


EMPOWER HOMEBUYERS
COUNTY OF SANTA CLARA
2016 MEASURE A FIRST-TIME HOMEBUYER PROGRAM

**EMPOWER HOMEBUYERS SCC:
COUNTY OF SANTA CLARA
FIRST-TIME HOMEBUYER
DOWN PAYMENT ASSISTANCE PROGRAM**

Santa Clara County  Office of Education

HOSTED BY SANTA CLARA COUNTY
OFFICE OF EDUCATION

February 8, 2023, 5:30-6:30 pm

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Welcome Remarks

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Santa Clara County  Office of Education

Mary Ann Dewan, Ph.D.

**Santa Clara County
Superintendent of Schools**

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Today's Speaker

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Host:

Yvonne Castillo
Homebuyer Education Specialist
Housing Trust Silicon Valley

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Housekeeping Notes

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- All attendees are muted, and your camera is off
- Questions and Answers
 - LIVE Q&A will be **at the end** of the presentation
 - Please hold your questions until the end
 - You can type your question in the Q&A area at the bottom of the Zoom panel
 - We will try our best to answer as many questions as time allows. If we cannot get to your question, please email it to us.
 - If your question is specific and personal to your situation, such as meeting an eligibility requirement, please email our staff at: EmpowerHomebuyersSCC@housingtrustsv.org.
- Slides will be emailed by end of day tomorrow
- Please be courteous and professional. If you are disruptive or disrespectful, we will remove you from the webinar.

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HTSV Homebuyer Assistance Programs

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- A nonprofit community lender formed in 2000 as a 501(c)(3) public benefit corporation
- Housing Trust has assisted over 2,500 homebuyers
- We offer to all applicants for our loan programs
 - ▣ Pre-purchase counseling
 - ▣ Homebuyer Counseling
- Funds are available for:
 - ▣ **Empower Homebuyers SCC – County of Santa Clara First-time Homebuyer Program**
 - 2016 Measure A – Affordable Housing Bond
 - Administered by Housing Trust
 - ▣ Homebuyer Empowerment Loan Program (HELP)



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Housing Trust on the Go!

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- Staff working hybrid
- Communication by email or phone
- Box.com file-sharing secured website for documents
- DocuSign for signatures acceptable for most documents
- Working with Realtors, Lenders, and Title Companies



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Homebuyer Education

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- Project Sentinel offers an online 8-Hour Homebuyer Education Class
 - Project Sentinel is a separate non-profit housing counseling organization
 - Offered in English and Spanish
 - Requires a counseling session with Project Sentinel staff
 - Certificate is received after completion
 - Certificate is good for two years at the date of application submission

www.housing.org
408-470-3730



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Poll Question #1 – First Steps

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Have you completed an Interest Form on the EMPOWER web page? (Single Choice)

Answer 1: Yes

Answer 2: No

Have you completed the 8-hour Homebuyer Education class with Project Sentinel? (Single Choice)

Answer 1: Yes

Answer 2: No

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How Do Down Payment Assistance Programs Help?

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- May help a First-time homebuyer qualify
 - ▣ Reduces the monthly senior mortgage payment
 - ▣ Reduces debt to income ratios
 - ▣ May help to purchase home with slightly higher purchase price
- Allows homeowner time to repay
 - ▣ Down Payment assistance loans are **DEFERRED**
 - ▣ Not required to make monthly principal or interest payment
 - ▣ No prepayment penalty
- Reduces the amount of funds buyer has to bring in to close



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Purchase Without Down Payment Assistance

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Purchase Price	\$700,000
First Loan, 90% LTV (Loan to Value) 30 year fixed at 6.5% interest rate	\$630,000
Down Payment, 10% Cash from buyer 10%	\$70,000
Monthly Payment (PITI, HOA & PMI/MI)	\$5,425

LTV= Loan to Value
PMI= Private Mortgage Insurance

PITI= Principal, Interest, Taxes, and Insurance
MI= Mortgage Insurance

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Breakdown of Monthly Payment

Principal & Interest for the 1 st mortgage	\$3,982
Property Taxes	\$729
Home Insurance	\$75
HOA	\$450
Mortgage Insurance (MI/PMI)	\$189
Monthly Payment	\$5,425

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How Does Our Down Payment Assistance Program Work?

