

Memorandum



DATE November 26, 2014

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 December 1, 2014, you will be briefed on Mortgage Assistance Program Update. A copy of the briefing is attached.

Please let me know if you have any questions.



Theresa O'Donnell
Chief Planning Officer

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, City Manager
Rosa A. Rios, City Secretary
Warren M.S. Ernst, City Attorney
Craig Kinton, City Auditor
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Mortgage Assistance Program Update

A Briefing to the
Housing Committee

Housing/Community Services Department
December 1, 2014



KEY FOCUS AREA: ECONOMIC VIBRANCY

Purpose

- To provide an update regarding the Mortgage Assistance Program (MAP)
- To recommend changes to the program for FY2014-15

MAP Program Purpose

To incentivize homeownership within the city of Dallas

- \$2,743 taxes gained per \$100K valuation
- Wealth is created for low to moderate income households
- Specifically incentivize homeownership and development in areas of interest to the City

Housing Market Conditions

- Seller's market with low inventory
 - Competition for available properties
- Tight credit score requirements
 - Slow approvals
 - More paperwork
- Lender legal issues
 - Bank settlements with Federal Government past loan servicing and foreclosure abuses and fraud
 - Wells Fargo Lift Program
 - \$5 million down payment assistance program
 - Added layer of out of state underwriting
 - Citibank settlement may affect program in future
 - Bank of America settlement may affect program in future

Program Partners FY 2013-14

- 48 Lenders
- 48 Title Companies
- 6 Homebuyer Education Providers
- 6 CHDOs
- Leveraging Private Dollars
 - FY 2012-2013 \$5,567,481 (6.6:1)
 - FY 2013-2014 \$7,801,323 (6.7:1)
- 19 MAP training sessions held with Lenders, Realtors and other program partners
- 15 Marketing events held with potential homebuyer groups

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 on existing homes
- The sales price of the home may not exceed \$195,000 for new construction and \$145,000 for existing construction

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 expenses & other debt 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

FY 2013-14 Program Guidelines

Category	Maximum Assistance	Lien Term
Existing Homes	\$8,500	5 years
Community Housing Development Organization (CHDO)	\$20,000	10 years
Land Bank	\$10,000	5 years

MAP Production

	FY2012-13	FY 2013-14
Unit Production	64	93
Total Subsidy	\$844,500	\$1,159,228
Private Dollars Leveraged	\$5,567,481	\$7,801,323
Average Sales Price	\$96,414	\$97,391

MAP Snapshot

HOUSEHOLD INCOME BREAKDOWN

INCOME	FY 2012-13	FY 2013-14
30% and Below	0	0
31%-50%	10	18
51%-67%	28	37
68%-80%	26	38
Total	64	93

MAP Snapshot

ETHNICITY BREAKDOWN

ETHNICITY	FY 2012-13	FY 2013-14
Anglo	2	2
African American	15	34
Hispanic	46	54
Other	1	3
Total	64	93

MAP Budget

	<u>FY2013-14</u>	<u>FY2014-15</u>
Community Development Block Grant	\$1,300,000	\$1,165,856
HOME Investment Partnership Program	<u>\$ 800,000</u>	<u>\$ 957,158</u>
Total Allocation	\$2,100,000	\$2,123,014

Proposed Program Changes for FY 2013-14

Category	Maximum Assistance	Lien Term
Existing Homes New Construction* <small>*Includes non-profit and for-profit organizations</small>	\$14,000	5 years
CHDO	\$20,000	10 years
Land Bank	\$20,000	10 years
Neighborhood Investment Program Area or other Designated Area	\$20,000	10 years

Next Steps

- January 14, 2015 – City Council will consider amendments to the program statement for FY2014-15
- Training & Marketing in January 2015

