

Homeownership Study: Program Recommendations

Homeownership Subcommittee Meeting #2

October 8, 2024



Agenda

-  Meeting Overview
-  Recap: Meeting #1
-  New Program Recommendations
-  Parking Lot Ideas
-  HUD PRO Grant Application

Community Engagement Schedule



September 25, 2024: Housing Commission Homeownership Subcommittee Meeting #1



October 1, 2024: HUD PRO Housing Grant* Public Hearing



October 8, 2024: Housing Commission Homeownership Subcommittee Meeting #2



October 10, 2024: Housing Commission Information Item



October 15, 2024: HUD PRO Application Deadline



October-November 2024: Continued Engagement, As Needed

***What is HUD PRO?** HUD Funding opportunity that the County is applying for to support implementation of recommendations.

Application Deadline:
October 15, 2024

Subcommittee Meeting Overview

(September 25):
Recommendations for
Existing Programs

Today
(October 8):
Recommendations
for
New Programs

Parking Lot:
For considerations
**not reflected in the
Recommendations.**
Items will be
discussed at the
end of the
meeting.

September 25 Meeting Recap

- ✓ Homeownership Study Background
 - Study Scope
 - Key Findings; Barriers to Purchase and Maintaining Homeownership; Program Assessment
 - Community Engagement; Vision; Goals
- ✓ Existing Program Recommendations
- ✓ Parking Lot Ideas

Homeownership Program Vision

Arlington's homeownership programs serve as a catalyst to preserve and expand affordable homeownership opportunities.

--Established through engagement with Homeownership Subcommittee, advocates, stakeholders, and the community at-large.



