

Zopelis, Meg

From: Brown, Percy
Sent: Friday, July 17, 2009 4:03 PM
To: Zopelis, Meg
Subject: Housing Committee Request
Attachments: Housing Committee Report.doc

Hi Meg,

Attached please find a written response to Detria's questions, relying primarily upon our experiences with the City programs. I could not identify anyone to come and speak to the Committee, who was an expert on this topic as it pertained to programs in general. However, I would be happy to come to a meeting and go over these responses with the Housing Committee in more depth, if you like. Unfortunately, I will be leaving for vacation on the early afternoon of the August 5 Housing Committee meeting. Perhaps we could do it in September. Please let me know how you wish to proceed. Thank you.

Why aren't more minorities being able to take advantage of the homebuyer assistance and other housing programs?

Many of the most common reasons are the same for all persons: lack of down payment assistance, poor credit, insufficient income, excessive debt and lack of awareness about the programs as well as the process. Several programs, which minorities could take advantage of are available in the area, i.e. City Home-Buy, City American Dream, City Housing Rehab, Down Payment Plus, Movin' Out, Home Start, Dane County Housing Authority, and Madison Development Corporation. The down payment loans for first-time homebuyers are primarily second mortgage loans, which are condition upon the buyer obtaining a first or primary mortgage from a lending institution. We have no control over the lender portion of the process or whether or not a loan is approved or rejected. A case in point, we have observed of late that lenders have raised their credit standards, making it more difficult for buyers to obtain financing.

How is the City doing outreach for its programs?

The City is undertaking an extensive outreach effort to attract more minorities to participate in its programs. The City's outreach involves its website (www.cityofmadison.com/homeloans and <http://www.cityofmadison.com/cdbg/addi/>); the Home Buyers Round Table members and their website (www.homebuyersroundtable.org); participation in training workshops for realtors and lenders; homebuyers fairs; other community events (i.e. Realtor Blitz, booths at conferences); employers, print advertising (i.e., Isthmus, East Side News, North Side News, Neighborhood Association newsletters, and minority-owned newspapers such as UMOJA and the Madison Times); word of mouth; presenting program information at meetings held by neighborhood associations and African American church groups; and promotion/referrals by outside agencies, service providers, homebuilders and non-profit groups.

Are the loan denial rates based on race?

The City loan denials are not based on race, as that would be considered racial discrimination. The most common reasons for denials include: unacceptable credit, insufficient income, excessive obligations, income exceeds program income limit (most down payment assistance programs are geared towards 80% of County Median Income borrowers), borrower does not have the necessary funds to complete the transaction, etc.

People are not getting a clear understanding of what they need to do.

Based on our experiences, people do lack understanding about the home buying process and in many cases lacks awareness about the various programs. In

addition, people have a lot of fear about buying a home, especially during a time of a national foreclosure crisis. We include in our program brochures a step by step guide for the borrower to follow as well as an example of a typical sale transaction. The Dane County housing Authority offers homebuyer education classes. Potential buyers should contact Dane County Housing Authority 224-3636 x 20 (<http://www.dcha.net/housingcenter/courses.php>) and register to attend a homebuyer education class to learn about the homebuying process. In addition, this education is required by many of the down payment assistance programs.