C I T Y O F C A M B R I D G E
Community Development Department

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MEMORANDUM

To:	**The Affordable Housing Trust**
From:	**Chris Cotter, Housing Director**
	Anna Dolmatch, Housing Planner
Date:	**September 26, 2019**
Re:	**HomeBridge Funding Request**

The HomeBridge program provides financial assistance for eligible applicants to purchase homes on the open market. In exchange for this assistance, buyers enter into an Affordable Housing Covenant and the units become part of the permanently affordable homeownership stock.

Previously called the Financial Assistance Program (FAP), HomeBridge has created 66 permanently affordable units to date, with another two units under agreement. The program has seen a large increase in volume since it was rebranded and relaunched in 2017.

The Trust provided a recapitalization of $2,500,000 in September 2018, which brought the fund balance to approximately $3,500,000. In the past year, the program has been used to create ten new affordable units, including six family-sized units. These purchases permanently expended more than $2,600,000 in funds. We are requesting an additional $3,500,000 to recapitalize the program.

When buyers are approved for HomeBridge, they receive a commitment for an amount of funds based on the size of unit and maximum purchase price based on their income and mortgage approval amount. These funds are reserved for three months, with an option to extend for an additional three months if they are actively looking for a unit in the market. During this time, funds are reserved for their potential purchase.

Not all approved buyers are able to find a unit within the six-month window. After their approval expires, many applicants either look outside of Cambridge, or take a break from looking on the market. The funds reserved for their commitment are then made available for the next applicant.

For many years, the program was able to commit funds to any qualified applicant once they were approved. However, a combination of increased interest in the program, high home prices, and HomeBridge subsidy levels of up to 50% of the

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purchase price has resulted in periods in which all funds are committed, with additional applicants in the queue.

At this time, all remaining funds are committed to seven approved buyers, with an additional eight applicants under review for requests totaling up to $2,600,000. While some of approved buyers may not find a unit to purchase, and some waiting applicants may not be eligible or may choose not to take a funding commitment, at this time no additional commitments can be made until additional funds are available.

Some of the funds currently committed will be made available to other buyers. At the end of the initial three-month approval, buyers may indicate that they are actively looking for a unit and request the three-month extension. If a buyer is not able to find a unit in six months and there is a queue of approved applicants waiting, the funding will be made available to the next buyer. A buyer whose commitment expires may renew their application and be placed back into the funding queue.

Applicants come into the program at different stages of readiness. Some are just interested in looking, while others have already located a unit This request for additional funds will enable the program to approve more applicants simultaneously, increasing the ability of the program to fund buyers who will be successful in purchasing and creating a new permanently affordable unit.

The median funding amount of recent HomeBridge commitments, including buyers who purchased and those whose commitments expired, is approximately $300,000. The additional funding, combined with the remaining fund balance of approximately $100,000, will bring the total funds available to approximately $3,600,000. This amount is expected to fund approximately 12 additional units.

Increased funding will maximize the number of approved applicants who can be looking in the market, increasing the likelihood of successful HomeBridge purchases.

Recommendation: Staff recommends that the Trust approve an additional $3,500,000 for the HomeBridge program serving buyers at or below 100% AMI