Homeownership Program Goals



1. *Reduce racial homeownership gaps.*



2. *Support existing homeowners in maintaining housing in the community.*

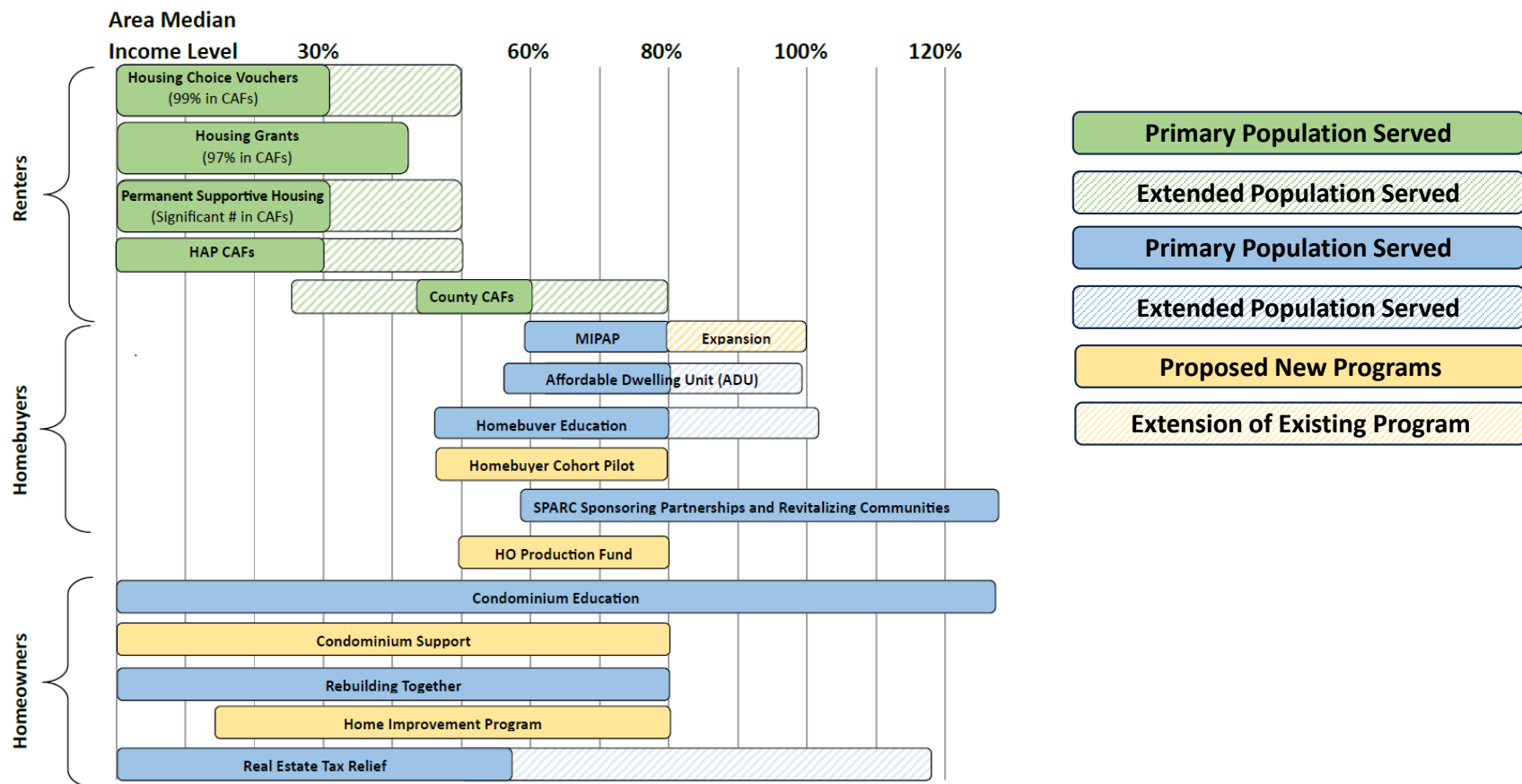


3. *Increase the production of homeownership housing supply.*



4. *Create pathways to homeownership for renters.*

Housing Programs and Income Levels Served



Existing Programs Recommendations

Moderate Income Purchase Assistance Program (MIPAP):

Revise program parameters; Expand program to create equity-focused tiered assistance and tier that serves 80-100% AMI; develop targeted outreach strategy.

Affordable Dwelling Unit Program (ADU):

Examine ADU resale restrictions; examine physical conditions of existing ADUs, create set-aside in HIP program for ADU owners.

Condominium Support:

Expand education offerings and create technical assistance opportunity; create set-aside in HIP program for condo owners.

Education and Technical Assistance:

Expand homebuyer education and targeted outreach; homeowner education.

Real Estate Tax Relief (RETR) Program:

Review RETR program.

New Program Recommendations Overview

Homebuyer Cohort Pilot Program:

Provide education, guidance, technical assistance, and support to low- and moderate-income renters.

Home Improvement Loan Program:

Relaunch home improvement loan program to support existing homeowners in maintaining housing.
Create set-aside for ADU and condo owners.

Homeownership Production Fund:

Incentivize the creation of affordable homeownership through EHO permits. Consider Right of First Refusal for newly created affordable EHO units through homeownership production fund.

Feedback from Subcommittee Members

- Do you have specific questions about recommendations (how the programs will work, timing, who County intends to target, etc.)?
- Questions about how the recommendations apply to our vision or goals?
- Do you agree with the recommendation?
- Are there other ideas to consider that could achieve a similar program goal?

Recommendations: New Programs

6) Homebuyer Cohort Pilot Program

Why Are Changes Necessary?

- Debt-to-income ratio is the primary reason for loan application denial in Arlington, with 21% of potential MIPAP buyers withdrawing due to this issue.
- There are limited opportunities available to address pre-purchase credit, debt, savings, or other financial challenges.
- Community feedback: one-on-one guidance through the MIPAP application and purchase process.

Recommendations: New Programs

6) Homebuyer Cohort Pilot Program

Program Recommendations

- Develop a Homebuyer Cohort Pilot Program to provide education and ongoing support to prospective buyers and potential MIPAP applicants.
- Leverage education assistance opportunities to support Cohort participants (see *recommendation #4*).
- Create targeted marketing for Cohort program for existing Arlington County renters, including income-qualified CAF residents.

Homeownership Program Goals Alignment

Goal 1: Reduce racial homeownership gaps.

- Prioritizing and creating a targeted marketing approach for moderate-income households with limited savings or higher debt burdens, which typically disproportionately impact Persons of Color, will improve availability of resources for households that have been underrepresented in the homeownership market.

Goal 4: Create pathways to homeownership for renters.

- Developing a Cohort program will provide renters with a more personalized approach and ongoing support and will increase access to homeownership opportunities.

Recommendations: New Programs

7) Home Improvement Loan Program

Why Are Changes Necessary?

- Home repair and upkeep can be a financial burden for low- and moderate-income homeowners.
- Deferred maintenance threatens residents' health and safety and can inhibit their ability to maintain housing.
- Stakeholder interviews revealed a desire for more home repair support, including financial resources for homeowners burdened by repair costs, and additional educational offerings.

Recommendations: New Programs

7) Home Improvement Loan Program

Program Recommendations

- Re-launch Arlington's Home Improvement Loan Program (HIP), discontinued in 2017, as a tiered equity-focused home improvement loan program.
- Target assistance for priority communities (elderly and disabled homeowners, households with extremely low incomes, first-generation homeowners).
- Potentially target support to specific neighborhoods with aging housing stock.
- Create affirmative marketing strategy for targeted populations.

Home Improvement Loan Program Proposed Tiered Assistance Model

ADU / Low-income condo owners

Assist ADU/condo owners with repairs or special assessments.

- **Max loan:** \$20k per unit
- **Repayment Term:** Short-term, deferred until sale
- **Interest Rate:** 0%
- **Forgivable:** Under specific conditions

Households at or below 80% AMI

Major repairs or accessibility upgrades.

