



Community Development Committee

Business Item

Item: 2008-184

Meeting date: August 18, 2008

ADVISORY INFORMATION	
Date:	July 31, 2008
Subject:	Continuation of Funding for Home Ownership Made Easy Program
District(s), Member(s):	All
Policy/Legal Reference:	None
Staff Prepared/Presented:	Beth Reetz, Manager, Housing and Redevelopment Authority (651) 602-1278
Division/Department:	Community Development/Housing and Redevelopment Authority

Proposed Action

That the Metropolitan Council approve the use of operating reserves from the Section 8 program in the amount of \$200,000 for the continuation of the Home Ownership Made Easy (HOME) first time home buyer counseling and training program.

Background

In 2000, the Council authorized staff to develop a homeownership program and approved the use of Section 8 operating reserves not to exceed \$150,000. Additionally, \$100,000 from a Department of Human Services grant for housing counseling was targeted for HOME counseling costs.

Since 2000 over 190 households have received homeownership counseling, and 33 households have purchased their first home. The total expended for the program to date has been approximately \$220,000. The cost of annual counseling and training is approximately \$ 50,000. The requested \$200,000 will cover the next four years of program expenses.

The Metro HRA, St Paul and Minneapolis Public Housing Authorities cover the cost of:

- Home ownership education;
- confidential credit and loan counseling to help participants qualify for a home mortgage; and.
- post-purchase follow-up after the home is purchased for Section 8 participants and Public Housing residents whose incomes have risen to a level where homeownership may be a viable alternative to renting.

The Family Housing Fund provides up to \$22,500 in down payment, closing cost, and/or rehabilitation assistance through participating lenders.

Rationale

The use of reserves for this purpose helps to support the stated goals of the HRA and Council to further affordable housing options for low income households as well as supports and increases the likelihood of continued awards of Family Self Sufficiency Coordinator funding through a competitive process from HUD totaling approximately \$65,000 annually.

The average amount of Section 8 rental subsidy received per household each year is approximately \$7,500. The cost per household counseled through the HOME program has been approximately \$1,164, and the cost per household purchasing their first home has been approximately \$6,666 -- less than one year of rental subsidy costs.

Funding

HRA program reserve levels remain strong and adequately meet the guideline of meeting 10% of the annual operating budget of the HRA.

Known Support / Opposition

There is no known opposition to this request.