



# ID 18-028 - PROPOSAL

Proposal for Assistant Opportunities to Support and Nurture Homeownership in the City of Harrisonburg

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Presented to the City Council of the City of Harrisonburg, Virginia  
by Michael G. Wong, Executive Director, Harrisonburg Redevelopment and Housing Authority

Drafted by the Harrisonburg Redevelopment and Housing Authority

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# Overview

The Harrisonburg Redevelopment & Housing Authority (“the Authority”) seeks to work with local organizations and employers to establish a number of homeownership assistance programs for members of the Harrisonburg City community, in collaboration with the City of Harrisonburg (“the City”). The purposes of these initiatives would be to promote and increase homeownership in the city (particularly in neighborhoods with low homeownership numbers), stabilize and revitalize neighborhoods, and encourage community investment by increasing homeownership. This Homeownership Assistance Programs Proposal aligns with the 2<sup>nd</sup> goal from the 2016 Assessment of Fair Housing, a joint submission by the City and the Authority. That goal, “Increase homeownership among low-income households and members of the protected classes,” provides action steps that include creating a “framework for providing down payment assistance through CDBG and/or HRHA for qualified first time homebuyers” and “begin holding annual homebuyer education and financial literacy workshops.” This proposal provides the framework and programs that will aid in bringing those goals to fruition.<sup>1</sup>

As of July 1, 2016, the U.S. Census Bureau estimates that the median income for the City residents is \$38,750.00, while the median cost of a home is \$199,000.00. These median figures highlight a gap between income and homeownership feasibility. The 2016 Census estimation also puts the rate of owner-occupied housing units within the city at 36.1%.<sup>2</sup> Along with reinforcing the proposed goals of the City’s Comprehensive Plan, these homeownership assistance programs also work to improve the percentage of owner-occupied housing within the City, by providing median income residents greater opportunities and support in purchasing a home. The Authority plans to target these programs to individuals and families who make under \$50,000.00 per year in income, which accounts for roughly 56% of the Harrisonburg Metro population, in helping them work towards home purchases in the city.<sup>3</sup>

The Authority is looking to begin the proposed homeownership assistance programs in July 2018. Between November 2017 and July 2018, the Authority will apply for grant funding related to the assistance options described below, work with designated City officials and other partners to discuss and finalize the application process and reward procedures, and notify the public of the homeownership assistance programs in June 2018.

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<sup>1</sup> “2016 Assessment of Fair Housing,” City of Harrisonburg, accessed October 26, 2017, <https://www.harrisonburgva.gov/sites/default/files/CMO/files/Harrisonburg%20AFH%202016.9.29.pdf>.

<sup>2</sup> “Quick Facts, Selected: Harrisonburg City, Virginia (County),” U.S. Census Bureau, accessed October 25, 2017, <https://www.census.gov/quickfacts/fact/table/harrisonburgcityvirginiacounty/PST045216>.

<sup>3</sup> “Virginia (VA) – 22802,” InsideGov, accessed October 30, 2017, <http://congressional-district.insidegov.com/1/1620050/22802> and “Virginia (VA) - 22801,” InsideGov, accessed October 30, 2017, <http://congressional-district.insidegov.com/1/1620049/22801>. Note: Since this data is pulling from information gathered by the U.S. Census and other federal and state agencies, it is highly likely that this figure includes student demographics.

# Proposed Plan for the Harrisonburg City Area

The Authority presents the Homebuyer Assistance Programs Proposal for the City of Harrisonburg's consideration. Upon review of the proposal and with the Council's approval, the City of Harrisonburg would agree to work in collaboration with the Authority (lead agency) to:

