

Priority Project

Select one of the categories your project falls under:

Rental Vouchers - Provide supported rental vouchers (includes access to counseling, health services, case management, and other services) to renters earning less than 50%AMI;

Emergency Shelters including permanent supported shelter housing - Development, construction, and preservation of shelter/permanent supported rental facilities, including infrastructure improvements;

Provision of Rental Units and Support Services for Low Income (up to 50% AMI) and Extremely Low Income Renters (less than 30% AMI) - Acquisition, conversion, preservation and new construction of tiered income multi-family rental properties; including infrastructure or one-time emergency rental assistance;

Down payment Assistance/Increase of Ownership Opportunities - Down payment assistance in the form of soft-second mortgage that "buys down" principal amount of loan to lower monthly payment; Acquisition, conversion, preservation and new construction of homeownership housing;

Homeowner Rehabilitation Programs, Energy Efficiency Upgrades, Accessibility Retrofits - Acquisition, conversion, and preservation of affordable housing that accommodates needs of current householders.

Project Description:

Please provide a narrative of your project. Specifically who will be served, anticipated outcomes, etc. (If needed continue on a separate sheet)

First time home buyers are challenged to accumulate sufficient funds for down payment and closing costs typically required to purchase a home in Santa Fe. Market rate rents on 2 bedroom and larger units have soared over the \$1,000/month mark according to the CBRE Apartment Market Survey, September 2016, A 98.2% occupancy rate exacerbates the problem. Home purchase candidates could pay less post purchase than the market rate rent on a two bedroom apartment. Similar trending data are probed in the Affordable Housing Plan updated April 2016. Down payment assistance in the amount of \$200,000 can help 8 to 12 households to get the foothold that will help to anchor them in Santa Fe while maintaining predictable and sustainable monthly housing costs. Several thousand of Santa Fe's working households have been assisted in this manner since the Housing Trust started its home buyer assistance programs in 1992. Outside sources such as HOME funds through NMMFA are at historic lows at this time due to state and federal "belt

tightening" since the national subprime mortgage crisis of 2007-2009.

The Affordable Housing Trust Fund is used primarily for those earning in excess of 80% AMI. We have supplemented it from available sources, but those are scarce.

Some of the funds distributed through the Affordable Housing Trust fund can be sourced back to the Housing Trust (resales of Eldergrace/Sand River units) and its affiliate, the Tierra Contenta Corporation. Both are currently challenged for sufficient resources to carry out the activities that would replenish the supply.

1. Funding:

How will the AHTF allocation be used for this project? What additional funding sources are secured or will be secured upon receipt of allocation? The City of Santa Fe requires financing from other sources to be committed prior to the release of funds from the AHTF.

The down payment assistance loans would supplement the home purchasers' own funds and other sources needed for down payment on a modest home. AHTF funds used for zero interest, non-amortizing, thirty year loans that is repaid at sale or refinance and is capped at \$20,000 per transaction allocated in the minimum amount necessary to secure prime first mortgage loans. The client's eligibility is verified and the income certified by our staff. All transactions are underwritten and reviewed by an outside Loan Committee populated by volunteer mortgage lending professionals. All sources of funds are substantiated prior to loan committee review. When the first mortgage lender signals readiness to fund, the AHTF loan funds are deposited with the title company until all sources are in place to close the transaction. The Housing Trust maintains sufficient liquidity and credit to assure that it can front costs for reimburseable grant expenses to assure timely transactions.

The Housing Trust supplements the subsidies with its MiSaver program. Purchasers can borrow up to 20% of the purchase price in the form of an amortizing, interest bearing second mortgage with an interest rate at or below that on the first mortgage. The Housing Trust was granted \$1,000,000 in for that purpose (out which about 25% is remaining. When reservations exceeded the funds available in December, 2016, the Board of Directors allocated an additional \$500,000 from other sources to cover the needs anticipated in 2017. All of these funds are in hand.

Leveraging/Matching Requirement:

\$3 to \$1 Leveraging: for every \$1 allocated through the AHTF, at least \$3 from other sources will be expected (leveraged funds can include long term mortgages, other sources of grants, owner equity, proceeds from Low Income Housing Tax Credits, or the current value of land); organizational resources should be used to provide \$1 of match (See Exhibit A for example)

Briefly Describe:

The typical transaction consists of \$6,900 of client funds, \$15,000 of AHTF funds, \$21,000 of MiSaver funds and a conventional first mortgage of \$170,000. This yields a 93:1 fund match on average. Additionally, the Housing Trust provides housing counseling and home purchase training classes for each client funded by a variety of other sources, including the city's general funds, HUD's Housing Counseling funds through intermediary sources, occasional funds from MFA and fees collected.

Project Budget and/or Development Pro-Forma: demonstrate use of leveraged and matching funds as well as evidence that operating budget is sufficient to administer the proposed program/project (please attach documents as well as give brief overview below)

2.Need/Benefit & Project Feasibility:

Demonstrate, using data-based analysis, that there is a clear connection between the proposed project/program and adopted Priority(s), and evidence that the proposed project/program meets current and future market demands. Provide narrative below (use additional sheets as necessary):

According to mortgage giant, Freddie Mac, "the average down payment for single-family homes bought in the first quarter of this year (2017) was 20 percent." While the median price in Santa Fe is far out of reach for the typical first time home purchaser, the median sales price paid by our clients in 2017 was \$299,500. They put down \$6,900 and paid an additional \$4000 to \$6000 of transaction costs out of their own pockets which totals over \$11,000 (excluding any down payment assistance.) Without down payment assistance, the typical client would have to put down \$25,000 and pay closing costs for a total of around \$31,000. While Santa Fe's up and coming young consumers are a tenacious lot who met the challenge of an \$11,000 nest egg needed for purchase, they are also savvy enough to move away if the housing cost burden exceeds the benefits of living and working in Santa Fe.