Purchase Price	\$700,000
First Loan, 80% LTV (Loan to Value) 30 year fixed, 6.5% interest rate	\$560,000
Down Payment, 20%=\$140,000	
EMPOWER loan 17%	\$119,000
Cash from buyer 3%	\$21,000
Monthly Payment (PITI, HOA & PMI/MI)	\$4,794

LTV= Loan to Value
PMI= Private Mortgage Insurance
HOA= Homeowners Association


PITI= Principal, Interest, Taxes, and Insurance
MI= Mortgage Insurance

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Breakdown of Monthly Payment

Principal & Interest for the 1 st mortgage	\$3,540
EMPOWER loan (deferred payment)	\$0.00
Property Taxes	\$729
Home Insurance	\$75
HOA	\$450
Mortgage Insurance (MI/PMI)	\$0
Monthly Payment	\$4,794

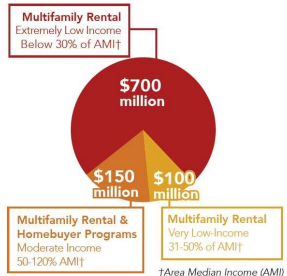
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EMPOWER HOMEBUYERS
COUNTY OF SANTA CLARA
2016 MEASURE A FIRST-TIME HOMEBUYER PROGRAM

2016 Measure A Affordable Housing Bond

Funding Allocations for Voter Approved 2016 Measure A Housing Bond Total of \$950 million



†Area Median Income (AMI)

www.supportivehousingccc.org/housingbond

YEAR 3 IMPLEMENTATION

\$375,234,646
IN MULTI-FAMILY HOUSING DEVELOPMENT APPROVED

7 CITIES

2,416 NEW APARTMENTS


484 UNITS RENOVATED

27 HOUSING DEVELOPMENTS

\$25 MILLION
FIRST-TIME HOMEBUYER PROGRAM

*As of March 2020

- Empower Homebuyers SCC launched in 2018
- Expected to assist approximately 250 households over the first 5 years



This year we're looking to help **50 households** become homeowners and hope you want to be one of them!

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Poll Question #2 – Do You Know Where to Start?

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When it comes to buying your first home, do you feel like you know where to start? (Single Choice)

Answer 1: Yes, I got it down
Answer 2: No, I still need help


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Empower Homebuyers SCC – County of Santa Clara 2016 Measure A First-Time Homebuyer Program

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- Maximum Gross Household Annual Household Income**
 (up to 120% of Area Median Income):

Household Size	1	2	3	4	5	6	7	8
Income Limit	\$141,550	\$161,750	\$182,000	\$202,200	\$218,400	\$234,550	\$250,750	\$266,900
- Household Income must not exceed the income limit according to the household size
- Down payment assistance up to 17% of the purchase price
- Maximum purchase price **\$1,100,000 (as of May 17, 2021)**
- Homebuyer must **live or work** in Santa Clara County (as of May 17, 2021)
- Property Type: Eligible housing units are a single unit residence (condominium, townhome, or single-family home)
- Not Available for below market homes, manufactured or mobile homes
- Program Market Area:
 - Subject Property must be located in Santa Clara County



EMPOWER HOMEBUYERS
COUNTY OF SANTA CLARA
 2016 MEASURE A FIRST-TIME HOMEBUYER PROGRAM

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Borrower & Household Eligibility Requirements

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- First-time homebuyer has not owned or had an ownership interest in a home for the past three (3) years
- Middle Credit score of 620
- Program requires a minimum 3% Down Payment from the borrower – called **Borrower Contribution**
- Attendance of the HUD certified 8-Hour Homebuyer Education class or online course from designated agency by all borrowers (including non-borrowing spouses)
- Owner Occupancy required – Annual Monitoring & required Homeowner Compliance



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Empower Homebuyers SCC

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- Term of the loan is 30 years
- No payments until expiration of the term, sale, or cash-out refinance. No prepayment penalty.
- Principal and a Share of Appreciation will be due
- Share of Appreciation = % of Empower loan amount
 - Allows for deduction of Borrower Contribution - Qualifying Capital Improvements and Acquisition Closing Costs (non-recurring closing costs)
- Share of Appreciation is capped for the first ten (10) years of the loan
 - Cannot exceed the original Empower principal loan amount



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Example of Capped Equity Share

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- Home Purchased for \$300,000 and sold in Year 5 of loan:
 - ▣ EMPOWER loan: \$30,000 (10% of purchase price)
 - ▣ Home resale price: \$1,000,000
 - ▣ Appreciation is \$700,000
 - ▣ Borrower contributions: \$10,150
- Equity Share calculation: \$700,000 less \$10,150 (Borrower Contributions)= \$689,850 (net appreciation) x 10%= **\$68,985**
- Actual Payment to County= \$30,000 (EMPOWER Principal loan) + **\$30,000** (Share of Appreciation capped at the Original Empower Principal loan amount)= **\$60,000**

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Example of Uncapped Equity Share

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- Home Purchased for \$300,000 and sold in Year 15 of loan:
 - ▣ EMPOWER loan: \$30,000 (10% of purchase price)
 - ▣ Home resale price: \$1,000,000
 - ▣ Appreciation is \$700,000
 - ▣ Borrower contributions: \$10,150
- Equity Share calculation: \$700,000 less \$10,150 (Borrower Contributions)= \$689,850 (net appreciation) x 10% of net = **\$68,985**
- Total Payment to County: = \$30,000 (original Empower Principal loan) + \$68,985 (Uncapped Share of Appreciation) = **\$98,985**

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Easy Rule of Thumb

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- **Year 1-10** of the Empower Loan – Share of Equity **Capped**
 - ▣ Share of Equity **CANNOT** exceed the ORIGINAL EMPOWER principal loan amount

- **Year 11-30** of the Empower Loan – Share of Equity **Uncapped**
 - ▣ Share of Equity **CAN** exceed the ORIGINAL EMPOWER principal loan amount



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Poll Question #3 –Pre-Approval from a Lender?

