

First-Time Homebuyer Programs

Community and Economic Development Committee

April 23, 2007



Introduction

First-time Homebuyer Programs

- ◆ The City's First-time Homebuyer Programs are key components of the City's Affordable Housing Strategy.
- ◆ Neighborhood Housing Services of Silicon Valley (NHSSV) is the City's primary partner in the creation of affordable first-time homebuyer opportunities.

Presentation Overview

- ◆ City administered homebuyer programs
- ◆ NHSSV homebuyer programs and services
- ◆ Snapshot - San Jose first-time homebuyers
- ◆ Challenges & Strategies for successful homeownership in San Jose

City of San Jose

First-Time Homebuyer Programs

- ◆ Teacher Homebuyer Program
- ◆ SJSU Faculty Homebuyer Program
- ◆ Inclusionary Housing Program
- ◆ CalHOME-BEGIN Program

NHSSV – First-Time Homebuyer Programs

- ◆ HomeVenture Fund
- ◆ SJ-HOME-HomeVenture Fund
- ◆ CalHOME Program
- ◆ CalHFA Mortgage Products

Other First-Time Homebuyer Programs and Resources

- ◆ Housing Trust of Santa Clara County (HTSCC) Closing Cost Program
- ◆ Lenders for Community Development-Individual Development Accounts
- ◆ ACORN Homebuyer Programs
- ◆ Don't Borrow Trouble Silicon Valley

Teacher Homebuyer Program (THP)

- ◆ Created in 1999, helped designate San Jose as California's most Teacher-Friendly City
- ◆ Developed to recruit and retain qualified public school teachers
- ◆ Program offers deferred repayment loans of up to **\$65,000** to low- and moderate-income teachers
- ◆ **583** teachers have used the Program to purchase a home in San Jose

SJSU Faculty Homebuyer Program (FHP)

- ◆ Jointly funded by SJSU, this Program was created as a \$1 million pilot program in 2006 for newly hired low- and moderate income faculty
- ◆ Recruit and retain SJSU tenure track faculty to provide quality education to SJSU students

SJSU Faculty Homebuyer Program (FHP) Cont'd

- ◆ In November 2006, the Program was broadened to include all full-time tenure track faculty members
- ◆ SJSU and Housing Staff receive approximately 12 inquiries per month from interested faculty

Inclusionary Housing Program

- ◆ In 2006, 72 units of affordable for-sale housing were created and sold to eligible homebuyers
- ◆ Developers credit the buyers funds to make the units affordable, which then becomes deferred repayment loans

Inclusionary Housing Program Cont'd

- ◆ Inclusionary units remain in the affordable housing stock until the homes are sold or transferred to another income-eligible homebuyer
- ◆ Loan repayments are used to fund additional first-time homebuyer programs

Cal-HOME/BEGIN Program

- ◆ BEGIN – HCD issues grants to cities/ counties that provide regulatory relief or other concessions to developers of new construction for-sale housing
- ◆ \$4.5 million in funds awarded to SJ to assist 150 first-time homebuyer households in 9 new developments. In 2007 the City will submit new grant requests totaling \$3.96 million for 132 first-time homebuyers

Cal-HOME/BEGIN Program Cont'd

- ◆ BEGIN funds can be combined with other existing second mortgage programs
- ◆ In April 2007, City staff submitted a \$500,000 grant request to the State's regular CalHOME Program –if awarded, funds will be used as deferred repayment financing

Neighborhood Housing Services of Silicon Valley (NHSSV)

- ◆ The City's primary housing partner specializing in the creation of affordable for-sale housing opportunities
- ◆ A nonprofit NeighborWorks chartered organization
- ◆ Provides programs and services to first-time homebuyers and contributes to neighborhood revitalization