- ❖ Pursue all three options listed above in partnership with area government, financial, and non-profit organization partners;
- ❖ Secure funding for the Down-Deposit plan (through the CDBG grant) and Employer Assisted Housing Program (EAHP);
- ❖ Identify and inspect blighted properties for tax-credit and acquisition program, aimed at turning properties into low-moderate income rental or homeownership opportunities (the Authority will move forward with clearing the titles and obtaining resources to improve properties, once identified);
- ❖ Create a low-interest return on investment for down payment assistance loan, providing a self-sustainable component to program;
- ❖ Establish a Community Housing Action Partnership Center (CHAP Center), consisting of representatives from the Authority, City of Harrisonburg and Rockingham County local government, financial institutions, James Madison University, and area non-profit organizations, to provide a central location for home buying education and assistance programs;
  - the CHAP Center will provide homeownership assistance programs and educational courses;
  - the CHAP Center will assist six to eight Family Self-Sufficiency (FSS)/Low Income and six to eight employee assistance families or individuals, per year, with completing the homeownership process;
  - And in the future, working towards funding permanent full-time and/or part-time positions that will enable continuous onsite counseling, education, and general support.

# Homeownership Assistance Programs

Below is a list of programs, including an overview and the benefits to developing the program.

## Down Payment/Closing Cost Assistance:

Providing down payment assistance for low to moderate income level households enables these families to overcome a common barrier to entry for homebuyers in these income groups. Many local governments or housing organizations who utilize this program, tie the home buying property options to specific neighborhoods/areas of the city that the local government, and other housing-related organizations, hopes to stabilize or revitalize through homeownership.

The Authority would work with the City of Harrisonburg to determine neighborhoods/areas where homeownership is low and where the homeownership assistance would be beneficial. In partnership with local banks, financial institutions, and the Central Shenandoah Planning District Commission, the Authority would help identify and/or direct potential applicable individuals and families from within existing programs, such as the Authority's Family Self-Sufficiency program, and through recommendations from partnership organizations, such as local universities. The goal of offering down payment and/or closing cost assistance is to provide a helping hand to low-to-middle income individuals and families in the community to obtain homeownership. Each year, the program would work to help two to four families and/or individuals in the community.

Funding for this program could be generated by partnering with the Central Shenandoah Planning District Commission, who is responsible for distributing funds from the Virginia DHCD Down Payment Assistance (DPA) program, a part of the Department of Housing and Urban Development (HUD)'s HOME Program, and operates the regional Homeownership Down Payment Assistance Program. This Homeownership Down Payment Assistance Program is a "flexible gap financing program that provides opportunities for first-time homebuyers to obtain homes that are decent, safe, accessible, and affordable. HOME funds may be used for down payment assistance (up to 10% of purchase price) and closing costs (up to \$2,500)."<sup>4</sup> The Authority would also look into available funding through the Virginia Housing Development Authority (VHDA)'s REACH (Resources Enabling Affordable Community Housing in Virginia) Program and, work with the City of Harrisonburg to utilize funds through the Community Development Block Grant Program.

## First Time Homeowners Assistance/Loan:

Homeownership can be a daunting undertaking for individuals, especially when purchasing for the first time. The barrier to entry can be due to lack of information on home purchasing and/or ownership, limited resources to cover the large upfront cost, and/or a combination of the two. However, local government and organizations can provide assistance in both areas, by working with residents to obtain access to funding assistance and creating educational opportunities for interested first-time homebuyers to learn more about the home purchasing process. These classes, in other areas, generally address everything from the pre- to post-homebuyers process, as well as options for funding assistance.

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<sup>4</sup> "Central Shenandoah Valley First Time Homebuyers Program' Brochure," Central Shenandoah Planning District Commission, accessed October 31, 2017, <http://www.cspdc.org/programs/housing/documents/brochure.pdf>.

In order to provide this assistance to members of the Harrisonburg community, the Authority would work within its FSS program, and with other area organizations, to provide information to interested residents on first-time homeownership. The Authority would also connect with authorized VHDA Loan Officers in the city, who would be able to work with clients in obtaining home loans through the VHDA. VHDA loans provide a variety of options to first-time homebuyers by offering 3-3.5% of the property purchase price, with no repayment requirements. The Authority would also connect with the FHL Bank, which provides up to \$5,000 in down-payment, closing-cost, and principal reduction assistance for the purchase of property for first-time homebuyers.

