



Down Payment Assistance Expansion

*May 6, 2024
City Council Work session*

- City Council creates Good Neighbor program in 2020
- Adopted Affordable Housing Study in 2021
- City re-established grant funded program in 2022 after 12 years
- Expanded Good Neighbor to all employees and full City limits in 2022
- Hired dedicated staff in 2023
- Expanded to higher incomes in 2023



Current Programs

Program	Good Neighbor (Local Funding)	Home Buyer Assistance (Grant Funding)	Home Buyer Assistance (State Funded)
Amount	\$360,000	~\$80,000 Annually	\$404,000
Target Group	City Employees	City Residents	City Residents
Area Median Income Limits	140%	80%	120%*
Amount	\$30,000	\$20,000	\$20,000
Full Amount or Gap?	Full Amount	Gap Needed to Make Mortgage Affordable	Gap Needed to Make Mortgage Affordable
Matching?	No	Yes 50/50	Yes 50/50

* One of five municipalities in North Carolina

Calculations for Down Payment Assistance - Area Median Incomes 2024 as of April 1, 2024

Household Size

Program	AMI	1	2	3	4	5	6	7	8
Grant Funded DPA	80%	\$ 42,200	\$ 48,200	\$ 54,250	\$ 60,250	\$ 65,100	\$ 63,900	\$ 74,750	\$ 79,550
Locally Funded DPA	120%	\$ 63,300	\$ 72,300	\$ 81,375	\$ 90,375	\$ 97,650	\$ 95,850	\$ 112,125	\$ 119,325
Good Neighbor DPA	140%	\$ 73,850	\$ 84,350	\$ 94,938	\$ 105,438	\$ 113,925	\$ 111,825	\$ 130,813	\$ 139,213
Area Median Income	100%	\$ 52,750	\$ 60,250	\$ 67,813	\$ 75,313	\$ 81,375	\$ 79,875	\$ 93,438	\$ 99,438



- Marketing on billboards, FayTV, Flyers, Posters, Brochures
- Outreach:
 - Lenders, Brokers, Agents
 - City Employee New Hire Orientation and Department Presentations
 - Monthly Homebuyer Workshops and Counseling
 - Community Events and Organizations
- Homebuyer Education class sizes have increased dramatically
 - Moved to FTCC from Spring Lake, offered monthly
 - 127 attendees at workshop and 33 one-on-one counseling

- On March 4, 2024, the Mayor announced his intent to set a goal for the City to achieve 300 homebuyers by 2026
- City Council requested staff review the program for possible expansion to include employees of:
 - Cumberland County
 - Cape Fear Valley Medical
 - Cumberland County School District
- Staff reviewed current efforts and peer cities
 - Matching requirement is not in line with peer cities
 - Amounts vary greatly based on the market
 - The “Up to” is best practice
- Staff recommends changes to update the program

- Increase amount for public service employees up to \$30,000
 - Cumberland County (appx. 2,000 employees) including the Health Dept., Sheriff's Office, Social Services, ABC Stores, Public Library, Animal Control, and others
 - Cumberland County Schools (appx. 7,100 employees)
 - Cape Fear Valley Health System (appx. 7,100 employees)
- No longer require matching funds
 - * All programs based on household income (up to 120% AMI)

- Current name is generic “Homebuyer Assistance”
- Branding will increase word of mouth
- Name covers what the program is and provides
- HERO “Homebuyer Education and Readiness Opportunities”
 - Emphasis on education and preparedness
 - Opportunity vs. Forgivable Loan/Grant
 - The program is to prepare participants with education ***before*** granting down payment assistance





Staff recommends that Council provide consensus to remove the match requirement and increase the amount to \$30,000 for public service employees.



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