



Setti D. Warren
Mayor

**Newton, Massachusetts Community Preservation Program
Fy12-13 FUNDING REQUEST**

PRE-PROPOSAL PROPOSAL

(For staff use)
date rec'd:
*Revised
proposal
14 Dec 2012*

For full instructions, see www.newtonma.gov/cpa or contact:

Community Preservation Program Manager
Newton Planning and Development Department, 1000 Commonwealth Ave., Newton, MA 02459
aingerson@newtonma.gov 617.796.1144

You may adjust the space for each question, but do not use more than 1 page to answer all questions on this page.

Project CONTACTS	<i>Name, title, mailing address, email, phone, fax, & website if there is one.</i>		
<i>Rieko Hayashi, Housing Planner City of Newton Housing Office Newton Planning and Development Department rhayashi@newtonma.gov 617-796-1149</i>	OTHER CONTACT <i>Robert Muollo Jr., Housing Planner City of Newton Housing Office Newton Planning and Development Department rmuollo@newtonma.gov/617-796-1146</i>		
Program TITLE	<i>Newton Homebuyer Program</i>		
Program LOCATION	<i>Scattered sites within Newton boundaries.</i>		
Project BUDGET	<i>CP FUNDS TO BE REQUESTED:</i> <i>\$475,000 (including administrative expenses and rehabilitation fund)</i>	<i>Proposed Cases:</i> <i>3 cases for one year</i>	<i>Maximum Subsidy per unit:</i> <i>Currently \$115,000 Proposed Subsidy: \$150,000</i>
SUMMARY	<i>Explain project goals & why funds are needed. For multi-project "programs," describe how individual projects were chosen & prioritized.</i>		

The City of Newton's Homebuyer Assistance Program, established in 2001, is currently assisting qualified low-moderate income households to purchase a home in Newton by providing two forms of assistance: Buydown assistance toward reducing the purchase price of a property and assistance towards downpayment or closing costs. In return, the City records a permanent deed restriction on the property ensuring that the property remains affordable to households at the same relative income level in the future. Funds are allocated on a first come, first served basis to income-eligible applicants who have received bank pre-approval for a mortgage. Household Assets will be limited to \$75,000.

Staff is requesting \$450,000 in buydown and downpayment/closing cost assistance that will assist approximately three new first time homebuyers, \$15,000 for program administration, and \$10,000 for a new rehabilitation fund. **The total request is \$475,000.**

Grants to Homebuyers: The program currently offers maximum buydown assistance of \$110,000 and up to \$5,000 toward downpayment or closing costs. The average income for applicants currently on the waiting list is \$42,852. With the current maximum subsidy, such a household can afford a purchase price of approximately \$290,000. Therefore, the program has mainly served 1 or 2 person households. Attachment A shows that there are currently only 4 units with 3 bedrooms listed for sale in Newton under \$300,000. An increase in the subsidy to \$150,000, for households requiring a 3 bedroom or larger, would allow the program to serve a greater diversity of household types. The subsidy limit for households requiring a 1 bedroom would remain at \$115,000 and for 2 bedrooms would be increased to \$125,000.

Program Administration: The program's administrative costs include advertising and materials, but the primary cost is staff time to work with the buyer from application to closing, inspecting units both before initial purchase and periodically to ensure they are maintained, reviewing proposed improvements, and managing pricing, marketing and other aspects of the resale process.

Rehabilitation Fund: Some of the program's earliest assisted units are now being re-sold to new, income-eligible buyers. The new rehabilitation fund will provide a maximum of \$2,000 per unit to bring older units up to current, higher property standards upon resale. This additional funding is necessary because homeowners assisted by the program build limited equity and typically, neither they nor the new buyers can afford to make these necessary upgrades themselves.

HOW WILL CP FUNDS BE USED?		HISTORIC RESOURCES	OPEN SPACE	RECREATION LAND	COMMUNITY HOUSING
Check all that apply.	acquire				
	create	not allowed			✓
	preserve				
	support	not allowed	not allowed	not allowed	
	rehabilitate/restore		allowed only if the resource was originally acquired or created with CP funds		

You may adjust the space for each question, but do not use more than 1 page to answer all questions on this page.

CITYWIDE PLANS: List plans by title, year & page(s) where each plan identifies this specific project or its general goals as a priority. See links to plans from: www.newtonma.gov/cpa/program.htm.

