



HOMEBUYER PROGRAM

2012 Notice of Funding Availability #1
February 2, 2012

Responses due: March 2, 2012, 12 PM

For more information, contact
Quinnie Tan
206-684-0346
quinnie.tan@seattle.gov

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FUNDS AVAILABLE AND SCHEDULE

The City of Seattle Office of Housing (OH) announces the availability of funds for the Homebuyer Program. Funds awarded through this NOFA will assist families and individuals with household income at or below 80 percent area median income become homeowners in the city of Seattle. Nonprofit and for profit agencies may apply for funds, which may only be used for homebuyer assistance; capital funding for homeownership projects and homebuyer education are excluded from this NOFA. Within this document you will find criteria regarding applicant and project eligibility, application requirements and project funding.

Funding

\$1,800,000 will be available for homebuyer assistance in this round. The fund sources are identified below.

Source	Amount
Seattle Housing Levy Funds	\$ 1,326,500
Other OH Funds	\$ 473,500
TOTAL	\$ 1,800,000

OH reserves the right to award less or more funds, should they become available, depending upon the proposals received. Please be aware that these funds are subject to policies and regulations, some of which are highlighted later in this document.

Schedule

2011 NOFA #1

The following deadlines apply to this NOFA:

- March 2 **Submit application letters to OH no later than noon**
- March 30 Last date for fund reservation letters for approved projects to be issued

The City may or may not award all available funds, depending on the quality of applications. Incomplete applications will be returned to the applicant without further review. Returned applications may be completed and resubmitted at the next regularly scheduled submission date.

ELIGIBLE ACTIVITIES

Homeownership Program funds may be used for the activities listed below. There are no funds available through this NOFA for homeownership capital projects or homebuyer education.

Homebuyer Assistance Loans

Funds awarded through this NOFA shall be used to assist low-income households purchase existing homes or condominiums in the form of 1) **subordinate mortgages** to eligible homebuyers or 2) **loans to nonprofit entities** to assist eligible homebuyers purchase resale-restricted homes. Homes must meet Housing Quality Standards and, in cases where federal funds form part of the assistance, applicable lead-based paint regulations. Long-term affordability requirements and geographic eligibility criteria apply to assistance funded by OH's Bonus program. The appropriate processes for these requirements are available from OH staff.

HOMEBUYER ASSISTANCE FUNDING POLICIES

The two overarching policy documents that govern the use of OH funds in the Homebuyer Program are the 2009 Housing Levy Administrative and Financial Plan (A&F Plan), and the 2009-2012 Consolidated Plan for Housing and Community Development. The applicable sections of those documents for the Homebuyer Program are available on the City's website:

The A&F Plan, Homebuyer Program section:

<http://seattle.gov/housing/levy/default.htm#AFplan>

The Consolidated Plan (scroll to Homeownership Policies, p.E8):

<http://seattle.gov/housing/development/NOFA2011/C.ConPlan-HousingPolicies.pdf>

The following is an overview of select policies from those documents; **please refer to the documents themselves for the complete set of policies governing the Homebuyer Program.**

- **Funding Limits:** City funds are awarded as gap financing, based on the amount of subsidy projected to be needed for each home purchase. The City will fund up to \$45,000 per qualified household; additional City assistance is allowed only in the following circumstances:
 - Homebuyers purchasing properties subject to resale restrictions may receive additional homebuyer assistance up to a maximum of \$5,000 per assisted household. To be eligible for additional assistance, the resale of the home must be restricted to first-time homebuyers with incomes below 80% of median income for a period of at least 50 years and the resale price must be restricted to an amount affordable to a buyer at 80% of median income. Resale restrictions must be in the form of a ground

lease, covenant, or other recorded document approved by OH.

