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Community Preservation Committee Summary of Amendments to Newton Homebuyer Assistance Program

Newton's Homebuyer Assistance Program was established in 2003 to assist low and moderate income households to purchase homes in Newton by providing down payment and closing cost assistance. In return for this funding, the City received an affordable housing deed restriction on the housing unit which guaranteed that it would be resold to an income-eligible buyer at or below 80% AMI or 99% AMI (depending on the original source of funds) or that a portion of the profit from the sale be returned to the City. The program received five rounds of CPA funding between 2003 and 2015, totaling just over \$3.2 million, before it was put on hold due to the inability of applicants to find affordable housing units to purchase.

After a review by ECR Consultants in 2020, the City requested that the program be amended to use the remaining CPA funding previously allocated to the Homebuyer Assistance Program to preserve the affordability of the existing affordable homebuyer units by buying down the sale price as needed for as many of these units as possible and hiring professional assistance to maintain the portfolio and handle any future resales through a certified lottery process. In doing this, the use of the funding would shift from the creation of new affordable units as originally proposed to the preservation of existing affordable ownership units, which is also an eligible use of the funding under the Community Preservation Act.

On June 9, 2020, the Community Preservation Committee (CPC) unanimously voted 9-0 to recommend that the remaining program funds (\$762,722.90 over four accounts) be used to buy down the sale price of any existing affordable homebuyer units with faulty deed restrictions. The CPC also recommended that up to \$15,000 of these funds can be used to hire professional assistance to maintain the housing portfolio and handle any future resales of these units over the next three years. City Council approved this recommendation on December 7, 2020 under Council Order #420-20. Under the Council Order, the existing funding accounts were consolidated into a single account entitled "Newton Homebuyer's Preservation - Grants" (Munis #58C1141-579700) with a starting balance of \$762,722.90.