With the proposed revision the program will reach a diverse applicant pool consistent with the goals stated in the City of Newton’s Consolidated Plan Five Year Plan for Housing and Community Development, p. 123, “Supporting and expanding the socio-economic, cultural and racial diversity in Newton”.

As well as **Priority need #2:** Create homeownership opportunities for low-, moderate-, and middle-income residents., as stated in p. 6 of the 2008 Comprehensive Plan.

OTHER FUNDING: What non-CP funds will you use or are you pursuing? List names of other funders, amounts requested, & expected dates of funding decisions.

In the past, the program was funded by three sources: Community Development Block Grant Funds (CDBG), HOME Investment Partnerships (HOME), and local Community Preservation Act (CPA) funds. In response to reductions in Newton’s federal housing funds, the program has relied solely on CPA funds since 2009. Sixteen households have been funded with Community Preservation Act funds.

STEWARDSHIP: How will the project be maintained and funded once CP funds have been spent? (Hint for City-owned resources: “through the regular operating budget” is seldom a persuasive answer.)

The homeowner is fully responsible for funding and maintenance of their property. Housing staff monitor the property on an annual basis to insure that the property is still in compliance with Housing Quality Standards and the terms of the Declaration of Affordable Covenants (deed restriction), and must review and approve all major improvements to make sure they are compatible with the future deed-restricted resale price.

The homeowner must certify annually that they are still using the unit as their principal residence.

The program maintains a database of all homebuyers with breakdowns of Federal funds, CPA funds and personal funds. A cumulative program report will be generated annually from this database, for posting on the CPC’s project webpage.

COMMUNITY CONTACTS: List email addresses and/or phone numbers for at least 3 Newton residents or organizations that can provide feedback on the proposal and its manager’s qualifications. No more than 1 should be a Board member, supervisor, or employee of the project manager.

(See attached letters of support)

TIMELINE				
Project or Program Title: Newton Homebuyer Assistance Program				
Steps (for a project) or Projects (for a multi-project program) <i>For requests over \$300,000, show how funding could be phased over multiple years.</i>	Assistance Required <i>(fundraising, permits, etc.)</i>	Start <i>season/ year</i>	Finish <i>season/ year</i>	Cost <i>estimate</i>
We anticipate completion of 3-4 cases by the end of FY14.				
1. Applicant calls or comes in to meet with Housing Planner to go over application requirements.	Housing Planner to answer questions regarding program and provides first time homebuyer counseling.	January 1	1-2 hours	\$
2. Applicant submits application with all income documentation and pre-approval letter from bank.	Buyer to obtain Pre-approval letter from a Bank.	January 10	1-2 weeks	\$
3. Housing Planner reviews application to determine applicant is income eligible and meets the Newton Homebuyer Guidelines.	Housing Planner to determine eligibility. Buyer to hire a broker and attorney.	January 17th	1 week	\$
4. Applicant finds a property and makes an Offer and notifies the Housing Planner.	Housing Planner ensures purchase price does not exceed 33% of applicant's monthly income	March 17 th	2-4 months	\$
5. The Housing Rehabilitation Construction Manager performs a Housing Quality Standards Inspection after the Homeowner submits a Home Inspection Report	Buyer hires Home Inspector then Housing Construction Manager completes HQS Inspection.	March 21-22	1-2 hours each inspection.	\$
6. If the unit passes inspection, the Buyer may enter into a Purchase and Sales Agreement with a closing date contingent upon meeting all City of Newton and bank requirements.	Housing Planner reviews Purchase and Sales agreement.	March 26	1 -2 days	\$
7. Bank issues letter of Financial Commitment & Housing Planner sends letter of commitment to the buyer. Housing Planner contacts Legal Department to prepare loan documents.	Housing Planner and Legal to prepare loan documents. Bank's underwriter completes loan review.	March 21	2-3 weeks	\$
8. Closing is scheduled once buyer meets all obligations with City of Newton and the bank's closing attorney.		April 11	2 weeks	\$
9. Closing (typically 3-4 weeks after signing of Purchase and Sales Agreement)		April 21	1 day	\$

ATTACHMENTS
See attached Table of Contents.