Exhibit A

Area Median Family Income (AMFI)
For 2014

Area Median Family Income for 2014

% Income	Family Size				
	1	2	3	4	5
30%	\$14,250	\$16,300	\$18,350	\$20,350	\$22,000
50%	\$23,800	\$27,200	\$30,600	\$33,950	\$36,700
80%	\$38,050	\$43,450	\$48,900	\$54,300	\$58,650
100%	\$47,530	\$54,320	\$61,110	\$67,900	\$73,332
120%	\$57,036	\$65,184	\$73,332	\$81,480	\$87,998

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	\$38,050	\$3,171	\$951/mo	\$1,268/mo	\$1,427/mo
2	\$43,450	\$3,621	\$1,086/mo	\$1,448/mo	\$1,629/mo
3	\$48,900	\$4,075	\$1,223/mo	\$1,630/mo	\$1,834/mo
4	\$54,300	\$4,525	\$1,358/mo	\$1,810/mo	\$2,036/mo

Exhibit C

Marketing and Training
FY2013-14

Marketing

Date	Event	Location	# in Attendance
10/12/2013	Builders of Hope/Dallas Home Connection/Homebuyer Club	El Centro College - West Campus	15
10/26/2013	Homebuyer Expo - DCHLCC	Friendship West Baptist Church	200
2/14/2014	Neighborhood Lift - BCL of Texas	BCL of Texas	700
2/22/2014	Homebuyer Fair - BCL of Texas	Senter Park Recreation Center	100
2/28-3/1/2014	Neighborhood Lift - Wells Fargo	Hilton Anatole Hotel	700
3/15/2014	Homebuyer Education Class	North Texas Housing Coalition	25
3/15/2014	Budgeting & Homebuying Workshop	MLK Community Center	3
3/22/2014	Dallas Home Connection	MLK Community Center	40
4/3/2014	Wells Fargo - CineMeeting	North Park Theater	200
4/12/2014	Dallas Association of Realtists Homebuyer Expo	Southwest Center Mall	75
6/7/2014	Dallas Home Connection Homebuyer Seminar	City Square Operation Center	40
7/12/2014	Capital One Homebuyers Expo	Crown Plaza	91
7/19/2014	Dallas Home Connection - Homebuyer Workshop	City Square Operation Center	6
8/23/2014	Neighborhood Block Party	Swiss Ave	30
9/20/2014	Healthy, Wealthy, Wise Community Fair	MLK Community Center	100

Training

Date	Event	Location	# in Attendance
10/4/2013	MAP 2013-14 Program Rollout Training	Center for Community Cooperation	112
10/22/2013	JP Morgan Chase Training	Dallas City Hall	6
1/14/2014	Wells Fargo Home Mortgage Training	Dallas City Hall	3
1/15/2014	Valley National Mortgage Company Training	Dallas City Hall	5
1/29/2014	Wells Fargo Home Mortgage MAP Training	Wells Fargo Bank	15
2/12/2014	JP Morgan Chase Training	Dallas City Hall	8
3/5/2014	Guild Mortgage - MAP Training	Guild Mortgage	5
3/19/2014	Wells Fargo Home Mortgage MAP Training	Dallas City Hall	4
3/25/2014	Wells Fargo - MAP Training	Dallas City Hall	3
4/4/2014	Prime Lending - MAP Training	Prime Lending	10
4/9/2014	Bank of America - Lunch & Learn Training	Casa Rita's Mexican Grill	30
4/17/2014	New American Funding - Training	Dallas City Hall	1
5/6/2014	Dallas Area Habitat for Humanity - MAP Training	Dallas Area Habitat for Humanity	10
5/15/2014	Wells Fargo - Training	Dallas City Hall	1
5/29/2014	MAP LO Training (North Dallas & Evolve Bank)	Dallas City Hall	4
6/17/2014	NAHREP North Texas Training	Las Colinas Country Club	85
7/9/2014	Capital One & Guild Mtg Training	Dallas City Hall	2
7/23/2014	Capital One - MAP Training	Capital One Operations Center	15
8/5/2014	Ultima Real Estate - MAP Training	Ultima Real Estate	7