

Local Programs for First-Time Buyers see Changes

Kaitlin Schluter
The Washington Examiner
February 24, 2010

As first-time homebuyers race to secure a deal before the \$8,000 federal credit expires, state and local agencies stand ready to help with information, money for closing costs and reduced-rate loans for those who qualify. Buyers need to check the status of the programs they are interested in, though, as some have been modified, expanded -- even eliminated. "Really, the important thing to know is that there is government assistance out there for them, and there are specific programs that have been designed to meet their needs," said Susan Yancy, assistant director of legislative and public affairs with the Housing Opportunities Commission of Montgomery County. "If they don't know where to turn, that's the best place."

In Arlington, the Department of Community Planning, Housing and Development has two new programs this year. Under the Moderate Income Purchase Assistance Program, qualifying families can get a no-interest, deferred-payment loan for up to 25 percent of the purchase price of a house. The other new program, specifically for low-income families, depends on a bit of luck. The Notification List for Affordable Properties is a random drawing in which winners get the chance to buy a home at a below-market price. "It really is winning the lottery," said CPHD staff member Doug Myrick.

Myrick explained that many borrowers in the Virginia area also benefit from the Virginia Housing Development Authority's Sponsoring Partnerships and Revitalizing Communities program.

"The money given through the SPARC program gives up to a half-percent discount off loan rates," said Shane Cochrane, division chief of the Office of Housing Program Implementation in Alexandria who receives funds from SPARC. "It helps city low-income families achieve a more affordable payment."

Montgomery house hunters are fortunate in that the county's Housing Opportunities Commission recently completed a bond issue to receive \$25 million that is now available to homebuyers, according to Tom DeBrine, who manages single-family homeownership for HOC.

Not every jurisdiction is as well-situated. Cochrane said his department might run out of money to aid Alexandria homebuyers in the next few months. Though new funding is due in July, he said, the department has previously experienced as much as a six-month delay in getting monies in place -- so it is best to apply now.

"All the city funding is first-come-first-serve," Cochrane said.

Further information for homebuyer assistance programs can be found online on county Web sites.

LOCAL PROGRAMS

DISTRICT OF COLUMBIA

Department of Housing and Community Development
Web site: dhcd.dc.gov
Phone: 202-442-7200

Home Purchase Assistance Program: Provides no-interest loans of up to \$40,000 toward a home purchase; loan payments are deferred for up to five years. Borrowers must contribute at least \$500 although that can be waived in special cases.

Employer-Assisted Housing Program: Provides up to \$1,500 in matching payment funds and a deferred loan of up to \$10,000.

Metropolitan Police Housing Assistance Program: Provides police officers up to \$1,500 in matching payment funds, single-family home mortgage financing and a deferred no-interest loan of up to \$10,000. Income tax credit of \$2,000 a year for five years. Property tax credit for five years on a sliding scale.

First Right Purchase Assistance Program: Provides direct short-term and permanent financing loans to low- and moderate-income renters and tenant groups to exercise their rights under the District's

Eligibility for these programs varies widely. For more details on requirements, incomes limits and procedures, contact the following organizations:

Housing Counseling Service Inc.: 202-667-7006
Latino Economic Development Corp.: 202-588-5102

Lydia's House: 202-373-1050
University Legal Services, NE: 202-547-4747
University Legal Services, SE: 202-645-7175

MARYLAND

*Community Development Administration, Maryland
Department of Housing and Community Development*
Phone: 410-514-7530 or 800-638-7781
Web site: dhcd.state.md.us

Down Payment and Settlement Expense Loan Program: Helps eligible borrowers purchase a home by funding up to \$3,500 for the down payment and/or closing costs with a no-interest, deferred-payment loan. To participate homeowners must work with their lender to finance their mortgage through the Maryland Mortgage Program. MMP provides 30-year, fixed-

rates loans with an interest rate that is slightly higher than market rates.

Partner Match Programs: Gives borrowers money in addition to DSELP funds for down payment and/or settlement costs through a 0-percent, deferred-payment loan that matches a contribution (see below). The loan is repayable at the time the house is paid off, refinanced, sold or transferred.

>> **House Keys 4 Employees:** Borrowers who are participating in the Maryland Mortgage Program, who get a contribution from an eligible state employer, can get a dollar-for-dollar match of that contribution of up to \$5,000.

