

#420-20

Newton Homebuyer Assistance Program Recommendation for Amendments

Community Preservation Committee
Presentation to Zoning and Planning Committee
November 9, 2020

Program Overview

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- ▶ Homebuyer Assistance Program initially created in 2003 to assist low and moderate income households (between 80% and 99% AMI) to become first time homebuyers by providing down payment and closing cost assistance
- ▶ In return for program funding, City receives a permanent affordable deed restriction on the property
- ▶ Program received five rounds of CPA funding between 2003 and 2015, totaling just over \$3.2 million
- ▶ Program placed on hold in 2015 due to inability of eligible households to find affordable units in Newton
- ▶ In 2018, portion of unused CPA funding used to hire consultants (ECR Enterprises) to review the program and recommend next steps

Results of Consultant Evaluation

- ▶ Newton has 79 deed restricted affordable homebuyer units, 62 of which are monitored by Newton
- ▶ Several different types of restrictions have been used over time - 50 use the Universal Deed Rider preferred today
- ▶ 16 restrictions base the resale price on the Change in AMI between the time of the initial purchase and the resale. These restrictions do not restrict the resale price to maintain affordability
- ▶ Based on current resale price, 8 of the 16 restrictions are no longer affordable to income eligible homebuyers. These units will need Buy Down funding to maintain their affordability

Recommended Program Changes

That the program be amended to preserve Newton's existing affordable homebuyer units rather than create new homebuyer units as originally envisioned.

This would be done by:

- ▶ Using the remaining \$762,722.90 already allocated to the Homebuyer Assistance Program to buy down the resale price of those units that are no longer affordable to income-eligible buyers. A new Universal Deed Rider would be placed on the property to insure future affordability.
- ▶ Using up to \$15,000 of this CPA funding to hire professional assistance to maintain the affordable housing program and handle any future resales.

This recommendation is only to reallocate existing program funding. If additional funding is needed in the future, a new application must be submitted

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Questions & Discussion

▶ Thank you!

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