CPA PROPOSAL FOR NEWTON HOMEBUYER PROGRAM ASSISTANCE PROGRAM

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1. ATTACHMENT A – Supporting Data for Request
2. ATTACHMENT B - Map of Cases
3. ATTACHMENT C – All Units Purchased by Neighborhood
4. ATTACHMENT D – Letters of Support

NEWTON HOMEBUYER ASSISTANCE PROGRAM

Request for Recapitalization of FTHB Funds and Increase of Subsidy November 2, 2012

ATTACHMENT A

Program Background

Total CPA funds spent:	\$1,514,520.53				
Number of Households served:	36 total (16 CPA)				
Average household size:	2.5				
Current Maximum Subsidy (plus \$5,000 toward closing costs):	\$115,000				
Households using maximum:	16				
Average purchase price:	\$259,408.00				
CPA Balance for FTHB funds	\$66,723.42				
Average cases per year	3				
Applicants in process:	6				

Listings from 5/10-10/12 Source: MLS PIN

	3 BR Single Family	3 BR Condo			
200-250,000					
200-300,000	1	2			
300-400,000	5	9			
400-500,000	22	16			

Current Max. Subsidy Amount	80% of median (2010-2011)	Housing Type	Price	70% of median (2010-2011)	Max. Sales Price
\$115,000	3 person-\$58,500	Condo	\$ 355,000.00	3 person-\$52,650	\$ 320,000.00
	3 person-\$58,500	Single Family	\$ 400,000.00	3 person-\$52,560	\$ 370,000.00
	4 person -\$65,000	Condo	\$ 390,000.00	4 person -\$58,500	\$ 350,000.00
	4 person -\$65,000	Single Family	\$ 430,000.00	4 person -\$58,500	\$ 400,000.00

Proposed Subsidy Amount					
\$150,000	3 person- \$58,500	Condo	\$ 390,000.00	3 person-\$52,650	\$ 350,000.00
	3 person- \$58,500	Single Family	\$ 430,000.00	4 person-\$52,650	\$ 360,000.00
	4 person - \$65,000	Condo	\$ 420,000.00	4 person -\$58,500	\$ 390,000.00
	4 person- \$65,000	Single Family	\$470,000.00	5 person -\$58,500	\$ 420,000.00

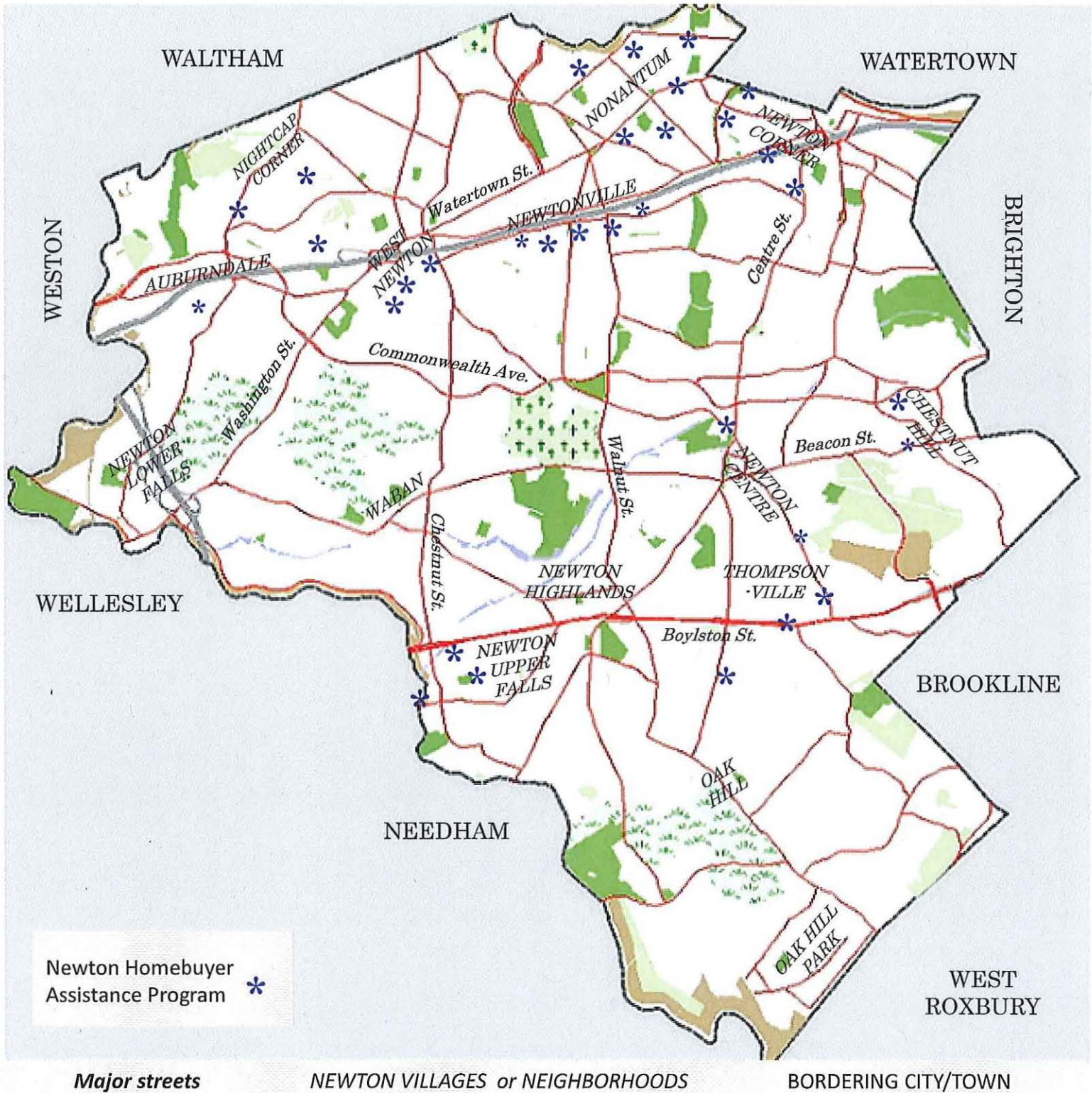
Comparison with Other Communities/ Source: MLS PIN Maximim Buydown Subsidy

