NEWTON HOMEBUYER ASSISTANCE PROGRAM

Request for Funds from the Community Preservation Committee April 9, 2015



NEWTON HOMEBUYER PROPOSAL

FUNDING REQUEST

- \$1,057,000 additional program funding
- Current balance : \$533,000
- Last capitalized 2013
- Total with current request would be \$1,590,000

PROGRAM CHANGES

- Increase maximum subsidies
 - Two-bedroom unit \$250,000
 - Three-bedroom unit \$275,000
- Allow subsidy escalation up to 15%

VOLATILE HOUSING MARKET

Number of 2-bedroom units*

	< \$400,000	< \$425,000	< \$450,000	< \$ 500,000
Actual 2014	30	47	54	71
Projected 15% market change 2014 to 2015	12	19	26	49

Number of 3-bedroom units*

	< \$400,000	< \$425,000	< \$450,000	< \$ 500,000
Actual 2014	6	9	14	19
Projected 15% market change 2014 to 2015	5	6	6	10

^{*} Number of units at higher prices also includes units at all lower prices.

SUBSIDY CALCULATION

(three-person household)

Purchase Price Limits using DHCD Assumptions

Housing Co

Housing Cost:				
Sales Price	\$400,000			
Cost Buydown Assistance	\$250,000.00			
Sale Price to Buyer	\$150,000			
Down Payment Percent	5%			
5% Down payment	\$7,500			
Mortgage	\$142,500			
nterest rate	4.57%			
Amortization	30			
Monthly P&I Payments	\$727.97			
Tax Rate	\$11.61			
monthly property tax	\$145			
Hazard insurance	\$133			
РМІ	\$93			
Condo/HOA fees (if applicable)	\$250			
Monthly Housing Cost	\$1,349			
Necessary Income:	\$53,962			
Household Income:				
# of Bedrooms	2			
Sample Household size	3			
80% AMI/"Low-Income" Limit	\$62,750			
Target Housing Cost (80%AMI)	\$1,569			
10% Window	\$54,906			
Target Housing Cost (70%AMI)	\$1,373			

Notes

Assuming mortgage covers 95% of purchase price Freddie Mac Avg. NE Rate as of 3/9/15 +.25%

2015 City of Newton Residential Property Tax Rate based on deed restricted price (not market value) based on DHCD assumptions

Estimate

2015 Boston/Cambridge/Quincy PSA 80% AMI Limit

29%

SUBSIDY CALCULATION

(four-person household)

Purchase Price Limits using DHCD Assumptions

Housing Cost:				
Sales Price	\$450,000			
Cost Buydown Assistance	\$275,000.00			
Sale Price to Buyer	\$175,000			
Down Payment Percent	5%			
5% Down payment	\$8,750			
Mortgage	\$166,250			
nterest rate	4.57%			
Amortization	30			
Monthly P&I Payments	\$849.29			
<u>Tax Rate</u>	\$11.61			
monthly property tax	\$169			
Hazard insurance	\$150			
РМІ	\$108			
Condo/HOA fees (if applicable)	\$250			
Monthly Housing Cost	\$1,527			
Necessary Income:	\$61,067			
Household Income:				
# of Bedrooms	3			
Sample Household size	4			
80% AMI/"Low-Income" Limit	\$69,700			
Target Housing Cost (80%AMI)	\$1,743			
10% Window	\$60,988			
Target Housing Cost (70%AMI)	\$1,525			

Notes

Assuming mortgage covers 95% of purchase price Freddie Mac Avg. NE Rate as of 3/9/15 +.25%

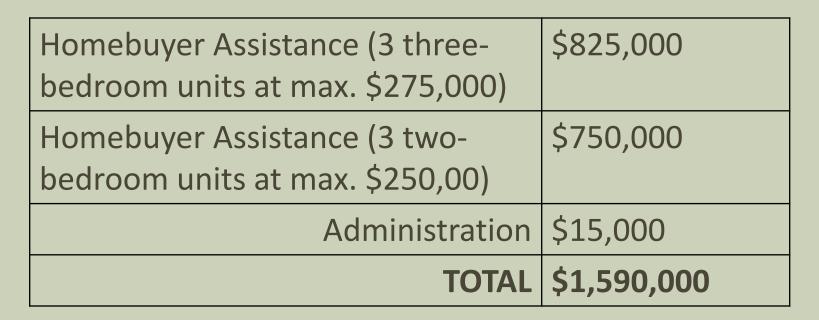
2015 City of Newton Residential Property Tax Rate based on deed restricted price (not market value) based on DHCD assumptions

Estimate

2015 Boston/Cambridge/Quincy PSA 80% AMI Limit 26.28%

30%

PROPOSED USE OF FUNDS



Staff projects that six households can be assisted over a two-year period at a rate of three per year.

GENERAL FACTS

- Program is 14 years old
 - CPA funded since 2003
- 36 households assisted over the life of the program
- Email notification list between 750-1100 people
- Funding assistance "buys" affordable housing deed restriction
- Lottery among income-eligible applicants determines program participants