500		13	0	\$0
7	16	\$285,500		14	0	\$0

MAP Budget

	<u>FY2012-13</u>	<u>FY2013-14</u>
Community Development Block Grant	\$1,342,473	\$1,300,000
HOME Investment Partnership Program	<u>\$1,440,000</u>	<u>\$ 800,000</u>
Total Allocation	\$2,782,473	\$2,100,000

Description of Program Changes

FY 2012-13

1. Allotment by Category of Assistance

- Existing Homes: \$340,000
- CHDO New Construction: \$1,360,000
- Land Bank New Construction: \$400,000

2. No formal procedure to process insurance checks for homeowners

FY 2013-14

1. Allotment by Category of Assistance

- Existing Homes: \$510,000
- CHDO New Construction: \$800,000
- Land Bank New Construction: \$300,000

2. Formal procedure would be added to MAP Program Statement approved by Resolution

Next Steps

- September 25, 2013 – City Council will consider amendments to the program statement for FY2013-14
 - Removal of specific funding limits by category of assistance
 - Formalize process for processing insurance checks for homeowners

Exhibit A

Area Median Family Income (AMFI)
For 2013

Area Median Family Income for 2013

% Income	Family Size				
	1	2	3	4	5
30%	\$14,200	\$16,200	\$18,250	\$20,250	\$21,900
50%	\$23,650	\$27,000	\$30,400	\$33,750	\$36,450
80%	\$37,800	\$43,200	\$48,600	\$54,000	\$58,350
100%	\$47,250	\$54,000	\$60,750	\$67,500	\$72,900
120%	\$56,700	\$64,800	\$72,900	\$81,000	\$87,480

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	\$37,800	\$3,150	\$945/mo	\$1,260/mo	\$1,418/mo
2	\$43,200	\$3,600	\$1,080/mo	\$1,440/mo	\$1,620/mo
3	\$48,600	\$4,050	\$1,215/mo	\$1,620/mo	\$1,823/mo
4	\$54,000	\$4,500	\$1,350/mo	\$1,800/mo	\$2,025/mo