



## B2. Homebuyer Assistance Programs

*Boulder's Homeownership Program operates two down-payment assistance programs: the Solution Grant—a down-payment grant to assist with the purchase of permanently affordable homes in Boulder—and the H2O Loan (House to Homeownership), which helps low- to moderate-income households cover down payment and closing costs when purchasing homes on the open market. These loan assistance programs have evolved from earlier programs. It is possible to adjust these programs to serve more or different households.*

### Key Issues:

- The city offers two down-payment assistance programs: the Solution Grant for low- to moderate-income households purchasing permanently affordable homes in Boulder and the H2O (House to Homeownership) Down-Payment Assistance Loan for low- to moderate-income households for homes on the open market.
- The [maximum qualifying income for a 4-person household](#) for both of the city's loan programs is in the mid \$70,000 range.
- The median detached single-family home value in Boulder (2013) was [\\$631,250](#) and the income needed to purchase it was \$158,280.<sup>1</sup>
- Rapid increases in Boulder home prices make some homebuyer assistance tools unsustainable.
- When designing a homebuyer assistance program in an expensive market like Boulder's, factors to consider include: the relative merit of retaining homebuyer households in Boulder, the amount of public subsidy needed to do so, and what that money could do if used differently (e.g., funding other housing options or community development initiatives).

### Background:

- Homebuyer assistance tools in the '99 Toolkit included a **shared equity loan program**. Shared equity entails sharing of a home's equity at resale between the homeowner and the community/future qualified home buyers. In 1996, the city established First Home, the first shared equity loan program. It was replaced with a down-payment grant program that required permanent affordability. The rapid increase in Boulder's home prices led to concern that the recapture on resale would be insufficient to ensure 1:1 replacement.
- The **purchase program for existing units**, a tool included in the '99 Toolkit, involved public funds being used by the city or nonprofits to purchase existing housing units for resale or rental to low- or moderate-income persons. The city has not used public funds for direct purchase of homeownership units.
- The **Solution Grant** is limited to up to 5% of the purchase price, has no repayment requirements, and remains invested in property, reducing the purchase price to the next owner. The program serves approx. 20 households annually.
- The **H2O Loan** is limited to up to 50% of the home's purchase price up to \$50,000. The H2O loan must be paid as a balloon payment at the end of 15 years or upon transfer. This program serves 3 to 4 households each year. Dramatically fewer households use this loan now than 5 years ago. It is most popular among 1- to 2-person households as the allowable amount does not bridge affordability gap for larger households seeking larger homes.

### Implementation Options:

1. Explore expanding the down-payment assistance program to include middle-income homebuyers and to increase the maximum amount per unit.
2. Explore reinstating the First Home Gap Financing Grant.

### Goals Addressed Through this Tool:

✓ **Strengthen Our Commitments**

✓ **Maintain the Middle**

Create Diverse Housing Choices in Every Neighborhood

Create 15-Minute Neighborhoods

Strengthen Partnerships

Enable Aging in Place

#### SOLUTION GRANT MAX INCOME (LOW/MODERATE INCOME)

1 PERSON	\$51,490
2 PEOPLE	\$58,850
3 PEOPLE	\$66,220
4 PEOPLE	\$73,520
5 PEOPLE	\$79,450

#### H2O LOAN MAX INCOME (LOW/MODERATE INCOME)

1 PERSON	\$53,870
2 PEOPLE	\$61,600
3 PEOPLE	\$69,340
4 PEOPLE	\$76,940
5 PEOPLE	\$83,200

Maximum allowable incomes for different sized households to qualify for two Homeownership programs.

Source: [boulder.colorado.gov/homeownership](http://boulder.colorado.gov/homeownership)

<sup>1</sup> Assumptions: 5% down payment; 4.6% interest rate; 30-year fixed term mortgage, no debt