Likewise the Housing Trust carefully underwrites every transaction in order to provide the minimum assistance needed to enable the buyer to close on a home at a payment they can sustain while assisting as many buyers as possible. The transaction is made affordable in many cases through The Housing Trust's MI\$aver program. In 2016, the Housing Trust provided \$451,000 under the MI\$aver program in the form of second mortgages that are amortizing and interest bearing at rates at or below the rate on the first mortgages. The amortizing seconds don't reduce the loan payments by much, but rather they eliminate the cost of Mortgage Insurance and premiums which afford substantial savings. Repaid funds are recycled by the Housing Trust for new down payment loans. In this way, the AHTF and CDBG funds have maximum impact with a very effective benefit to consumer and high efficiency level for the grantors.

What is the timeline for the project?

12 months. July 1, 2018 to June 30, 2019

Site Information (if applicable) Not Applicable

If your proposed project include acquisition, conversion, preservation and new construction of homeownership or rental housing, please provide the following information.

Site control is or will be in the form of*: Deed Option

Lease (Term____Years) Purchase Contract Other (explain)

* If project is recommended for funding, proof of site control must be provided before funds are disbursed.

Expiration Date of Contract, Option, or Lease _____(month/year)

Site Description:

Area of Site: _____acres or _____square feet

Is site zoned for your development? Yes No Zoning

_____ If no, is site currently in the process of re-zoning?

Yes No Re-Zoning _____

Has the City approved the site plan and/or plat? Yes No If yes,

provide a copy of the site plan/plat.

Are there any other development reviews and approvals required? Yes No If

yes, explain:

List any required reports or studies underway or completed such as soils report, environmental assessment, traffic study)

Has the City issued the building permit? Yes No

Are all utilities presently available to the site? Yes No

If no, which utilities need to be brought to the site? _____

Describe briefly how the project will meet the City of Santa Fe's green code, what the anticipated HERS will be for newly constructed/renovated dwellings and/or how other green building criteria will be met. If relevant, describe how the project is consistent with other priorities such as access to opportunity and employment areas, transportation routes, walkability, redevelopment and infill. _____

3.Affordability:

Outline the affordability ~~time period~~ for this project based on the following: (i.e. loans to \$14,999 – 5 years, \$15,000 to \$40,000 – 10 years, 40,001-\$100,000 – 15 years and over \$100,000 – 20 years)

N/A

4.Demonstrated Capability - Organizational Capacity

Describe the expertise of your organization and past projects to provide the type of housing or programs proposed for funding:

The Santa Fe Community Housing Trust has in its 24+ year history provided homeownership counseling and training and managed its down payment assistance program in conjunction with the City of Santa Fe and New Mexico Mortgage Finance Authority. We have effectively administered the CDBG Down Payment Assistance Revolving Loan Fund for more than 23 years and acted as the administrator for numerous large federal and state grant programs, including HOPWA, Shelter + Care, and MFA CHDO and LIHTC, demonstrating regulatory compliance and timely reporting. Our Controller holds a Masters Degree in Finance and Marketing and has more than 25 years experience. All financial tracking and fund availability data is under his control. Our home buyer program manager has more than 35 years banking and lending experience. We utilize CounselorMax, the database that allows management of client information in tracking status for reporting.

Describe your staffing and attach resumes of key personnel: Our Controller maintains all financial tracking and funds availability data. The home buyer program manager has more than 35 years experience in banking, mortgage lending, underwriting, loan operations and closings. She will administer applications for assistance and eventual loan payoff. Our three Housing Counselors are nationally certified with 27 years of combined experience in assisting homebuyers.

Demonstrate Financial Soundness. Please submit the following documentation:

- Audited Financial Statements for 2016 and 2015.
- Current Statement of Assets & Liability

SUBMITTAL REQUIREMENTS

Please attach one (1) unbound copy of the following items in the following order:

____ Audited Financial Statements for 2016 and 2015

____ Current statement of Assets & Liability

____ Project budget

____ Leverage calculations

____ List of current board members

____ Fiscal Policies and Procedures

____ Letter of compliance demonstrating cleared findings; or progress towards clearing findings

Budget and Leveraging Chart

HOMEBUYER REVOLVING FUND

10

USE OF FUNDS	Per Home	Project
Average Client Home Sale Price	\$ 245,000	\$ 2,450,000
Closing Costs (2.6%)	6,370	63,700
Total Transaction	\$ 251,370	\$ 2,513,700

SOURCE OF FUNDS	Per Home	Project
First Mortgage	\$ 188,740	\$ 1,887,400
AHTF Down Payment Assistance	20,000	200,000
MI\$aver Loan (amortizing at 4% interest)	34,055	340,550
Buyer Cash (3.5%)	8,575	85,750
Total Funding Sources	\$ 251,370	\$ 2,513,700

PROJECT LEVERAGE	Amount	Leverage and Match
AHTF Grant Request	\$ 200,000	
Total Leveraging Funds	\$ 2,313,700	\$11.57:1
Total Subrecipient Match	340,550	\$1.70:1