Ave. Sales Prices 3 BR Single Family & Condos 4/12-10/12-Source: MLS PIN

Newton					
\$680,687 - Single Family -3BR	\$115,000 (Includes \$5,000 toward downpayment)				
\$591,700 -condo					
Cambridge	\$130,000 plus downpayment of 6% of purchase price.				
\$733,750 - condo					
\$793,100 - condo					
Brookline	Between \$125,000 to \$175,000 depending on size of unit				
\$883,800 - Single Family					
\$585,000 - condo					

Newton Homebuyer Assistance Program

All Cases through November 2, 2012 (Fiscal 2012) –Attachment B



NEWTON FIRST TIME HOMEBUYER ASSISTANCE PROGRAM UNITS BY NEIGHBORHOOD -ATTACHMENT C

Purchase Price	Price Less Subsidy	Funding Assistance	CPA FUNDS	Mortgaged Amount	Buyer's Contribution	Neighborhood	Household Size	No. of Bedrooms
\$249,000	138000	\$115,000	\$115,000	\$119,000	\$19,000	Thompsonville	2	1
\$240,000	130000	\$115,000	\$115,000	\$120,000	\$10,000	Chestnut Hill	3	1
\$239,000	\$124,000	\$115,000	\$115,000	\$106,500	\$17,500	Newton Center	1	1
\$410,000	\$295,000	\$115,000	\$115,000	\$271,550	\$23,450	Newtonville	4	3
\$220,000	\$105,000	\$115,000	\$115,000	\$106,700	\$6,600	Newtonville	1	1
\$310,000	\$195,000	\$115,000	\$115,000	\$209,000	\$11,000	Newton Corner	2	2
\$198,360	\$100,360	\$98,000	\$98,000	\$95,360	\$8,940	Newton Center	4	3
\$257,500	\$162,500	\$95,000	\$95,000	\$162,475	\$2,500	Newton Center	1	1
\$239,900	\$149,900	\$95,000	\$90,000	\$129,900	\$15,000	Newton Upper Falls	1	1
\$199,810	\$104,810	\$95,000	\$90,000	\$66,962	\$37,848	Nonantum	4	2
\$395,000	\$300,000	\$95,000	\$90,000	\$295,000	\$5,000	Nonantum	4	3
\$395,000	\$280,000	\$115,000	\$90,000	\$224,355	\$21,000	Newton Corner	4	3
\$253,750	\$138,750	\$115,000	\$90,000	\$134,250	\$4,500	Newton Corner	1	2
\$253,500	\$138,500	\$115,000	\$68,521	\$126,000	\$12,500	Newtonville	2	2
\$222,306	\$160,306	\$62,000	\$62,000	\$144,274	\$13,696	Newtonville	1	2
\$180,000	\$124,000	\$56,000	\$51,000	\$120,130	\$3,870	Newton Center	1	1
\$185,000		\$50,000		\$125,750	\$9,250	Thompsonville	1	1
\$180,000		\$45,000		\$135,000	\$0	Nonantum	4	2
\$275,000	\$185,000	\$90,000		\$171,250	\$13,750	Auburndale	2	2
\$275,000	\$185,000	\$90,000		\$171,250	\$13,750	Auburndale	3	3
\$200,000	\$105,000	\$95,000		\$100,000	\$5,000	Nonantum	3	2
\$305,000	\$210,000	\$95,000		\$199,750	\$10,250	Newtonville	3	3
\$299,000	\$204,000	\$95,000		\$194,000	\$10,000	Newtonville	1	2
\$330,000	\$235,000	\$95,000		\$228,000	\$7,000	Nonantum	5	4
\$363,000	\$310,000	\$53,000		\$291,750	\$18,250	Chestnut Hill	6	4
\$312,000	\$245,500	\$66,500		\$230,250	\$15,250	Newton Upper Falls	2	2
\$108,288	\$63,315	\$44,973		\$43,315	\$20,000	Auburndale	1	2
\$249,500	\$249,500	\$4,102.08		\$162,500	\$87,000	Nonantum	1	1
