

Homeownership

City assistance can be provided to eligible homebuyers for acquisition only, acquisition/rehabilitation, or new construction of homes. All City funds used for homeownership assistance must benefit homeowners whose family income does not exceed the area median income requirement of the funding source. In addition, the assistance must meet the following requirements:

- The assisted house must be the owner's principal residence
- The estimated value of the property must not exceed 95% of the median area purchase price
- Resale provisions that safeguard the property's continued affordability, or recapture all or part of the City subsidy invested, must be established

The City can structure the form of financial assistance for homebuyer activities according to the particular needs of the program's target participants. Generally, the form of assistance may include, deferred-payment loans, below-market rate loans, forgivable loans, grants.

Eligible activities:

- Acquisition of affordable housing: Assist eligible homebuyers to purchase affordable homes through downpayment or closing cost assistance, reducing the monthly carrying costs of a loan from a private lender, or providing mortgages for home purchase.
- Acquisition and rehabilitation: If there is no ratified sales contract with an eligible homebuyer for the housing within 9 months of the date of completion of construction or rehabilitation, the housing must be rented to an eligible tenant.

Properties that are eligible for City assistance include those properties that will serve as the homebuyer's principal residence throughout the period of affordability.

Eligible property types:

- Multiple unit dwelling (single family home, duplex, triplex, or four-plex)
- Condominium unit
- Cooperative unit
- Manufactured home

To be considered an eligible property, the homes acquired must have a purchase price that does not exceed 95% of the median purchase price for single family housing in the area. Home Sales Price Limits are included in the RFP.

City funds may be administered only by eligible entities, which include:

- Subrecipients: public agency or non-profit organization
- Community Housing Development Organizations (CHDOs)

If the project is approved for HOME funds, homebuyer households assisted must have incomes at or below 80% of area median income (AMI). If the project is approved for 1590 funds, homebuyer households assisted must have incomes at or below 60% of AMI. Income limits can be found here:

<https://static.spokanecity.org/documents/chhs/programs/homeinvestment/2024-home-rent-and-income-limits.pdf>.

If a project is selected for 1590 affordable housing program funds, homebuyer households must also qualify as one of the following populations:

- Persons with behavioral health disabilities
- Veterans
- Senior citizens
- Persons who are homeless or at-risk of being homeless, including families with children
- Unaccompanied homeless youth or young adults
- Persons with disabilities
- Domestic violence survivors

Eligible Project Costs

A variety of costs can be paid with City funds. Below is a non-exhaustive list of eligible homebuyer project costs; please request technical assistance to determine the eligibility of costs that fall outside these examples.

1. Acquisition costs – the costs of acquiring existing or newly constructed single family homes:
 - Existing properties
 - Substandard properties in need of rehabilitation
 - Manufactured housing units
2. Project related soft costs – other reasonable and necessary costs incurred which are associated with financing the acquisition of housing:
 - Costs to process and settle the financing for a project:
 - Private lender origination fees
 - Credit reports
 - Attorney’s fees
 - Fees for Title Evidence
 - Private appraisal fees and fees for independent cost estimate
 - Fees for recordation and filing of legal documents
 - Costs to provide information services:
 - Affirmative marketing and fair housing information to prospective homebuyers
 - Loan processing inspections
3. Relocation costs (for persons displaced by the project) – the cost of relocation payments and other relocation assistance to persons displaced by the project:
 - Relocation payments:
 - Replacement housing payments

- Payments for moving expenses
- Payments for reasonable out-of-pocket costs incurred in the temporary relocation of persons
- Other relocation costs:
 - Timely written notices to occupants
 - Referrals to comparable and suitable replacement property
 - Property inspections
 - Counseling
 - Other assistance necessary to minimize hardship

Property Standards

Activities and costs are eligible for City assistance only if the housing meets certain minimum property standards upon project completion.

