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Comments and Suggestions

B. II. Condition 2: Subrecipient agencies will be limited to a max amount of \$36,000 (of which a max of \$30,000 can be used for down payment assistance).

1. The cap of \$30,000 is half the maximum per unit amount allowable for developing new owner-occupied homes. At a time when everyone agrees that our community has too many existing homes, many facing foreclosure, city policy should favor the purchase of existing homes over the construction of new owner-occupied homes.
2. The City's framework should include the means, as well as the goal, of homeownership for very low-income households. By capping down payment assistance at \$30,000 in loan funds per home-buying household, we put home ownership out of reach of very low-income households, such as Movin' Out home owners who have proven their success at home ownership with household incomes as low as 16%.
3. Some have suggested that very low income households be held to a lower purchase price than the HUD maximum by limiting the amount of down payment assistance available to them. But some low income households, particularly larger households, cannot find housing suitable for their family at a price affordable within the constraints of the proposed cap. Yet, these are the very families for whom home ownership will prove the most stabilizing of all.
4. Community Development's sister agency, the CDA, encourages home ownership for very low income households by promoting conversion of Section 8 vouchers to support home ownership. CDA's history of this program shows that the most sustainable outcomes have occurred with the combination of the voucher plus the deep subsidies provided by the City and administered by Movin' Out. Home ownership for these families will be precluded if the proposed caps are imposed.

Suggestion: Amend the B. II Condition 2 to allow deeper subsidies for families with household incomes at 50% AMI or less. Apply the new cap only to families at 51% to 80% AMI.