### Employer Assisted Housing Programs (EAHP):

EAHPs are defined by the National Association of Realtors as an initiative which “helps employers achieve business goals while at the same time helping employees meet their housing needs,” plus it aids in employee retention.<sup>5</sup> It can also provide local governments a platform to achieve economic development and community revitalization goals established for the larger community. A number of universities and colleges, from ones in big metropolitan cities to small rural communities, around the country have implemented versions of this program. Two particular models the Authority has explored are programs run by West Virginia University (WVU), in collaboration with the Fairmont-Morgantown Housing Authority (FMHA), and Virginia Commonwealth University.

Morgantown, West Virginia, is similar to Harrisonburg. Both cities have grown and developed around the state universities (WVU and JMU) that call them home. Like Harrisonburg, Morgantown also struggled with homeownership participation, especially in neighborhoods surrounding the university. However, WVU worked with their local housing authority, FMHA, to offer up to \$10,000 (at 0% interest over 10 years) in home purchasing loans to qualified employees. Employees are required to purchase properties in specifically targeted neighborhoods and must participate in an eight hour homebuyer education class.

Virginia Commonwealth University Health System (VCUHS) in Richmond also provides a similar homebuyer assistance program for qualified employees. Like WVU’s housing program, employees are required to attend homebuyer classes (including ones on budgeting) and meet certain property location requirements. VCUHS works in collaboration with HOME. Currently, VCUHS is only applicable for Health System employees.

Procuring funding for these types of programs can be solicited through establishing a housing fund at the university or local community, reallocation of established funds at the university, HUD’s HOME Program, and the Federal Home Loan (FHL) Bank of Atlanta provides an Affordable Housing Program specifically for current and/or ex-educators. This summer, the Authority met with a representative from JMU to discuss this option. While JMU was not interested in providing funding, the JMU Foundation expressed some initial interest in this program option; it will require additional conversations with the Foundation and need to align with their current goals and objectives for project funding.

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<sup>5</sup> National Association of Realtors, “Employer-Assisted Housing Initiative Guide: For State & Local REALTOR® Associates,” 2012, accessed November 1, 2017, <http://www.realtoractioncenter.com/for-associations/housing-opportunity/workforce-housing/eah-toolkit/EAH-Initiatives-Guide.pdf>.

# Additional Home Buying Related Programs

## Tax Credit & Acquisition of Blighted Properties, For Rental or Homeownership

“Section 36-3 of the Virginia Code defines ‘blighted property’ as: ‘Blighted property’ means any individual commercial, industrial, or residential structure or improvement that endangers the public’s health, safety, or welfare because the structure or improvement upon the property is dilapidated, deteriorated, or violates minimum health and safety standards, or any structure or improvement previously designated as blighted pursuant to § 36-49.1:1, under the process for determination of ‘spot blight.’”<sup>6</sup>

Many municipalities across the country are looking at blighted buildings and spaces in their area and determining ways to revitalize or redevelop them to benefit the larger community. Starting in 1999, Lynchburg utilized spot blight as a means of dealing with blighted properties in the city. As of 2009, the spot blight initiative resulted in the city successfully dealing with 136 blighted properties.<sup>7</sup> As the City of Harrisonburg works towards finalizing its Comprehensive Plan by 2018, with one advisory committee focused on Land Use & Transportation, the coming year is the ideal time to begin looking at properties or land to revitalize and reuse for low-to-moderate income rental and homeownership. This initiative would provide opportunities for more stable and affordable rent and/or homeownership in areas of the city, particularly for the 30.9% of residents who live in poverty.<sup>8</sup>

One possibility for funding this program would be the Low-Income Tax Credit Program. The Authority and the City could work to identify properties and then collaborate with area real estate investors and developers to revitalize or build low-income housing, by utilizing VHDA’s Low-Income Housing Tax Credit Program, authorized by the Internal Revenue Service (IRS) Section 42—Low-Income Housing Credit. For the CDBG grant option, the Authority and the City would work to determine properties for this initiative. The City would take the lead on identifying and inspecting blighted properties and, if deemed blighted, the Authority would take the steps necessary to clear the deed and proceed with revitalization efforts on the property. Unlike the DPA and First-Time Homebuyer Assistance, this program would not start July 2018 and would require further discussion and planning before implementation could begin.