- General inspection requirement – An approved, state-licensed home inspector must conduct an on-site inspection of each property prior to occupancy to insure the project meets applicable property standards.
- Acquisition only – For properties receiving assistance for acquisition only, the property must meet the property standards for existing housing or new construction.
 - Existing housing: Must be decent, safe, sanitary, and in good repair, and meet all applicable state and local housing quality standards and code requirements.
 - Newly constructed housing: Must meet state and local codes, ordinances, and zoning codes for new construction. A Certificate of Occupancy can be used to demonstrate compliance with this requirement.
 - Existing manufactured housing:
 - Foundation systems must be inspected and meet the applicable state or local codes, subject to the approval of the City’s building officials.
 - In the absence of the state and local codes, must meet the Model Manufactured Home Installation Standards at 24 CFR Part 3285.
 - Must be connected to permanent utility hook-ups.
 - New manufactured housing:
 - Foundations and anchoring must meet all applicable state and local codes.
 - Must be on a permanent foundation (foundation system of supports capable of transferring all design loads to the ground and meets the requirements of 24 CFR § 203.43f(c)(i)).
 - Must meet the Manufactured Homes Construction and Safety Standards codified at 24 CFR Part 3280.
 - Must be connected to permanent utility hook-ups.

Project Underwriting and Subsidy Layering

The City will evaluate the project, according to its established underwriting and subsidy layering requirements, to determine financial viability before making a funding commitment for funds

for new construction or rehabilitation. Subsidy Layering also applies to homebuyer units with multiple government funding awards.

Organizations providing purchase assistance may conduct their own screening and loan underwriting for first-time homebuyers, so long as the underwriting procedures are substantially consistent with the following procedures and policy requirements:

- Underwriting standards for homeownership assistance that evaluate housing debt and overall debt of the family, the appropriateness of the amount of assistance, monthly expenses of the family, assets available to acquire the housing, and financial resources to sustain homeownership;
- Responsible lending; and
- Refinancing loans to which City loans are subordinated to ensure the terms of the new loan are reasonable.

The City must review and approve an organization’s written underwriting standards prior to an organization receiving funds.

Minimum Long-Term Affordability

To insure investments provide affordable housing over the long term, the housing must be the principal residence of a low-income household throughout the period of affordability. Funding agreements will define the term of affordability. Affordability requirements will be recorded on the property through:

- A deed restriction or covenant running with the land,
- Loan documents

City affordability and program compliance periods				
Maintaining affordability	Basis for determining affordability period	Average per unit City assistance	Minimum HOME period of affordability	Minimum 1590 period of affordability
Resale provision	Amount of City funds invested per unit	<\$15,000	5 years	25 years
		\$15,000—\$40,000	10 years	
Recapture provision	Amount of City funds provided as direct assistance to homebuyer	>\$40,000	15 years	

Resale and Recapture

Resale and recapture provisions are triggered when, during the period of affordability, the housing ceases to be the principal residence of the buyer who was assisted with City funds. The resale or recapture provisions are triggered by any transfer in title, either voluntary or involuntary, during the established City period of affordability.

Resale requirements must ensure the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low-income family and will use the property as the

family's principal residence. The resale requirement must also ensure the price at resale provides the original City-assisted homeowner a fair return on investment (including the homeowner's investment and any capital improvement) and ensure the housing will remain affordable to a reasonable range of low-income homebuyers.

The resale restrictions are enforced with a covenant, or ground lease, signed by the homebuyer at closing. The document will specify:

- The length of the affordability period;
- That the home remain the buyer's principal residence throughout the affordability period; and
- The conditions and obligations of the owner, should they wish to sell before the end of the affordability period

Recapture provisions must ensure the City recoups all or a portion of the City assistance to the homebuyers. Recapture provisions may permit the subsequent homebuyer to assume the City assistance (subject to the City requirements for the remainder of the period of affordability) if the subsequent homebuyer is low-income, and no additional City assistance is provided.

Homebuyer Counseling

Homebuyer counseling may be required, pending identification of the funding source. Additional requirements apply to for-profit and nonprofit entities that provide first mortgage financing to the homebuyer.

Program Policies

- The agency must use fair housing marketing practices; and
- All City assisted homebuyers must obtain an appropriate term, fixed-rate conventional (or conforming) loan