



Albemarle County

Legislation Text

File #: 23-409, **Version:** 1

AGENDA DATE: 10/4/2023

TITLE:

Proposed Updates to the Albemarle County Homebuyer Assistance Program Guidelines.

SUBJECT/PROPOSAL/REQUEST: To request Board approval of proposed updates to the Albemarle County Homebuyer Assistance Program (ACHAP) guidelines.

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Richardson, Dimock, Rosenberg, Curfman, Pethia

PRESENTER (S): Stacy Pethia, Assistant Director of Housing

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: Since Fiscal Year 2005, the Albemarle County Homebuyer Assistance Program (ACHAP) has and continues to provide down payment assistance and closing cost assistance to low- and moderate-income households to assist with the purchase of a home in the county. The assistance is provided as deferred payment, 6% simple interest loans of up to \$19,100, with the balance of the loans due at the time a home is sold or when an ACHAP loan recipient refinances their mortgage. The program was funded through allocations of Board-approved appropriations of County revenue to the ACHAP fund, with the final appropriation of program funds in Fiscal Year 2011. As loans are repaid, the funds are used to replenish the ACHAP fund, which currently has a balance of approximately \$900,000. The ACHAP is administered by the Piedmont Housing Alliance (PHA) (Attachment A).

For more than two decades, PHA has been providing housing counseling services and down payment assistance to low- and moderate-income homebuyers. For any given client, housing counseling staff thoroughly assess the client's aspirations, financial situation, and stage in the homebuying process. PHA staff then identify the appropriate package of down payment assistance options, which may include state, federal, and private funds, including ACHAP loans.

Significant increases in home sales prices, which have outpaced increases in average household incomes, coupled with ACHAP program guidelines that have not been updated since 2010 (Attachment B), have reduced the effectiveness of the program.

STRATEGIC PLAN: Quality of Life: Encourage a vibrant community with economic and recreational opportunities that serve all community members.

DISCUSSION: In January 2021, staff received a request from PHA to update the guidelines governing administration of the ACHAP (Attachment C). Staff worked with PHA to develop the proposed updates to the program guidelines. Key proposed changes include:

1. Reducing the loan interest rate from 6% simple interest to 0% interest;
2. Setting program eligibility at 80% of area median income, consistent with the income limits recommended in *Housing Albemarle*;
3. Adding a requirement that home buyers complete a home buyer education class through Virginia Housing, as well as attend at least one housing counseling session with PHA; and
4. Increasing the maximum ACHAP loan amount from \$19,100 to \$30,000, making the program more effective in a high-cost housing market.

The full draft of the newly proposed guidelines is provided as Attachment D. Attachment E provides a summary of the proposed changes.

BUDGET IMPACT: There is no immediate impact on the County budget. However, reducing the loan interest amount to 0% may mean fewer funds will be available for future ACHAP loan awards.

RECOMMENDATION:

Staff recommends the Board approve the proposed updates to the ACHAP program (Attachment D).

ATTACHMENTS:

- A - Memorandum of Agreement
- B - Current ACHAP guidelines
- C - PHA request
- D - Draft updated guidelines
- E - Summary of proposed changes