

Housing Alliance 2017 Homeownership Proposals

Single Family Repair & Rehab Proposal

The Legislature should invest in helping homeowners with low incomes to maintain their primary asset – their home – by assisting them with essential repair work. For seniors, people with disabilities, and people with low incomes, small investments in their home can help maintain both their stability and protect our single-family home stock for the next generation.

The Legislature should invest \$10 million in essential repair and rehab grant programs for the 2017-19 biennium. These resources would be used to help homeowners of both single-family stick-built homes and manufactured homes owned by people with low incomes. Oregon Housing and Community Services (OHCS) would offer these funds to qualified non-profit organizations with connections to these communities and the expertise to deliver these programs effectively.

Local organizations will be able to apply directly to OHCS for these resources to best meet local needs. Organizations may choose to focus on particular needs in their communities, or to operate a general program. The local organization may also choose whether to offer the funds as a forgivable loan, a grant, or a loan that is repaid over time or upon sale. OHCS will prioritize geographic diversity and demonstrated need for these funds.

These grants will serve households at up to eighty-percent of the area median income. The average home repair cost will be about \$25,000 per home, and that investment will protect the home for the next generation. Organizations will be able to apply for up to 5% administrative costs and up to 15% program delivery costs.

Funds for foreclosure counseling

The state-funded Oregon Foreclosure Avoidance Counseling program prepares homeowners for foreclosure mediation so that they can stay in their homes or assess other options to maintain stable housing. There is still a high level of need, and OHCS is requesting \$3.29 million continued funding for the program as part of their Agency Request Budget.

Down Payment Assistance Proposal

Request: \$10 million to provide up to \$20,000 in down payment assistance to families earning up to 120% of the area median income. Nonprofit grantees could choose to use either the state or local median income, whichever is higher.

Proposed Homeownership Development Resource

Request: \$25 million to create affordable homeownership options statewide for low and moderate income families.

Legislative Proposal:

- 1) Appropriate \$25 million to Oregon Housing and Community Services.
- 2) Direct OHCS to offer grants to non-profit organizations. The grants will be made to a revolving fund program. The intent will be for the non-profit organization to manage the resource and revolve. The intent will be for the program to serve a range of incomes and a range of geographies. OHCS will make every effort to ensure geographic diversity with this proposal.
- 3) Direct OHCS to offer grants to both:

- a. To serve families with a revolving loan fund model. The non-profit organization may purchase or leverage loans made to qualifying families, and their loan repayments will pay back into the fund over time to benefit additional first-time homebuyers.
 - b. To serve families with a capital construction revolving loan fund model. The non-profit organization will build homes and upon sale will pay back into the fund to benefit additional first-time homebuyers.
- 4) This program will serve families at 30% AMI to 100% AMI. Organizations may choose whether to use the state or county AMI when qualifying potential new homeowners.
 - 5) OHCS may offer grants to either build new homes, replace manufactured homes, or to acquire and rehabilitate homes.

Legislative Intent:

The intent of this section is to provide additional details to the Legislature on the record in testimony, but not in the language of the bill or statute.

- 1) Some of the available resource will be directed to serve families earning 30-60% of AMI, and some of the available resource will be directed to serve families earning 60-100% of AMI.
- 2) OHCS will offer grants competitively and seek to serve a range of incomes, models, and geographic areas.
- 3) Non-profit organizations may propose:
 - a. To serve families at 30-60% of AMI. The organization may choose whether to use the county or state AMI.
 - b. To serve families at 60-100% of AMI. The organization may choose whether to use the county or state AMI.
- 4) Non-profit organizations may propose:
 - a. To serve families with a revolving loan fund model. The non-profit organization will purchase or leverage loans made to qualifying families, and their loan repayments will repay the fund over time. Organizations may choose whether or not families can be charged interest on the mortgage loan.
 - b. To serve families with a construction revolving loan fund model. The non-profit organization will build homeownership options and upon sale will repay the loan.
- 5) The loan fund model may be used to develop new affordable homeownership options for sale, to replace manufactured homes, or to acquire and rehabilitate existing homes.
- 6) OHCS may recapture the funds if the grantee is no longer developing affordable homeownership options with the funds or if there is mismanagement of the fund. If the grantee continues to operate the fund successfully, the resource is considered a grant to be put into a revolving fund.

Program Procedures and/or Administrative Rule:

- 1) Non-profits receiving the funds:
 - a. May charge a developer fee or a discount for purchased or leveraged mortgages;
 - b. May require homeowners to obtain a mortgage from a bank or may originate the mortgages themselves;
 - c. May serve a specific geographic area or may operate statewide;
 - d. May, but is not required to ensure that the home be permanently affordable or that it be resold to another eligible applicant.
- 2) The non-profit organization may pursue private fundraising to match with the funds from the State to increase the number of homes developed.