## Harrisonburg Community Housing Action Partnership Center (CHAP Center)

All of the options will be offered in collaboration with education classes on homeownership, mortgages, etc. necessary for individuals to successfully maintain their purchased properties. Many community homebuyer assistance organizations also include courses on budgeting and personal

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<sup>6</sup> Walter Erwin, “Dealing with Blighted Properties” (presentation, Virginia Municipal League (VML) Fall Conference, Roanoke, Virginia, October 19, 2009), page 9 and “Va. Code Ann. §36-49.1:1(1994)” Virginia Legislative Information System: Virginia Law, accessed November 9, 2017, <https://law.lis.virginia.gov/vacode/title36/chapter1/section36-49.1:1/>.

<sup>7</sup> Walter Erwin, “Dealing with Blighted Properties” (presentation, Virginia Municipal League (VML) Fall Conference, Roanoke, Virginia, October 19, 2009), page 9-10.

<sup>8</sup> “Quick Facts, Selected: Harrisonburg City, Virginia (County),” U.S. Census Bureau, accessed October 25, 2017, <https://www.census.gov/quickfacts/fact/table/harrisonburgcityvirginiacounty/PST045216>.

finances, as well as a requirement that participants complete a certificate program, confirming their enrollment and completion of required courses for homeownership assistance. VHDA provides a free First-Time Home Buyer Class; either online or in person and individuals can take the course in either Spanish or English. A Community Housing Action Partnership Center (CHAP Center) could provide a central, one-stop location for residents to come and a place to provide general homebuyer information, particularly for first-time homebuyers, and facilitate homeownership education in the local community, in conjunction with other related courses.

Many areas, such as CHAP-WV in Morgantown, West Virginia and Piedmont Housing Alliance in Charlottesville, VA, have established a housing center or community collation to provide education for homebuyers and help fund, support, and promote these assistance programs for interested local homebuyers. These entities are made up of members from local government, housing-related non-profits, relators, area employers, and banking and financial institutions. By creating a collation, with representatives from these various factions, community leaders are able to work in synergy to provide the educational, financial, and resources required for potential area homeowners at one centralized location. As Harrisonburg continues to expand, both in the number of city residents and temporary student residents, and becomes more diverse with each passing year, having a single location where individuals can come to obtain the information, assistance, and support they require to move forward with home-buying will benefit the city's ability to nurture and maintain greater numbers of owner-occupied housing.<sup>9</sup>

Further discussion on the CHAP Center between the City, the Authority, and other interested partners will commence in early 2018, with the goal of launching by July 2018. The Authority also plans to reach out the new Central Shenandoah Valley Housing Counseling Agency to determine how this organization could dovetail with the CHAP Center initiative.<sup>10</sup>

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<sup>9</sup> "Harrisonburg, VA," DataUSA, accessed November 2, 2017, <https://datausa.io/profile/geo/harrisonburg-va/#demographics>.

<sup>10</sup> Vic Bradshaw, "HUD-Approved Counseling Offered," *Daily News-Record* (Harrisonburg, VA), November 8, 2017.

For additional sited resources and information, please see the "[Cited Resources & Organizations](#)" section, at the end of the document.