- **Max loan:** \$45k per unit
- **Repayment Term:** 30 years, deferred
- **Interest Rate:** 1-3%
- **Not Forgivable**

Households <60% AMI and/or priority communities

Major repairs or accessibility upgrades.

- **Max loan:** \$45k per unit
- **Repayment Term:** 30 years, deferred
- **Interest Rate:** 0%
- **Forgivable**

Recommendations: New Programs

7) Home Improvement Loan Program

Homeownership Program Goals Alignment

Goal 1: Reduce racial homeownership gaps.

- Equity-focused tiered assistance structure will target low-income cost-burdened homeowners, who are also often Persons of Color.
- Assisting existing ADU and condo owners with home repairs will preserve a home's value, which will increase wealth-building opportunities.

Goal 2: Support existing homeowners in maintaining housing in the community.

- Ensuring a safe, healthy living environment will support homeowners in maintaining housing, particularly subpopulations such as older adults, who wish to age in-place in the community.

Recommendations: New Program

8) Homeownership Production Fund Pilot

Why Are Changes Necessary?

- Current efforts to increase the supply of affordable homeownership units are not sufficient.
- Very few affordable homeownership housing options exist outside of condo units.

Recommendations: New Program

8) Homeownership Production Fund Pilot

Program Recommendations

- Pilot a Homeownership Production Fund to provide capital to developers for gap financing.
- Consider predevelopment, acquisition, construction, and buyer-side subsidy as eligible uses to ensure flexibility.
- Apply a right of first refusal (ROFR) to units supported through this new funding.
- Consider Community Land Trusts as eligible applicants, for both direct development support or buyer-side subsidies.
- Potentially direct financing support to small-scale or beginning developers without the same access to capital or networks as well-established developers.

Homeownership Program Goals Alignment

Goal 3: Increase the production of homeownership housing supply.

- A Homeownership Production Fund will increase and diversify the supply of affordable homes to own.

Other Considerations...

- Support for ACG and APS employees not addressed in recommendations, but feedback suggested there is a gap, particularly for APS employees.
- Are there opportunities to address homeownership needs regionally?
- Offering opportunities to support transfer of property to heirs not addressed in recommendations, but feedback suggested a need for technical assistance in this area.
- Are there implications to consider related to the recent National Association of Realtor court case and settlement?