\$385,500	\$295,500	\$95,000		\$152,169	\$70,874	West Newton	1	2
\$570,000	\$475,000	\$95,000		\$375,000	\$100,000	Newton Upper Falls	1	5
\$186,960	\$186,960	\$3,682		\$181,352	\$5,604	Newton Center	4	3
\$164,435	\$164,435	\$10,000		\$152,000	\$2,435	Auburndale/W. Newton	3	2
\$226,400	\$226,400			\$201,047	\$25,353	Newtonville	3	3
\$131,982	\$121,982.07			\$108,408	\$15,934	West Newton	4	3
\$118,531	\$118,530.88			\$80,000	\$40,000	West Newton	2	2
\$210,000	\$210,000	\$8,032		\$192,307	\$17,693	Newton Corner	2	3
TOTALS:								
\$9,338,722	\$6,142,249	\$2,666,289	\$1,514,521	\$5,926,555	\$682,103		88	80
AVERAGE:								
\$259,409	\$186,129	\$80,797	\$94,658	\$164,627	\$19,489		2.44	2.2
<i>Diversity (U.S. Dept. of Housing and Urban Development reporting categories)</i>								
Two (2) single Asian households			One(1) Asian two parent household			Ten (ten) two parent households		
Eight (8) single female head of households			One (1) African American/Haitian household			Eight (8) single Caucasian households		
One (1) Native American/African American household			One (1) African American household			Two (2) African households		
			One(1) Asian two parent household			One (1) Latina household		

Board of Aldermen

2012-2013

City of Newton

October 31, 2012



Leslie Burg, Chair
Community Preservation Committee
1000 Commonwealth Avenue
Newton, MA 02459

Dear Ms. Burg:

I write in support of the proposal of the Newton Housing Office requesting Community Preservation funds to increase the subsidy for the Newton Homebuyer Program to a maximum of \$150,000 per unit and to recapitalize the program to serve qualified applicants.

Since 2003, the Newton Homebuyer Program has successfully used CP funds to assist twenty qualified homebuyers in low to moderate income households to purchase affordable homes in Newton by providing buy down assistance to reduce the purchase price in exchange for a permanent deed restriction that limits the resale price to keep it affordable. The increased subsidy is essential in order to serve a greater diversity of households, and allow qualified first-time homebuyers to compete in the housing market. With the current maximum subsidy of \$115,000, homebuyers who currently qualify for the program can afford a purchase price of approximately \$290,000. By comparison, the average sale price in 2011 was \$750,000, and there are currently no three-bedroom homes on the market for under \$300,000 in Newton. The Housing Office is requesting a total of \$475,000, which includes \$450,000 to recapitalize the buydown program to cover current applicants, \$10,000 to start a rehabilitation fund to pay for small repairs (up to \$2,000) which might be required upon resale, and \$15,000 for administrative costs.