>> **Builder/developer incentive program:** Borrowers eligible for the Maryland Mortgage Program, who get a contribution from a participating builder or developer, can get a dollar-for-dollar match of that contribution of up to \$5,000.

>> **Community Partners Incentive Program:** Borrowers eligible for the Maryland Mortgage Program, who get a contribution from a participating community partner, can get a dollar-for-dollar match of that contribution of up to \$5,000.

PRINCE GEORGE'S COUNTY

Department Housing and Community Development
Phone: 301-883-5570
Web site:
www.co.pg.md.us/Government/AgencyIndex/H/CD

Down Payment on Your Dream: This federally funded program provides down payment and closing cost assistance to low-income families who are first-time homebuyers. This program is now limited to buyers who earn 50 percent or less of the median area income. For a single person that is \$35,950, for a couple \$41,100. Funds are limited so would-be homeowners should apply soon.

Housing Choice Voucher Home Ownership Program: Participants in the county's rental program in good standing who make a minimum income of \$26,000 (no income requirements for those 62 and older) are eligible for mortgage payment assistance on a sliding scale based on income.

MONTGOMERY COUNTY

Housing Opportunities Commission

Phone: 240-773-9200

Web site: hocmc.org

First Trust Mortgage Purchase Program: Offers below-market, fixed-rate mortgage financing to the general public county. All loans have income requirements and no points. As of Feb. 5 the rate on a 30-year fixed-rate loan with no points is 4.75 percent

Revolving Closing Cost Assistance Loan Program: Offers closing cost assistance up to a limit of \$10,000 with a 5 percent interest rate. At least one borrower must be working in Montgomery County.

Closing Cost Assistance Award Contest: First-time homebuyers in Montgomery County can win up to \$10,000 or more for closing or down payment costs based on good prose. The department is asking applicants to submit an essay on what ‘homeownership’ means to them. The deadline for the Closing Cost Assistance Award Contest, which will make several awards, was recently extended to March 22, 2010. Information at www.affordablehousingconference.org

VIRGINIA

Virginia Housing Development Authority

Phone: 877-VHDA-123

Web site: <http://www.vhda.com>

The Virginia Housing Development Authority is the state’s mortgage finance agency. Each year the authority allocates money through specific programs to the various jurisdictions. The cities and counties tailor local programs to meet local needs.

Sponsoring Partnerships and Revitalizing Communities (SPARC): Provides loans to potential homebuyers through local governments, nonprofit organizations, developers and redevelopment and housing authorities. The state allocates money annually to cities and counties for programs that meet specific local needs. Qualified recipients receive est rates of up to 0.5 percent below VHDA loan rates.

VHDA Conventional Fixed: Offers a below-market VHDA fixed-rate loan with low payments. A down payment of 5 percent or more, as determined by the mortgage insurer, is required.

Federal Housing Administration Insured Loans: Provides below-market VHDA fixed-rate loans. Requires 3.5 percent down payment.

FHA Plus: Offers an FHA-insured fixed-rate first mortgage with a second loan to assist with down payment and closing costs.

Homebuyer Tax Credit Plus: Enables homebuyers to tap the federal homebuyers tax credit in time to help with down payment and closing costs through a no-interest, deferred-payment second mortgage lasting 12 months.

If borrowers decide not to repay the loan when they get their tax credit money, payments for the remaining amount of the loan are spread out over the next 29 years.

HomeStride: NO LONGER AVAILABLE

1st Choice Interest Only: NO LONGER AVAILABLE

VHDA Step Rate Loans: NO LONGER AVAILABLE

Flex Alt 100: NO LONGER AVAILABLE

Flex Alt Advantage: NO LONGER AVAILABLE

ALEXANDRIA

Office of Housing Program Implementation Division

Phone: 703-838-4622

Web site: <http://alexandriava.gov/city/housing>

The city of Alexandria has several programs to assist residents and employees buying within the city limits. Special assistance is also available for city police officers, teachers and other public employees.

Homeownership Assistance Program: Provides 99-year deferred payment financing up to \$50,000 to first-time homebuyers at no interest. Applicants must complete the city’s first-time homebuyer training program and have lived or work in Alexandria for at least six months before applying.

Moderate Income Homeownership Program: Those with moderate incomes can receive up to \$30,000 in 99-year deferred payment financing with no interest. Restricted to first-time homebuyers who have lived or worked in Alexandria for six months.

