

HOMEOWNERSHIP SUPPORT PROGRAM

LOCAL PLANNING HANDBOOK

Homeownership is and always will be an important component of healthy, thriving communities. And 56% of housing in the region that is affordable to households earning 80% of Area Median Income (AMI) is owner-occupied – indicating that homeownership can be a key strategy to address both existing and future affordable housing needs. Local governments can help support low- and moderate-income households to become and remain successful homeowners through a variety of programs.

Homeownership Education and Counseling

The home-buying process is incredibly complicated. While mortgage payments for a modest house may seem less expensive than renting, first-time homebuyers may not know about the many expenses and responsibilities associated with homeownership. With education and counseling, families can pursue homeownership with a clear understanding of reasonable lending products, ways to improve their credit score, and budgeting for ongoing insurance, utilities and maintenance.

Many communities may not have the staff capacity or the funding needed to provide organized homeownership education and counseling. Luckily, many regional partners offer these services, and some local governments (such as [Brooklyn Park](#)) do an excellent job of promoting and connecting these resources to potential homeowners. Other communities may wish to enhance their knowledge and promotion of these programs. For more information, visit our [Effective Referrals](#) fact sheet.

Down Payment Assistance

Down payment assistance can make homeownership possible for families that would have otherwise been unable to afford it. With a modest grant or forgivable loan, the benefits of homeownership can support the upward mobility of a household for generations to come. In some cases loans are not forgivable but are deferred at very low interest rates. Repayments are then recycled into new down payment assistance.

Cities can partner with nonprofits to provide down payment assistance, as demonstrated by Edina's [Come Home 2 Edina](#) program. Cities can also fund a program of their own with local or federal funds such as Community Development Block Grant (CDBG) dollars. The region benefits from multiple organizations that can administer local loan programs for a small fee. Helping just a few moderate-income families achieve homeownership can address housing needs with minimal investment.

Foreclosure Prevention

While the economy is slowly recovering from the Great Recession, many households are still at risk of foreclosure. Foreclosures can have negative impacts on a community, affecting neighborhood stability, depressing property values, and increasing the resources needed by the displaced households. Local governments benefit from helping to prevent foreclosures.

Foreclosure prevention programs can target households or communities. For more detailed information about policies at the local level that can support foreclosure prevention, visit www.foreclosure-response.org/policy_guide/index.html.

Homeowner Rehabilitation Assistance

Many communities offer financial assistance to encourage home remodeling and repair to low- and moderate-income homeowners. Funding for these programs usually comes from federal Community Development Block Grants (CDBG) grants (like the city of [Hopkins](#)'s program) or housing bond proceeds and must address health and safety improvements to the home. Cities can also use local levy resources to supplement the programs or increase the income limits for participation. Often times, counties or non-profits administer the programs for cities that have limited capacity.



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