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Have you received a Pre-Approval letter from a Lender? (Single Choice)

Answer 1: Yes

Answer 2: No

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How Do Buyers Apply?

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Step 1

Pre-screening & Pre-qualification

- Online Interest form – Prescreening
- Review of Down Payment & Closing Costs
- Referral to Homebuyer Education Class
 - Homebuyer emails PDF Certificates to Housing Trust

Homebuyer is ready to work with a participating lender for pre-approval.

Homebuyer receives an email with a list of participating lenders to call and interview before deciding to work with a lender.



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How Do Buyers Apply?

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Step 2

- Work with your lender to get pre-approved for a mortgage
 - Upload all the documents your lender requires quickly
 - Sign disclosures your lender needs
 - Keep copies of your documents

Once you receive your pre-approval letter from the lender you are ready for the next step!



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How Do Buyers Apply?

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Step 3

Got your lender pre-approval letter?

- Email your pre-approval letter to EmpowerHomebuyersSCC@housingtrustsv.org
- Housing Trust contacts you to set up a thirty (30) minute Pre-Purchase Phone Review
- If you are pre-qualified, submit an eligibility application to apply!



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Eligibility Submission

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- Submit your application and your documents with Housing Trust via Box.com file-sharing secured portal
- Review within 14 business days or less upon receipt of completed application and all supporting documents
- Program Eligibility Determination



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Contact Information

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- Housing Trust Website: www.housingtrustsv.org
- Empower Webpage: www.housingtrustsv.org/empower
- Email: EmpowerHomebuyersSCC@housingtrustsv.org
- Yvonne Castillo, Homebuyer Education Specialist
408.703.3837 ext. 301

This year we're looking to help **50 households** become homeowners and hope you want to be 1 of them!



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Homebuyer Empowerment Loan Program (HELP)

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- **Maximum gross annual household income**
(up to 140% of Area Median Income):

Household Size	1	2	3	4	5	6	7	8
Income Limit	\$165,130	\$188,720	\$212,310	\$235,900	\$254,800	\$273,630	\$292,530	\$311,360

- Maximum Purchase Price \$800,000
- Deferred loan of 10% of purchase price
- Can be used only for down payment for Eligible housing units
- Not Available for below market homes, manufactured or mobile homes
- Term is 30 years
- Program Market Area:
 - ▣ Property must be located in **Santa Clara County** or in the **Cities of Menlo Park and East Palo Alto**



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Homebuyer Empowerment Loan Program (HELP)

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- No payments until expiration of the term, sale, or refinance
- Principal and a Share of Appreciation will be due
- Share of Appreciation = % of HELP loan amount
- Example (repayment in 7 years):
 - ▣ \$700,000 (Original Purchase Price) x 7% = **\$49,000** (HELP loan amount)
 - ▣ \$900,000 (Fair Market Value) - \$700,000 (Original Purchase Price) = **\$200,000** (Appreciation/Equity)
 - ▣ \$200,000 (Appreciation/Equity) x 7% = **\$14,000** (Share of Appreciation to Housing Trust)
- Total Repayment: **\$49,000** (HELP loan amount) + **\$14,000** (Share of Appreciation to Housing Trust) = **\$63,000**



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Program Differences

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	Empower Homebuyers SCC	HELP
Amount of Down Payment Assistance	17%	10%
Maximum Income Limit for Area Median Income	120%	140%
Interest Type	Equity Share	Equity Share
Deduction of Borrowers Contribution Allowed	Yes	No
Cap Period for Equity Share	Yes	No



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Poll Question #4 – Was This Helpful?

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*Did you find this information helpful?
(Single Choice)*

Answer 1: Yes

Answer 2: No



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Questions?

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Live Q&A

Type your question into the Zoom Q&A Panel.

If we are not able to get to your question or if your question is specific and personal to your situation (such as meeting an eligibility requirement) please email us:

EmpowerHomebuyersSCC@housingtrustsv.org

Slides will be emailed by end of day tomorrow.

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Contact Information

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- Housing Trust Website: www.housingtrustsv.org
 - Empower Webpage: www.housingtrustsv.org/empower
 - HELP Webpage: www.housingtrustsv.org/help
- Email: EmpowerHomebuyersSCC@housingtrustsv.org
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