NHSSV Credentials

- ◆ Chartered NeighborWorks® Organization
- ◆ Chartered NeighborWorks® HomeOwnership Center
- ◆ Chartered NeighborWorks® Full-Cycle Lender®
- ◆ Member of the National Campaign for Homeownership
- ◆ California Department of Real Estate Licensed Broker
- ◆ California Housing Finance Agency Direct Lender
- ◆ HUD Housing Counselor
- ◆ Community Development Financial Institution

NHSSV Homeownership Center

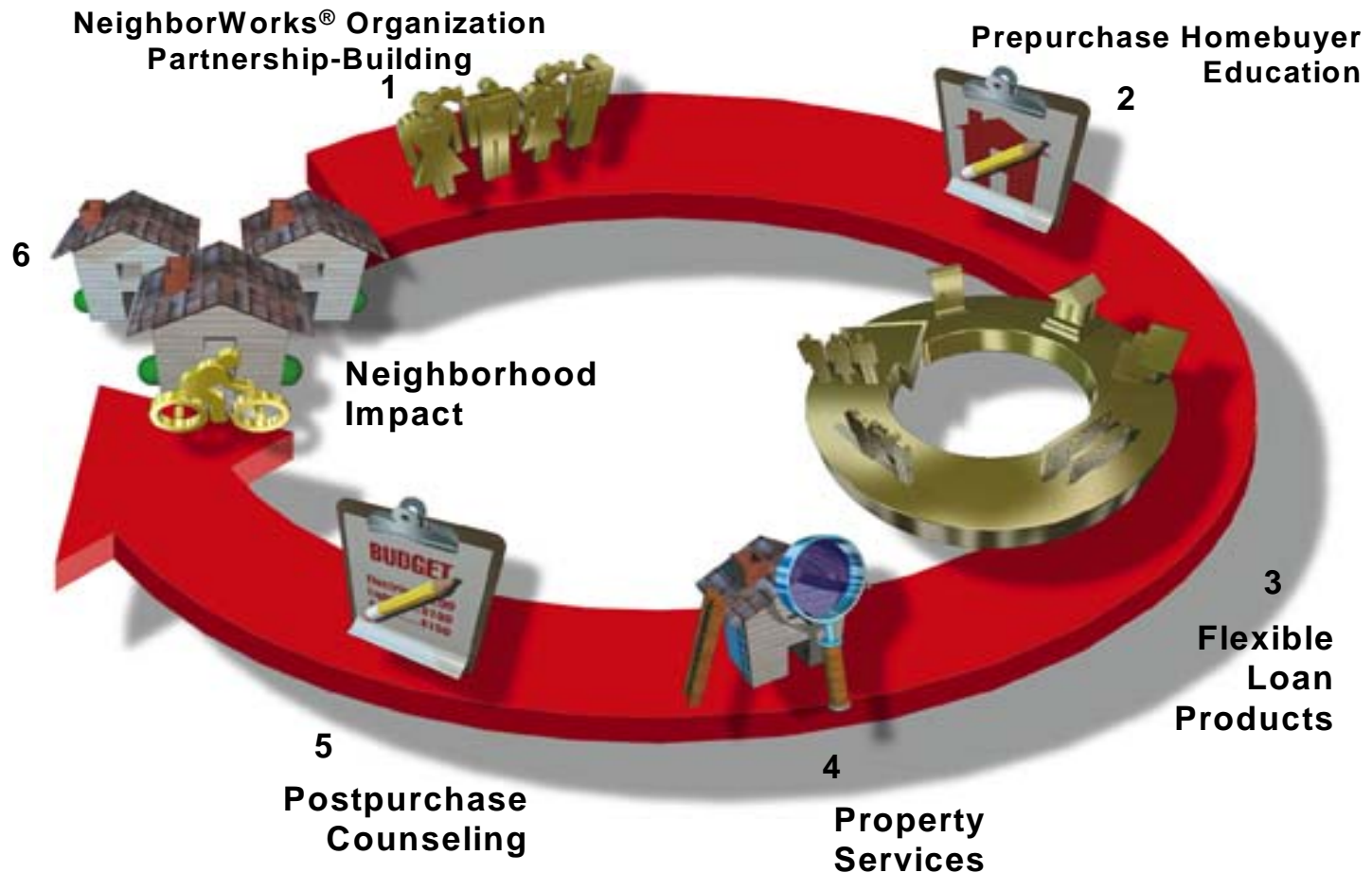
SERVICES OFFERED:

- ◆ Homebuyer Education
- ◆ Credit Counseling
- ◆ First Mortgage Lending
- ◆ Deferred 2nd Mortgage Loans
- ◆ Real Estate Sales
- ◆ Property Inspection
- ◆ Housing Rehabilitation
- ◆ Neighborhood Improvement



NHSSV Homeownership Center

NeighborWorks® Full-Cycle Lending Process



NHSSV Homebuyer Education

Homeownership Center Participants

From 2001 – 2006

Orientation – 6,275

Education – 2,091

Counseling – 3,460



NHSSV Serves First-Time Homebuyers

April 2001 – March 2007

❖ Total Households Assisted	397
❖ Total Loans Closed	1,937
❖ Low-Income Families	50%
❖ Moderate Income Families	47%

NHSSV Leverage

First Mortgages

Fund Sources	Amount
CalHFA	\$55,017,776
Other Banks & Mortgage Companies	\$37,186,857
Total	\$92,204,633

NHSSV Leverage

Second Mortgages

Funding Sources	Amount
HVF Deferred	\$6,147,790
HVF CDFI	\$1,432,987
CalHFA Secondary Financing	\$5,230,955
City of San Jose THP	\$1,960,000
Housing Trust Fund	\$ 1,323,460
CalHOME	\$1,257,032
Other	\$1,617,691
Total	\$18,969,915

NHSSV Serves San Jose Residents

Clients

- ◆ Working families, striving to become first-time homebuyers
- ◆ Resident leaders, working to improve their neighborhoods
- ◆ Communities, seeking solutions to the affordable housing crisis

Mission

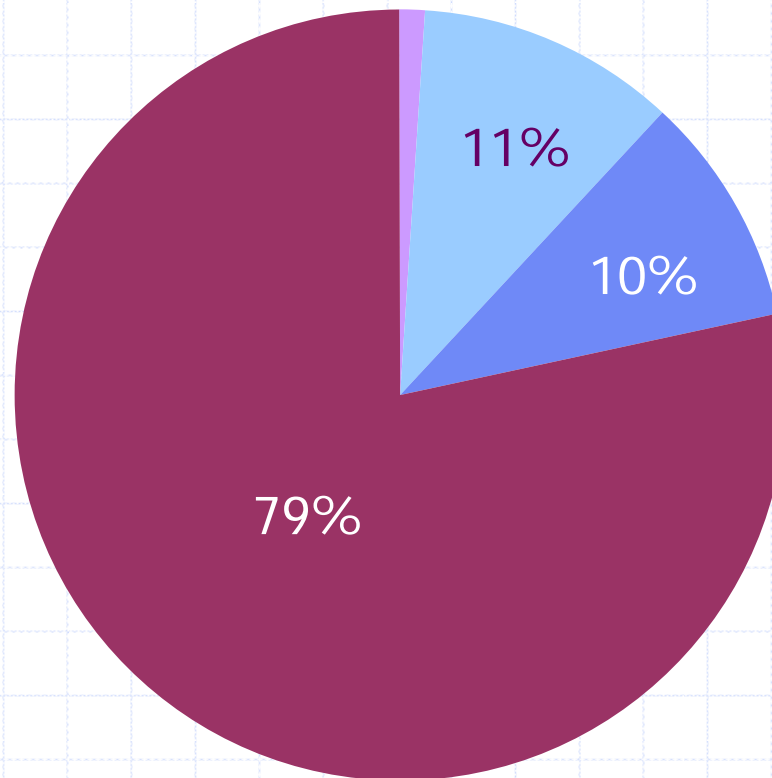
- ◆ Help working families achieve the American Dream
- ◆ Keep families close to home
- ◆ Create a safe refuge for first-time homebuyers
- ◆ Open doors to a new future

San Jose First-Time Homebuyers

What are the numbers?

