



CITY OF LOGAN REDEVELOPMENT AGENCY

Resolution No. 16-55 RDA A Resolution Approving Agency Assistance in the Bear River Association of Governments' First Time Home Buyer Assistance Program

WHEREAS, the City of Logan Redevelopment Agency (hereinafter "Agency") is authorized by U.C.A. §17C-1-411 and §17C-1-412 to use tax increment for affordable housing projects within Logan City; and

WHEREAS, the First Time Home Buyer Assistance Program ("Program"), administered by the Bear River Association of Governments (BRAG) qualifies as affordable housing as defined by U.C.A. §11-38-102 (1), with said definition being adopted by the City of Logan in its Land Development Code §17.62 and by the Agency for the administration of its affordable housing funds; and

WHEREAS, BRAG encourages and offers incentives to Program applicants to participate in a Home Ownership Workshop, provided by Utah State University's Family Life Center (USU) and sponsored, in part, by BRAG; and

WHEREAS, studies have shown that properly structured and delivered housing counseling and education provides a significant benefit to consumers and investors of residential mortgages, resulting in reductions in serious delinquencies and corresponding cost savings; and

WHEREAS, the Economic Development Committee has reviewed the requested assistance and recommends its approval,

NOW THEREFORE BE IT RESOLVED, that the Agency does hereby approve a grant from the Agency's affordable housing funds, in an amount not to exceed \$10,000, to provide funding for BRAG's sponsorship of USU's Home Ownership Workshop.

BE IT FURTHER RESOLVED, that the Redevelopment Agency authorizes the Mayor/Chief Administrative Officer to execute the necessary documentation to accomplish the intent of this resolution.

This resolution duly adopted upon this ____ day of _____, 2016, by the following vote:

Ayes:
Nays:
Absent:

Herm Olsen, Chair
Redevelopment Agency

Attest:

Teresa Harris, City Recorder

Bear River Association of Governments First Time Home Buyer Assistance Program

The Bear River Association of Governments' First Time Home Buyer Program helps make the dream of owning a first home a reality for those families and individuals living in the Bear River Region. This program provides valuable education for the first time home buyer and funding for closing costs or down payment assistance for their first home. The intent of the program is to provide up to \$2000 in closing costs or down payment assistance to first time home buyers with a yearly combined income equal to or less than 80 percent of the county's median family income. Assistance is provided as a zero interest, deferred loan, and applicants are required to participate in a Homebuyer Education Workshop offered by Utah State University's Family Life Center with funding from BRAG.

The Home Ownership Workshop, provided by USU's Family Life Center, was developed to educate first time home buyers about the home purchasing process. This education will help them better understand each step in the process and gain confidence in their home buying decisions. The program consists of an 8 hour HUD approved education class and a 1 hour, one-on-one budget and housing counseling session. The workshop is held monthly at the Logan Library and the one-on-one counseling sessions are held at the Family Life Center at the participant's convenience. This workshop and housing counseling is offered free of charge to the participant.

First time home buyers gain valuable education pertaining to critical components of the home buying process. Participants understand the home buying process, make wise financial decisions, and purchase homes with a goal of long-term affordability. Demonstrating the value of pre-purchase counseling, the U.S. Department of Housing and Urban Development (HUD) made a statement regarding housing counseling studies. The findings of these studies suggest that "properly structured and delivered housing counseling and education provides a significant benefit to consumers and investors of residential mortgages. Several major studies have recently noted a correlation between counseled first-time homebuyers and reductions in serious delinquencies by up to 30% compared to borrowers with similar credit profiles who are not counseled. Studies estimate that housing counseling saves lenders and investors approximately \$1000 per counseled loan."

BRAG's program was started in 1995 with over one thousand loans having been made to help first time home buyers purchase a home. Since 2011, 144 loans have been made in the Bear River Region (outside of Logan City) using funding from our CDBG program. An additional 20 loans were made in Logan City using funding from other sources held by BRAG. Neighborhood Non-Profit Housing Corporation requires that the "Own in Logan" participants attend the Family Life Center's home buyer class. A total of 695 individuals have attended the Home Ownership Workshop during this period with 58% (404) of participants residing within Logan City limits. Over the years BRAG has sub-contracted with USU Family Life Center and provided \$20,000 annually to help provide the Home Ownership Workshop. The Family Life Center also receives additional funding from HUD and other sources to help fund this program.

With over half of the class participants living within Logan City limits, the State of Utah's CDBG program will no longer allow us to fund the entire amount. BRAG is now able to fund only \$10,000 with our CDBG funding and we are seeking Logan City's help in funding the additional amount.