

Support of Local Moderate Income Down Payment Assistance Programs

Background

Moderate income earners that are first time home buyers across the state, particularly in urban areas, have found it extremely difficult to have the financing required for a down payment. Owning a home, even after the recession, has proven to be the safest long term appreciating asset in America. Not only is it an investment, but the federal government provides other benefits to being a home buyer such as tax deductions that make it hard to argue against owning a home. Every month when you are paying your mortgage, you are getting closer and closer to owning your own home. When you are instead giving that monthly payment to a landlord, you are essentially giving away money.

In some cases for Virginians looking to buy a home, their rent price is very similar to what a monthly mortgage rate would be. These are folks that have good credit, never missed a rent payment, and may be working themselves out of college debt. There is little opportunity to potential first-time home buyers in affluent areas to save enough for a down payment for a home close to where they work, while they would still be at very low-risk to default on mortgage payments.

One program in Northern Virginia that has been defunct for several years now, Moderate Income Purchase Assistance Program (MIPAP) provided a deferred-payment, no-interest loan of up to 25% of the home purchase price. The loan was able to be used to cover a portion of the down payment and all closing costs not paid by the seller, up to a maximum of three discount points to reduce the interest rate on the first mortgage. The program used a lottery process to allocate funding for qualified homebuyers. The maximum purchase price was \$362,790 and the maximum loan amount was \$90,700.

Homeownership for first-time homebuyers has seen some of the lowest rates in about 30 years. We encourage localities in the state of Virginia to develop strategies like MIPAP to assist with down payments for qualified candidates with good credit.

Therefore, be it Resolved, the 2017 Eighth District Democratic Convention affirms that:

1. We support Virginia developing local down payment assistance programs for well qualified first-time homebuyers.
2. Income limits for those who can qualify should consider multiple independent income earners in conjunction with or rather than total household size; and
3. Minimum annual student loan payments should be added to the formula for determining income limits.