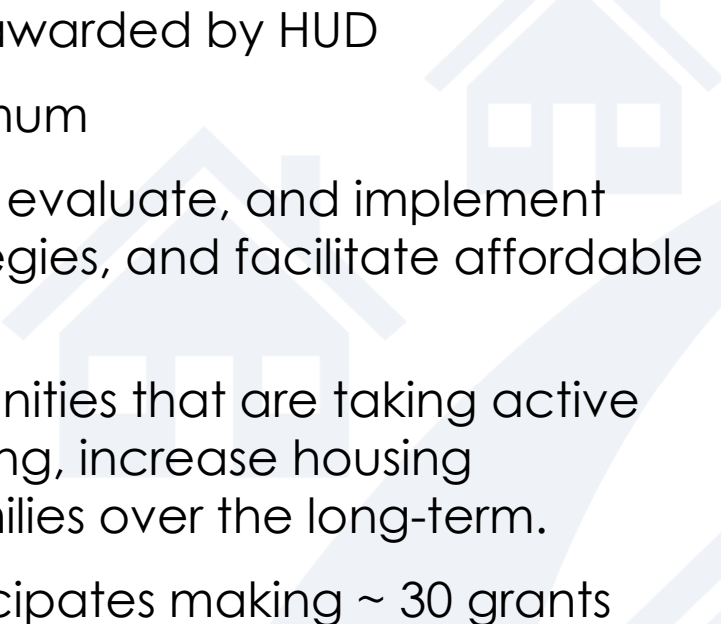
Parking Lot Discussion



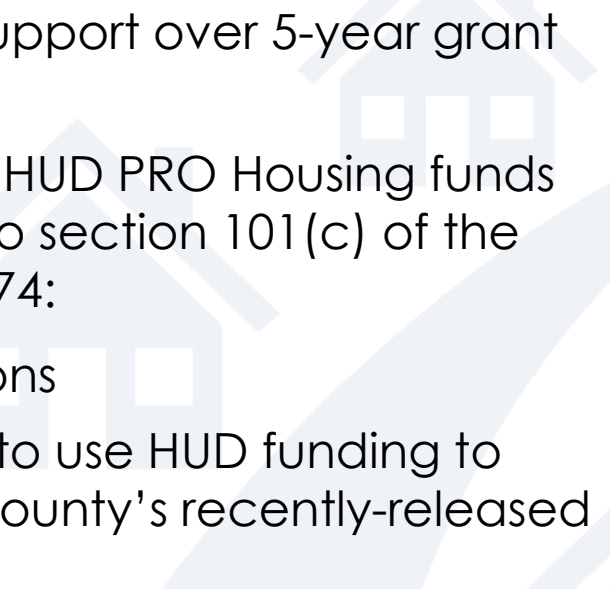
HUD PRO Housing Grant



HUD PRO Housing Overview

- HUD PRO Housing Funds are competitively awarded by HUD
 - \$1 million minimum request, \$7 million maximum
 - Grantees may use funds to further develop, evaluate, and implement housing policy plans, improve housing strategies, and facilitate affordable housing production and preservation.
 - Goal of the program is to empower communities that are taking active steps to remove barriers to affordable housing, increase housing production, and lower housing costs for families over the long-term.
 - \$100 million available nationwide; HUD anticipates making ~ 30 grants
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Proposed Pro Housing Activities (Background)

- Arlington requesting approximately \$7 million in support over 5-year grant period.
 - The activities Arlington proposes to carry out with HUD PRO Housing funds will meet the CDBG national objective pursuant to section 101(c) of the Housing and Community Development Act of 1974:
 - (a) Benefiting low- and moderate-income persons
 - Arlington's HUD PRO Grant application proposes to use HUD funding to further certain implementation activities for the County's recently-released Homeownership Study recommendations.
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Proposed PRO Housing Activities

Program	Study Recommendation	HUD PRO Funding
Moderate Income Purchase Assistance Program (MIPAP)	<ul style="list-style-type: none"> ▪ Revise program parameters ▪ Expand program: <ul style="list-style-type: none"> ○ Equity-focused tier ○ 80-100% AMI tier ▪ Develop targeted outreach strategy 	Direct funding for MIPAP tier that serves 80-100% AMI; new County staff to assist in MIPAP program administration
Affordable Dwelling Unit (ADU) Program	<ul style="list-style-type: none"> ▪ Examine ADU resale restrictions ▪ Examine physical conditions of existing ADUs ▪ Create set-aside in HIP program for ADU owners 	Contract with consultant to examine physical conditions of existing ADUs.
Condominium Support	<ul style="list-style-type: none"> ▪ Expand education offerings ▪ Create technical assistance opportunity ▪ Create set-aside in HIP program for condo owners 	Contract with third-party to offer educational series and technical assistance.
Education and Technical Assistance	<ul style="list-style-type: none"> ▪ Expand homebuyer education ▪ Expand homeowner education ▪ Expand targeted outreach 	Contract with third-party to carryout Post-Purchase Education series

Proposed PRO Housing Activities

Program	Study Recommendation	HUD PRO Funding
Real Estate Tax Relief (RETR) Program	<ul style="list-style-type: none"> Review RETR program. 	Contract with consultant to support review of RETR program.
Homebuyer Cohort Pilot Program	<ul style="list-style-type: none"> Create Cohort program to provide education, guidance, technical assistance, and support to low- and moderate-income renters. 	Funding to connect Cohort participants with external resources to further home purchase goals. <i>New County staff funded through MIPAP to support Cohort program administration</i>
Home Improvement Loan Program (HIP)	<ul style="list-style-type: none"> Relaunch HIP to support existing homeowners with home repairs Create set-aside for ADU and condo owners. 	Direct funding for HIP program tiers; <i>new County staff to assist with HIP program administration</i>
Homeownership Production Fund	<ul style="list-style-type: none"> Create Production Fund to spur creation of new affordable homeownership units 	Direct funding for Production Fund; funding will be awarded competitively to housing developer(s).

Proposed PRO Housing Budget

Program	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Moderate-Income Purchase Assistance Program		\$299,488	\$371,488	\$521,488	\$521,489	\$1,710,953
Affordable Dwelling Unit Program	\$50,000					\$50,000
Condo Education and Technical Assistance	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
Post-Purchase Education	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000
Real Estate Tax Relief					\$150,000	\$150,000
Homebuyer Cohort Pilot		\$25,000	\$25,000	\$25,000	\$25,000	\$100,000
Home Improvement Loan Program		\$415,611	\$740,611	\$740,611	\$740,611	\$2,637,443
Homeownership Production Fund		\$2,000,000				\$2,000,000
TOTAL						\$6,998,396

Next Steps

- **Friday, October 11:** Public Comments on **HUD PRO Grant** Due.
- **Tuesday, October 15:** **HUD PRO Grant** Application Submitted
 - Community engagement on the Homeownership Study Recommendations will continue into the fall, beyond the application deadline.
- **October 2024:** Check-in with County Commissions
 - Housing Commission (**October 10**)
 - Disability Advisory Commission
 - Commission on Aging
- **End of Calendar Year 2024:** County Manager Report to County Board

Questions & Discussion