Law Enforcement Moderate Income Assistance: Designed for city police officers and deputy sheriffs with household incomes that fall within city-established income limits. Second-trust loans of up to \$50,000 in down payment assistance and settlement costs. Below-rate first mortgages available.

Employee Homeownership Incentive Program: No income limits apply for this deferred-payment loan of up to \$10,000. Must be employed or under contract to be employed by Alexandria city government or Alexandria city schools; no interest if employment continues for three years.

Affordable Set-Asides Sales Units Program: Discounts provided by developer of new

residential construction. Prices and resale prices enforced through a restrictive covenant and the buyer must meet Homeownership Assistance Program or Moderate Income Homeownership Program eligibility requirements.

ARLINGTON COUNTY

Community Planning, Housing, and Development Director

Phone: 703-228-3786

Web site:

http://www.arlingtonva.us/departments/CPHD/housing/housing_info/CPHDHousingHousing_infoHomebuyers.aspx

Low Interest VHDA Mortgage Program: Provides below market mortgages to first-time homebuyers on loans of up to \$408,100. Would-be buyers cannot have owned a home within the past three years and cannot exceed these income limits: \$86,900 for a family of one or two and \$100,000 for a family of three or more.

Notification List for Affordable Properties: those whose names are on the list may be given the opportunity, awarded by lottery, to buy homes built or renovated with county assistance.

Moderate Income Purchase Assistance Program: Provides qualified first-time homebuyers with up to 25 percent of the purchase price of a home — to a maximum of \$90,700 — through a deferred-payment, no interest loan. Income limits apply and the maximum home price is \$362,790. The loan can be used to help pay closing costs.

FAIRFAX COUNTY AND FAIRFAX CITY

Department of Housing and Community Development

Phone: 703-246-5087

Web site:

<http://www.fairfaxcounty.gov/rha/homeownershi>

First Time Homebuyer Program: Offers affordably priced town houses and condos (\$70,000 to \$160,000) to first-time buyers who meet income requirements.

Silver Lining Initiative Loan Program: Gap and down payment and closing cost assistance up to \$91,767. Sales price limit \$362,790. Must be first-time buyers who live or work in Fairfax County and purchase a town house of house in Fairfax County (no condominiums).

FALLS CHURCH

Housing and Human Services Division

Phone: 703-248-5005

Web site: <http://www.fallschurchva.gov>

Low-Interest Mortgage Program: Provides reduced interest-rate financing to those who meet income requirements. Recipients are eligible for a reduced interest rate of up to 1 percent below VHDA's conventional loans.

Down Payment and Closing Cost Assistance Program: Provides first-time homebuyers with down payment and closing cost assistance of up to \$20,000 as a second deferred mortgage. The loan is zero interest and repayment occurs when the home is resold. Household income limits apply.

PRINCE WILLIAM COUNTY

Office of Housing and Community Development

Phone: 703-792-7535

Web site: <http://www.pwcgov.org/housing>

Prince William County programs require that recipients be first-time home buyers who have lived or worked in the county for at least six months and have not had ownership in another property within the past three years. Applications are available online but must be submitted in writing. In some cases there are additional requirements.

Homeownership Assistance Program: Provides up to \$75,000 and up to 6 percent of the sale price for actual closing costs as a 30-year deferred payment with no interest.

Foreclosure Rehabilitation Acquisition Program: Provides deferred-payment loans for down payment, closing costs, energy efficiency improvements or rehabilitation for purchase of foreclosed properties in 10 targeted census tract areas within the county. Income limits apply but are much higher than in other jurisdictions. The borrower must have 1.75 percent of the sales price from personal funds invested in the purchase transaction for costs such as earnest money deposit, loan application fee, credit report.

>> Loan Option 1: Down payment and closing cost loan plus rehabilitation loan -- down payment of up to \$10,000 plus actual closing costs of up to 6 percent of sales price.

Rehabilitation loan of up to \$30,000 for repairs, energy improvements, replacement of aging systems.

>> Loan Option 2: Down payment / closing cost loan plus VHDA SPARC --down payment of up to \$40,000 plus actual closing costs of up to 6 percent of sales price. No Funds for rehabilitation. Qualifying households may access VHDA SPARC primary financial at 0.5 percent below the VHDA first-time homebuyer rate.