# Proposed Actions Steps & Timeline

Date	Action Step	Follow-up/Next Step	Organization
11/14/2017	<ul style="list-style-type: none"> <li>Present Homeownership Proposal to HRHA Board of Commissioners.</li> </ul>	<ul style="list-style-type: none"> <li>Receive and review feedback on the proposal from the Board.</li> </ul>	HRHA
12/1/2017	<ul style="list-style-type: none"> <li>Review Homeownership Proposal and make corrections before 1/12/2018.</li> </ul>	<ul style="list-style-type: none"> <li>Assess progress and look at upcoming funding opportunity.</li> </ul>	HRHA
1/12/2018	<ul style="list-style-type: none"> <li>Send proposal to the City of Harrisonburg City Council, in advance of 01/23/2018 meeting.</li> </ul>		HRHA
1/23/2018	<ul style="list-style-type: none"> <li>Present at Council Meeting/Public Hearing #1.</li> </ul>	<ul style="list-style-type: none"> <li>Receive and review feedback on proposal from the City Council.</li> </ul>	HRHA
1/2018	<ul style="list-style-type: none"> <li>Continue monitoring VHDA grants availability and applying to grants as soon as they become available.</li> </ul>	<ul style="list-style-type: none"> <li>Keep City Council and other interested parties up-to-date on grant availability. Serving as the lead agency and responsible for submitting VHDA application.</li> </ul>	HRHA
1/2018	<ul style="list-style-type: none"> <li>Training Session for CDBG Applicants.</li> </ul>	<ul style="list-style-type: none"> <li>Work on completion of CDBG application.</li> </ul>	City of Harrisonburg & HRHA
2/2018	<ul style="list-style-type: none"> <li>Community Housing Action Partnership Quarterly meeting.</li> </ul>	<ul style="list-style-type: none"> <li>Meet with City of Harrisonburg, Rockingham County, JMU, and other potential partners to assess the progress of homeownership assistance program set-up, establish goals and objectives for programs &amp; CHAP, and look at upcoming funding opportunity.</li> </ul>	HRHA
2/2018	<ul style="list-style-type: none"> <li>The City Council and City Officials determine the level of participation and investment in Down-Deposit/Closing Costs, EAHP, Blighted Properties, and CHAP.</li> </ul>	<ul style="list-style-type: none"> <li>Follow-up with HRHA to begin discussion on finalizing participation.</li> </ul>	City of Harrisonburg
2/2018	<ul style="list-style-type: none"> <li>Apply for CDBG Fund Grant. This application will help fund the Down Payment Assistance &amp; First Time Homebuyers Program.</li> </ul>	<ul style="list-style-type: none"> <li>Attend follow-up Council Meeting/Public Hearings in relation to CDBG applications.</li> </ul>	HRHA

5/2018	<ul style="list-style-type: none"> <li>• Community Housing Action Partnership Quarterly meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• Assess progress and finalize funding availability for start of the programs in July 2018. Prepare press release about upcoming homeownership assistance opportunities.</li> </ul>	HRHA
6/1/2017	<ul style="list-style-type: none"> <li>• Finalize the City of Harrisonburg's level of participation in Down-Deposit/Closing Costs, EAHP, Blighted Properties, and CHAP.</li> </ul>	<ul style="list-style-type: none"> <li>• Sign and submit contract detailing involvement and partnership; submit to HRHA.</li> </ul>	City of Harrisonburg
6/2018	<ul style="list-style-type: none"> <li>• Determine if CDBG funding has been awarded.</li> </ul>	<ul style="list-style-type: none"> <li>• If awarded grant funds, continue with the grant through the 7/1/2018-6/30/2019 cycle.</li> </ul>	HRHA
7/1/2018	<ul style="list-style-type: none"> <li>• Begin the first year of Homeownership Assistance programs.</li> </ul>		HRHA, City of Harrisonburg, and partner organizations
8/2018	<ul style="list-style-type: none"> <li>• Community Housing Action Partnership Quarterly meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• Assess progress of the first month, address issues, and look at additional upcoming funding opportunity. Review goals &amp; objectives for 2018-2019 to ensure they are being met.</li> </ul>	HRHA

# Projected Budget

<b>HOME BUYER ASSISTANCE PROGRAMS PROJECTED BUDGET</b>				
<b>Programs</b>	<b>Expense Item</b>	<b>Cost Per Person</b>	<b>Number of Participants</b>	<b>Cost</b>
Down Payment Assistance & First Time Home Buyers – PROPOSED	Down Deposit – low interest	\$10,000.00	6	\$60,000.00
	Closing Cost – forgivable	\$3,000.00	6	\$18,000.00
			TOTAL	\$78,000.00
Employer Assisted Housing Program – PROPOSED	Down Deposit – low interest	\$10,000.00	6	\$60,000.00
	Closing Cost – forgivable	\$3,000.00	6	\$18,000.00
			TOTAL	\$78,000.00
			PROPOSED TOTAL	\$156,000.00

