

MEMORANDUM

DATE: August 11, 2011

TO: Citizen's Advisory Committee

FROM: Mary E. Leigh, Programs Manager
City of Lakewood, Division of Community Development

RE: 2012 HOME Program

The HOME Program was originally approved by Lakewood City Council in May, 1995, to support affordable homeownership within the City. Funding is received from the Department of Housing and Urban Development and distributed through the Cuyahoga Housing Consortium. Consortium membership consists of the County Department of Development and Cities of Lakewood, Cleveland Heights, Euclid and Parma.

Homeownership is an investment which promotes greater care and maintenance of the housing stock and provides stability to neighborhoods. The Lakewood First-Time Homebuyer HOME Program currently offers down payment assistance as noted below:

- **\$7,500** for a **condominium** property in the form of a 0% interest loan with no monthly payment. The loan, secured by a mortgage, is repaid at the time of resale, transfer or if the property becomes absentee-owned.
- **\$10,000** for a **single-family** property in the form of a 0% interest loan with no monthly payment. The loan secured by a mortgage, is repaid at the time of resale, transfer or if the property becomes absentee-owned.
- **\$14,000** for a **two-family** property in the form of a forgivable 0% interest loan with no monthly payment. For purchasers of two-family properties only, the terms of forgiveness are as follows: 50% after five full years of owning and occupying the property and 20% per year thereafter until forgiven 100%.

Program participants have extremely low default rates due in part to mandatory homeownership counseling provided as part of the purchase process.

\$300,000 of prior year funding was previously set aside to construct one to two new energy efficient, handicapped accessible homes in the City. The City has been working with a local architect and is working to build a relationship with Habitat for Humanity. We hope to sell one of the homes to a returning veteran.

Past uses of HOME funds in addition to the First Time Homebuyer Program and new construction project, have included partnering with two local agencies to create handicapped accessible units for the elderly and handicapped. Lakewood Citizens' Inc. received HOME funding in 2006 and 2008 to rebuild eighteen tiny efficiency units into twelve one bedroom apartments with handicapped accessible features. In addition to making the Westerly more marketable, the remaining units will remain affordable to senior citizen residents of in the Westerly II facility for 15 years.

The second recipient of HOME funding was Welcome House Inc., a non-profit housing provider for the mentally and physically challenged. In this case funding was used to modify two existing apartment units into a two bedroom unit with kitchen facilities accessible to persons in wheelchairs. This project utilized space within an existing apartment building located convenient to public transportation, medical facilities and a supermarket. As with the Westerly II, this project has an affordability requirement based on the receipt of HOME funding.

A third eligible use of HOME funds is homeowner rehab projects. The Division of Community Development has begun using a portion of existing funding for deferred loans for seniors and the permanently disabled. By diversifying funding sources (in the past the Low Interest Loan Program was exclusively funded by Block Grant), the City will be expanding its resources to better assist residents at a time when underwriting by financial institutions is becoming more restrictive. The deferred loan program allows participants to bring their properties up to local code without addition to their existing debt burden.