- An additional \$10,000 in subsidy may be provided to homebuyers with income below 60% of median income.
- In all cases, the maximum loan amount for any homebuyer is \$55,000. Under limited circumstances specified in the A&F Plan, larger homebuyer assistance loans may be possible.
- **Eligible Homebuyers:** Homebuyers earning up to 80% of area median income, who have not owned a home in the past three years, are eligible for City homebuyer assistance. Income is calculated based on household size, using the IRS 1040 method. The home must be the homebuyer's principal residence.
- **Eligible Property Types:** Eligible properties include, but are not limited to, the following :
 - Single family, duplex or townhouse units;
 - Condominium units;
 - Rental units converting to condominium ownership (where existing tenants are not displaced);
 - Community Land Trust homes;
 - Limited equity cooperatives or co-housing units;
 - or
 - Lease to own units.
- **Home Purchase Location:** Funding is available for homebuyer activities within the Seattle city limits; additional geographic eligibility criteria may apply depending on source of funds.
- **Maximum Home Purchase Price:** The maximum price of home is limited to \$362,790.
- **First Mortgage Financing:** Borrowers may use any first mortgage product approved by OH, including FHA, Fannie Mae loan products and portfolio loans. OH may establish limitations on interest rates and fees to protect buyers from excessive costs and make best use of limited public funds.
- **Relocation, Displacement and Real Property Acquisition:** OH strongly discourages homebuyer proposals that will result in the permanent displacement of tenants. Projects should be designed to avoid or minimize displacement of tenants. Levy homebuyer funds cannot be used to pay for relocation benefits or compensation and applicants will need to identify other sources of funding to cover these costs if necessary. Any displacement of households must comply with all applicable provisions of (a) Seattle Municipal Code 20.84–Relocation Assistance; (b) the City's Just Cause Eviction Ordinance;

and (c) for projects using federal funds, the federal Uniform Relocation Act (URA) and any other relocation regulations and handbooks applicable to the particular funding program. Federally funded projects involving any acquisition, rehabilitation or demolition must also comply with all applicable URA provisions.

These policies, laws and regulations contain, among other requirements, different timelines under which households must be given various notices and provided financial assistance under certain circumstances. Consultation with OH staff prior to submission of applications for funding is required for any applicant whose project will involve acquisition, demolition, rehabilitation, or temporary or permanent relocation activities. In order to reduce the risk of impairing eligibility for funding, applicants should not take any action regarding these activities prior to consultation with OH staff. Applicants are responsible for ensuring and documenting compliance.

- **Loan Terms:** Loans shall generally be 30-year deferred loans and may include provisions for payment of a share of appreciation. Loans generally shall not exceed 3% simple interest.
- **Buyer Contribution:** Borrowers must provide a minimum of \$2,500 or 1% of the purchase price, whichever is greater, of their own funds toward the home purchase to match the Levy down-payment assistance funds. Borrowers may receive gifts of funds towards their portion of the down payment; however, gifts must not exceed 25% of the borrower's total downpayment requirement. Exceptions exist for self-help programs.
- **Homebuyer Education:** Buyers must successfully complete a pre-purchase homebuyer education program that is approved by OH. Current homebuyer education programs that are approved by OH include programs certified by the Washington State Housing Finance Commission, the U.S. Department of Housing and Urban Development, and the Neighborhood Reinvestment Full-Cycle Lending program.

APPLICATION EVALUATION CRITERIA

OH priorities for the 2012 NOFA #1 round include:

- Ability to close loans with homebuyers in 12 months
- Responsiveness to the affordable homeownership opportunities in the current market, including working with real estate owned properties or ability to close loans in areas of Seattle identified with a high prevalence of foreclosures.
- Ability to provide culturally competent assistance to households who are members of groups with low homeownership rates, such as minority households, people with disabilities, and households that have language or perceived cultural barriers to homeownership.

Application Evaluation Factors

Timeliness

- Evidence that applicant will be able to use funds within 12 months.
- Evidence that applicant has existing waiting list or the ability to perform effective outreach to create buyer demand within the 12-month period.

Organizational Capacity

- Evidence that applicant is able to provide the required Homebuyer Education counseling.
- Evidence that applicant is proficient at completing homebuyer downpayment assistance applications.
- Evidence that applicant is able to provide post-purchase support to homebuyers who receive downpayment assistance.
- Evidence that applicant has used all past OH funding.

Financial Feasibility

- Evidence that all non-city sources of funding are available. Application letter should include evidence of how applicant will be able to provide all financial assistance to borrowers at the income level proposed.

Additional Factors

- If applicant is a prior awardee of OH funds, timely use of prior awarded funds will be a factor in considering an award of additional funds.

APPLICATION INSTRUCTIONS

Applicants may submit a letter demonstrating their ability to meet the above criteria. The application letter should include the following information:

- Number of buyers to be assisted
- Amount of funding requested
- Income level of prospective homebuyers
- Information supporting the application's compliance with the OH Priority areas identified above
- Any material to support the application in light of the evaluation criteria outlined above.

Where to Submit Applications

Office Location
700 5th Avenue, Suite 5700
Seattle, WA 98104

Mailing Address
City of Seattle Office of Housing
P. O. Box 94725
Seattle, WA 98124-4725
Attention: Quinnie Tan, Homebuyer Program

Application Deadline

Friday, March 2, 2012, 12 pm