# Cited Resources & Organizations

## Local

- Central Shenandoah Planning District Commission, “Housing and Community Development,” <http://www.cspdc.org/programs-services/housing-community-development/>
- Central Valley Habitat for Humanity, <http://www.centralvalleyhabitat.org/>
- City of Charlottesville Virginia, “Housing & Grants.” <http://www.charlottesville.org/departments-and-services/departments-h-z/neighborhood-development-services/housing-grants>
- City of Harrisonburg Virginia, “Community Development Block Grant,” <https://www.harrisonburgva.gov/cdbg>.
- City of Harrisonburg Virginia, “Planning & Zoning.” <https://www.harrisonburgva.gov/planning-zoning>
- City of Harrisonburg Virginia, “Your Plan – Comprehensive Plan Update.” <https://www.harrisonburgva.gov/yourplan>
- Community Housing Action Partnership (CHAP)-WV, “Homeownership Financial Assistance Fact Sheet.” <http://chapwv.org/Homownership.html>
- NewBridge. <https://newbridge.org/services-for-adults/affordable-and-supporting-housing/>
- Piedmont Housing Alliance. <http://piedmonthousingalliance.org/>
- People Incorporated. <http://www.peopleinc.net/about.htm>
- Skyline Community Action Partnership. <http://www.skylinecap.org/>

## State

- Virginia Community Action Partnership (VACAP). <http://www.vacap.org/page.cfm/about-1>
- Virginia Community Development Corporation, “From Petersburg to Lynchburg, Affordable Housing = Independence.” <http://www.vacdc.org/from-petersburg-to-lynchburg-affordable-housing-independence/>
- Virginia Commonwealth University (VCU) EAHP. <https://spirit.vcuhealth.org/event/employer-assisted-housing-program>
- Virginia Department of Housing and Community Development (DHCD), “Affordable and Special Needs Housing (ASNH).”

<http://www.dhcd.virginia.gov/HomelessnessToHomeownership/AffordableHousingProductionProgram.htm>

- Virginia DHCD, “Down Payment Assistance (DPA).”  
<http://www.dhcd.virginia.gov/index.php/housing-programs-and-assistance/68-down-payment-assistance-dpa.html>
- Virginia Housing Development Authority (VHDA), “VHDA’s Down Payment Assistance Grant.”  
<http://www.vhda.com/BusinessPartners/Lenders/Pages/VHDA-Down-Payment-Assistance-Grant.aspx#.WPS5KfkrJhE>
- VHDA, “Grant Programs (REACH – Resources Enabling Affordable Community Housing in Virginia).” <http://www.vhda.com/BusinessPartners/GovandNon-Profits/CommunityOutreach/Pages/Grant-Programs.aspx#.WPTB9vkrJhE>
- VHDA, “Low-Income Housing Tax Credit Program.”  
<http://www.vhda.com/BusinessPartners/MFDevelopers/LIHTCProgram/Pages/LIHTCProgram.aspx#.WQt6ZfkrJhE>

#### Federal/National

- Federal Home Loan (FHL) Bank of Atlanta, “Affordable Housing Program.”  
<http://corp.fhlbatl.com/files/documents/ahp-setaside-brochure.pdf>
- U.S. Department of Housing and Urban Development (HUD), “The HOME Program: HOME Investment Partnerships.” <https://portal.hud.gov/hudportal/HUD?src=/hudprograms/home-program> and <https://www.hudexchange.info/programs/home/>
- U.S. HUD, “Community Development Block Grant Program – CDBG.”  
[https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/communitydevelopment/programs](https://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs)
- Internal Revenue Service, “Section 42.—Low-Income Housing Credit.”  
<https://www.irs.gov/pub/irs-drop/rr-04-82.pdf>