An increase in funding for the Newton Homebuyer Program is one of the strategies identified in the Newton/WestMetro HOME Consortium Consolidated Plan for 2010-2015 to address the top housing needs priority for both the City of Newton and the HOME Consortium, to reduce financial and institutional barriers to increasing the availability of affordable housing. Indeed, neighboring towns like Cambridge and Brookline have increased subsidy limits to better enable applicants in their first-time homebuyer programs to compete in a housing market that is similar to Newton's. Recapitalizing the Newton Homebuyer Program and providing additional homebuyer assistance in exchange for permanent deed restrictions to maintain affordability will also help Newton to reach its goal of increasing both the availability and supply of affordable homeownership opportunities.

The Newton Homebuyer Program offers an outstanding return on investment. Since 2003, it has successfully leveraged a little under \$1.3 million in CP funds to make over \$4 million of properties affordable and helped individuals, people with disabilities and families achieve their dream of homeownership in Newton. As a long-time advocate of affordable housing in Newton and of the Newton Homebuyer Program in particular, I strongly urge you and the other members of the Community Preservation Committee to grant the Housing Office's request for CP funds to increase the maximum homebuyer assistance subsidy and recapitalize the program to serve qualified applicants.

Sincerely,

A handwritten signature in black ink, appearing to read "Ted Hess-Mahan", with a long horizontal line extending to the right.

Alderman Ted Hess-Mahan

Reiko Hayashi

Housing Planner, City of Newton

Planning and Development Department

Attn: Community Preservation Committee

1000 Commonwealth Avenue

Newton, MA 02459

Sub: Supporting additional Funding for First Time Home Buyers Program

Dear Community Preservation Committee;

I am a beneficiary of a Pre-Approval letter for Newton First Time Homebuyer Program from the City of Newton, Department of Planning and Development in Newton, MA.


As a City Newton is an excellent place to live, raise a family and above all Newton Public Schools are the best that the City of Boston has to offer.

As a first time home buyer to Newton I am supportive of additional funding for the Planning and Development board with the City of Newton, as this will help homebuyers such as me to benefit from such programs.

I recommend additional funding to the First Time Home Buyer Program.

Thank you,

Yours Truly,



Edgar Furtado

40 Maple Street #3

Belmont, MA 02478

10/18/2021

October 14th, 2012

368 Elliot Street Apt 3
Newton MA 02464

The Newton Community Preservation Committee
City of Newton
Massachusetts

LETTER OF SUPPORT
RE: CITY OF NEWTON FIRST HOMEBUYER ASSISTANCE PROGRAM

I write to appeal to the Newton Community Preservation committee for renewal of your support for the City's First Time Homebuyers Assistance program. My family is a first immigrant family; I came to U.S. from Ghana 6 years old and my wife joined me three years later. We recently had a first baby (six months old) and we also have high-school aged niece living with us. We rent our apartment unit, and we have enjoyed our living in this city. We have built good friendship with our neighborhoods and from the various community places and events that we patronize.

With my housing and community development experience and my wife with public health background, we have become aware of some avenues that we can contribute to this community and we intend to explore these opportunities to be responsible residents. However, the realization that we are renters, and that our home at Newton is still temporary, dampens our intentions and efforts toward full engagement in the city.

We have taken the necessary steps toward homeownership in Newton. We have saved money toward down payment, attended first homeownership class, our credit scores are great and even secured pre-approval letter from a bank. The only challenge stopping us from homeownership is that we are now beginning our careers in the U.S. and we don't earn income enough nor have not built enough wealth to sustain mortgage for a 3 bedroom house in Newton. When substantial part of our income goes toward rent, building enough wealth can take a long time. The feasible way to homeownership in Newton is to seek support through the City's first time homebuyer's assistance program.

This committee's assistance toward our first home will help us move from rental to stabilized home in Newton that will be base platform to raise our family in the city, build our careers, grow our wealth and most importantly contribute toward this city. Thank you for considering our appeal and we are counting on your consideration.

Yours Sincerely,



Emmanuel Owusu-Boakye

October 31, 2012

Dear Newton Community Preservation Committee:

November 16th, 2011 was the happiest day of my life (thus far) thanks in large part to the City of Newton's First Time Homebuyer Program.

This letter was removed from the Newton CPC website to protect the writer's confidentiality and at the writer's request, 2 November 2015.