

NEWTON HOMEBUYER PROGRAM



Request for Funds from the
Community Preservation
Committee

January 24, 2013

Updated 13 February 2013

NEWTON HOMEBUYER PROPOSAL



PROPOSAL REQUEST:

- 1) \$475,000 to continue funding program
- 2) Increase subsidy from \$115,000 to \$150,000

PREVIOUS FUNDING RECEIVED:

2008	\$968,800
2006	\$208,250
2004	\$500,000

NEWTON HOMEBUYER PROPOSAL



\$475,000 includes the following:

\$450,000	Homebuyer Assistance
\$15,000	Housing Administration
\$10,000	Rehab Fund

Increase maximum Subsidy from \$115,000 to \$150,000*

*Maximum subsidy allocated will be based on bedroom and household size.

BACKGROUND



- Program is 12 years old (CPA funds added 2004)
- 36 Households assisted
- Total CPA funds expended : \$1,514,520.53
- Applicants assisted per year: 3 households
- Average Household size served: 2.3 people
- Pre-approved applicants: 6 / Balance: \$66,623.00

WHAT IS THE NEWTON HOMEBUYER PROGRAM?

- Assists low- to moderate-income households purchase an affordable home in Newton
- Funding assistance of up to \$115,000
- Helps to reduce the purchase price of a home
- Properties assisted become deed restricted as affordable properties.

WHO IS ELIGIBLE?

- Buyer must meet Federal income guidelines – For example, \$47,150 for a one-person household and \$53,900 for a two-person household.
- Be a first time homebuyer
- Have pre-approval for a 30 year fixed rate mortgage
- Be purchasing a home in Newton

HOW DOES THE PROGRAM WORK?

- Staff determines if buyer is eligible
- Buyer finds property
- Funding determination based on minimum required to get purchase (monthly housing costs) at or below 33% of household's monthly income
- Amount of assistance depends on purchase price, income, savings and mortgage

SAMPLE CASE

Sales Price	\$239,000
-Mortgage	-\$122,500
-Downpayment (5%)	-\$11,950
Subsidy Amount	\$104,550

Final Purchase Price	\$134,450
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JUSTIFICATION FOR SUBSIDY INCREASE



- **Housing prices have increased while income has declined**
- **Program is serving one and two person households**
- **An increase will enable 3+ person households to participate in program and create a more diverse applicant pool**

BENEFITS OF REFUNDING PROGRAM



- **Program provides affordable homeownership opportunities for low and moderate income households – *2008 Comprehensive Plan priority***
- **Program increases the racial and socioeconomic diversity of the City – *5 year Consolidated Plan priority***

**CONDO PURCHASE IN
NEWTONVILLE**



**CONDO PURCHASE IN
TWO FAMILY HOME IN NEWTONVILLE**



**CONDO PURCHASE IN
TWO FAMILY HOME IN NEWTON
CORNER**



**CONDO PURCHASE IN
NEWTON CENTER**



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The following slides were not presented but were prepared if needed to help answer questions from the Community Preservation Committee or Board of Aldermen.

CPA FUNDED HOMEBUYER CASES

CPA FUNDS	Mortgaged Amount	Buyer's Contribution	Neighborhood	Household Size	No. of Bedrooms
\$115,000	\$119,000	\$19,000	Thompsonville	2	1
\$115,000	\$120,000	\$10,000	Chestnut Hill	3	1
\$115,000	\$106,500	\$17,500	Newton Center	1	1
\$115,000	\$271,550	\$23,450	Newtonville	4	3
\$115,000	\$106,700	\$6,600	Newtonville	1	1
\$115,000	\$209,000	\$11,000	Newton Corner	2	2
\$98,000	\$95,360	\$8,940	Newton Center	4	3
\$95,000	\$162,475	\$2,500	Newton Center	1	1
\$90,000	\$129,900	\$15,000	Newton Upper Falls	1	1
\$90,000	\$66,962	\$37,848	Nonantum	4	2
\$90,000	\$295,000	\$5,000	Nonantum	4	3
\$90,000	\$224,355	\$21,000	Newton Corner	4	3
\$90,000	\$134,250	\$4,500	Newton Corner	1	2
\$68,521	\$126,000	\$12,500	Newtonville	2	2
\$62,000	\$144,274	\$13,696	Newtonville	1	2
\$97,568	\$154,088	\$13,902	AVERAGE	2.33	1.87

DEMOGRAPHICS

- **Diverse Population Served:**
 - 8 single female head of households
 - 10 two-parent households

 - 3 Asian households
 - 1 Native American/African American household
 - 4 African and African/American households
 - 1 Latina household
 - 8 Single Caucasian households

- **Professions of some recent homebuyers and people on the waiting list include:**
 - High school athletic trainer
 - Bookkeeper
 - Medical assistant
 - Administrative assistant
 - Teacher