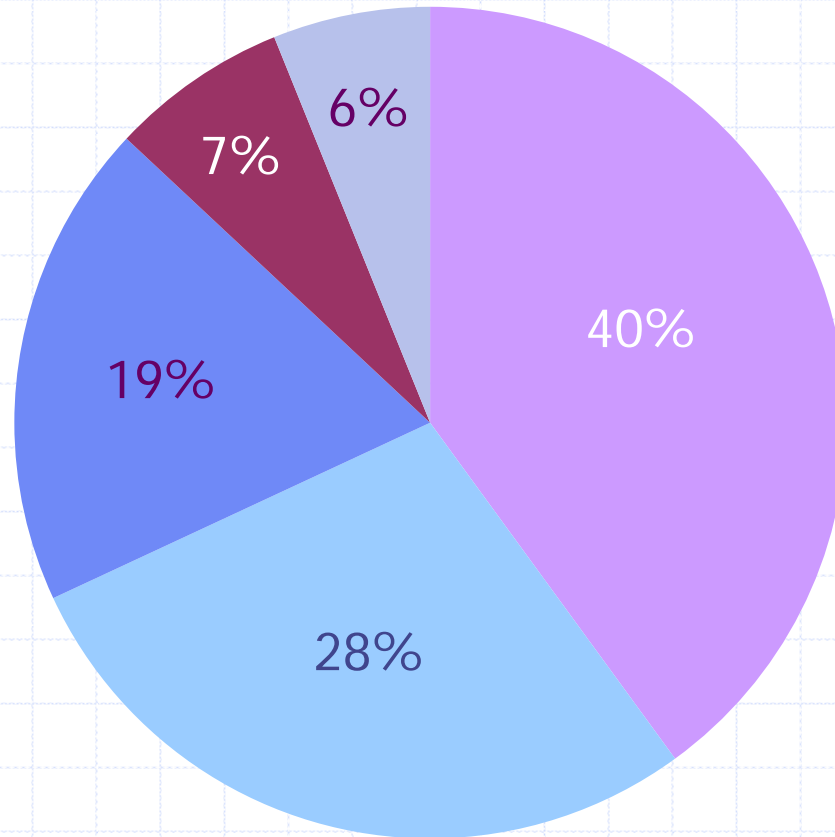
Average Annual Income	\$ 70,056
Average Sales Price	\$443,095
Average First Mortgage Loan	\$289,145
Average Household Size	2.4

First-Time Homebuyers Unit Type



■ Mobilehomes ■ Single Family ■ Townhomes ■ Condominium

First-Time Homebuyers by Ethnicity



■ Caucasian ■ Hispanic ■ Asian ■ African American ■ Other

Challenges for San Jose First-Time Homebuyers

- ◆ San Jose is a high-cost area
 - Single Family Home -- \$715,000
 - Condominium/Townhome -- \$472,000
- ◆ First-Time Homebuyers usually need at least five subordinate mortgage programs to purchase a home
- ◆ Lack of supply of affordable for-sale housing for lower-income first-time homebuyers

City/NHSSV Strategies for Success

- ◆ Create and support opportunities for additional City/NHSSV partnering to support first-time homebuyers
- ◆ Increase opportunities to develop local affordable for-sale housing
- ◆ Increase Community Awareness of NHSSV's work in neighborhoods and recruit additional volunteers for revitalization projects

City/NHSSV Strategies for Success Cont'd

- ◆ Consider the expansion of existing programs
- ◆ Secure additional federal, State, and local funding for first-time homebuyer programs

