



Homebuyer Education and Readiness Opportunity

Options for Revisions to the Homebuying HERO Programs

May 5, 2025

City Council Work Session



What type of Homebuying HERO
will you be?



Citizen HERO

WHO?

- 1st time homebuyers

HOW MUCH?

- Up to \$20,000
- Based on 1st mortgage

MORE DETAILS

- Gross income at or below **120%** of the area median income adjusted for family size
- One of five programs in NC that go up to 120% AMI

Public Service HERO

WHO?

- 1st time homebuyers who are employees of
 - ☐ Cape Fear Valley Medical Center,
 - ☐ Cumberland County Schools,
 - ☐ Cumberland County Government
 - ☐ City employee ≤ 1 year and no performance evaluation

HOW MUCH?

- Up to \$30,000
- Based on 1st mortgage

MORE DETAILS

- Gross income at or below **120%** of the area median income adjusted for family size
- One of five programs in NC that go up to 120% AMI

City Employee HERO

WHO?

- 1st time homebuyers who are City Employees

HOW MUCH?

- \$30,000 guaranteed

MORE DETAILS

- Gross income at or below **140%** of the area median income adjusted for family size
- Employee retention program

WHO?

- 1st time homebuyers

HOW MUCH?

- Up to \$20,000

MORE DETAILS

- Gross income at or below 120% of the area median income adjusted for family size (see chart below).

Council/Staff Proposed Changes:

- Remove 1st Time Homebuyer Requirement to allow “Move Up” buyers to also apply
- Require applicants to utilize State programs before using City funds

Funding

- Funding for this program is blended from various sources.
- Federal funding is annually replenished but requires incomes \leq 80% AMI.
- State funding is one-time and allows us to serve \leq 120% AMI

8 over 3
years

1 this last
month

FY 2025 Gross Income Limits Summary

Family Size	1	2	3	4	5	6	7	8
80% AMI	\$44,250	\$50,600	\$56,900	\$63,200	\$68,300	\$73,350	\$78,400	\$83,450
120% AMI	\$63,300	\$72,300	\$81,375	\$90,375	\$97,650	\$104,850	\$112,125	\$119,325

Council/Staff Proposed Changes:

- Remove 1st Time Homebuyer Requirement to allow “Move Up” buyers to also apply
- Require applicants to utilize State programs before using City funds



Staff Analysis #1: *Allowing current homeowners to “Move Up” is possible, but comes with additional program challenges*

- The buyer’s first home MUST be sold prior to closing on the new home
- Move up buyers could realize significant equity gains from sale of prior home
 - Does staff require utilization of proceeds from sale before using program?
- Move up buyers could purchase a more affordable home that is only slightly larger, the same, or smaller
- Moving could be prompted by the inclusion of the City’s grant funds, resulting in a financial gain
 - How does staff measure a move up buyer versus a lateral or downgrade?

Staff Analysis #2: *Some applicants have utilized City funds in the place of existing State programs to reduce the requirement to pay back the mortgage at an affordable rate.*

- This program should be adjusted to require all applicants to exhaust State resources before calculating the City’s portion.



WHO?

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 - ☐ Cumberland County Government
 - ☐ City employee ≤ 1 year and no performance evaluation

HOW MUCH?

- Up to \$30,000

MORE DETAILS

- Gross income at or below **120%** of the area median income adjusted for family size (see chart below).

Council/Staff Proposed Changes:

- Remove 1st Time Homebuyer Requirement to allow “Move Up” buyers to also apply
- Require applicants to utilize State programs before using City funds
- Add employees and retirees of all Federal, State, and Local organizations
- Add coverage for private universities and medical facilities
- Add 1 year employment and “Meets Expectations” requirement

Funding

- Funding for this program is blended from various sources.
- Federal funding is annually replenished but requires incomes ≤ 80% AMI.
- State funding is one-time and allows us to serve ≤ 120% AMI

FY 2025 Gross Income Limits Summary

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3 over 1
year

6 this last
month

Public Service HERO Analysis



Council/Staff Proposed Changes:

- Remove 1st Time Homebuyer Requirement to allow “Move Up” buyers to also apply
- Require applicants to utilize State programs before using City funds
- Add employees and retirees of all Federal, State, and Local organizations
- Add coverage for private universities and medical facilities
- Add 1 year employment and “Meets Expectations” requirement

Staff Analysis #1 & #2: *Allowing current homeowners to “Move Up” is possible but comes with additional program challenges. Some applicants have utilized City funds in the place of existing State programs to reduce the requirement to pay back the mortgage at an affordable rate.*

- Discussed on previous slides

Staff Analysis #3: *Expanding to current employees and retirees of all Federal, State, and Local organizations is recommended, as well as private Universities and Healthcare entities*

- Staff can implement immediately

Staff Analysis #4: *Adding the 1-year employment requirement and ensuring the employee is in good standing mirrors the current requirement for City staff*

- Staff recommends adding this to ensure parity with **City Employee HEROES**
- Staff does not recommend funding that is subject to recapture based on employment or performance

WHO?

- 1st time homebuyers who are City Employees

HOW MUCH?

- \$30,000 guaranteed

MORE DETAILS

- Gross income at or below **140%** of the area median income adjusted for family size (see chart below).

Council/Staff Proposed Changes:

- Remove 1st Time Homebuyer Requirement to allow “Move Up” buyers to also apply
- Require applicants to utilize State programs before using City funds
- Remove 1 year employment and “Meets Expectations” requirement
- Remove the guarantee of \$30,000

Funding

- Funding for this program is from local (General Fund) revenues
- This program is broader and more enhanced because it is an employee retention tool, not just a housing program

6 over 3
years

1 this last
month

FY 2025 Gross Income Limits Summary

Family Size	1	2	3	4	5	6	7	8
140% AMI	\$77,438	\$88,550	\$99,575	\$110,600	\$119,525	\$128,363	\$137,200	\$146,038

City Employee HERO Analysis



Council/Staff Proposed Changes:

- Remove 1st Time Homebuyer Requirement to allow “Move Up” buyers to also apply
- Remove 1 year employment and “Meets Expectations” requirement
- Remove the guarantee of \$30,000

Staff Analysis #1 & #2: *Allowing current homeowners to “Move Up” is possible but comes with additional program challenges. Some applicants have utilized City funds in the place of existing State programs to reduce the requirement to pay back the mortgage at an affordable rate.*

- Discussed on previous slides

Staff Analysis #3: *Removing the 1-year employment requirement and ensuring the employee is in good standing is not recommended*

- Staff does not recommend funding that is subject to recapture based on employment or performance

Staff Analysis #4: *Best practice housing programs do not guarantee a set amount and calculate the amount needed.*

- The City may be able to serve more applicants with the limited funding by ensuring that only the amount required to make the home affordable is utilized

Citizen HERO

Remove 1st Time Homebuyer Requirement

Require applicants to utilize State programs before using City funds

City Employee HERO

Remove 1st Time Homebuyer Requirement

Require applicants to utilize State programs before using City funds

Retain 1 year employment and “Meets Expectations” requirement

Remove the guarantee of \$30,000

Public Service HERO

Remove 1st Time Homebuyer Requirement

Require applicants to utilize State programs before using City funds

Add employees and retirees of all Federal, State, and Local organizations

Add coverage for private universities and medical facilities

Add 1 year employment and “Meets Expectations” requirement



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