



Thomas A. Golden, Jr.
City Manager

Shawn Machado
Assistant City Manager

MEMORANDUM

TO: Thomas A. Golden, Jr., City Manager 

FROM: Yovani Baez-Rose, Assistant City Manager/DPD Director

SUBJECT: Motion Response: 4/23/24 - Councilor Gitschier – Request City Manager Provide Current Data Regarding Services Provided by MVHP.

The City of Lowell has enjoyed a strong working relationship with the Merrimack Valley Housing Partnership (MVHP) for a number of years. MVHP contracts with the city for our First Time Home Buyer program in addition to providing a number of other services to area residents.

Attached to this response is a report from MVHP Executive Director, Cathy Mercado. Ms. Mercado and her team continue to work diligently to make the dream of homeownership a reality for local residents. The City is excited to continue our working relationship with MVHP as we all strive to build generational wealth for Lowell residents.

YBR



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Introduction

For many years, the Merrimack Valley Housing Partnership (MVHP) has collaborated closely with the City of Lowell, offering crucial services for the First-Time Homebuyer Down Payment Assistance Program (FTHB). This partnership has resulted in significant impact, nearing \$6 million in assistance provided to hundreds of first-time homebuyers, and facilitating over \$220 million in real estate transactions. MVHP's credibility is enhanced by its accreditation from the Massachusetts Homeownership Collaborative, which allows it to implement a thorough curriculum while adhering to a strict code of ethics. This accreditation, represents The Seal of Approval and enables program graduates to access exclusive mortgage products and down payment assistance opportunities.

The organization's deep-rooted presence in Lowell has been advantageous for the city's residents. Personal recommendations have proven to be the most effective promotional tool for recruiting new participants. 48% of last year's participants learned about the program through word of mouth. Additionally, 30% of participants were referred to the program by real estate professionals and our community partners. This further highlights the program's reputation in the financial community.

Per the contract that we have with The City of Lowell, utilizing their Federal HOME Funds, we should be able to help at least 20 homebuyers this year. MVHP does not allocate or receive funds from the city unless a home successfully closes.

MVHP's Objectives

- Maintaining our effective homebuyer training programs and counseling services.
- Collaborating with developers to create affordable home-ownership opportunities for Lowell residents (Acre Crossing).
- Creating opportunities for young professionals in planning for homeownership in Lowell. This is crucial considering the current housing market and high student debt levels.

We are also leveraging state, local and philanthropic funds to improve interest rate reduction programs. One such example would be the One+Lowell initiative, launching on August 1, 2024. One+Lowell is made possible by CPA funding. This program will enable Lowell residents to purchase homes in the current market despite the rising interest rates. This ensures these homebuyers secure a sustainable monthly mortgage payment.

MVHP's Long-Term Impact

Our initiatives are crafted to promote homeownership across all income brackets and address historical disparities in homeownership opportunities.

For example:

- Each year, we educate approximately 800 households through our comprehensive homebuyer training classes.
- From May 2023 to the present, we have successfully graduated 994 homebuyers, with 46.6% of those buyers being Lowell residents.
- We actively engage with lending institutions, real estate brokers, non-profit organizations, and private sectors to promote home-ownership.
- Our partnership with the Lowell Financial Development Corporation provides down-payment assistance to higher-income earners who don't qualify for The City of Lowell's First-Time Home Buyer program.
- We collaborate with The University of Massachusetts Lowell to attract talent by assisting their employees with homeownership opportunities and down-payment assistance resources.
- We offer complimentary homebuyer classes to employees of Community Teamwork Inc., The City of Lowell, and Middlesex Community College.
- To date, we've educated nearly 20,000 first-time homebuyers in English, Spanish, and Khmer. We're expanding our linguistic reach by adding Portuguese classes to serve Lowell's growing Portuguese-speaking community.
- We played a crucial role in mitigating the impact of the 2008 Foreclosure Crisis in Greater Lowell.
- We expanded our services to include the lead paint program, Get The Lead Out (GTLO) and Housing Rehabilitation Program (HRP).

This demonstrates our dedication to fostering sustainable homeownership and community development across The City of Lowell and The Commonwealth. We strive to make homeownership accessible and sustainable for a wide range of individuals and families by addressing various aspects of homebuyer education, financial assistance, and community partnerships.

Advocacy Partnerships

We are active members of regional and statewide networks including The Common Ground Development Corporation, Abundant Housing MA, Citizens' Housing & Planning Association (CHAPA), CHAPA's Policy

Leadership Council, Massachusetts Housing Partnership and The Federal Home Loan Bank Advisory Council.

Our Aspiring Homebuyers

MVHP focuses their outreach to first-time homebuyers of all income levels.

As of June 2023 to July 2024:

- 13% had incomes of 100%+ of the Area Median Income (AMI)
- 71% had incomes of 80% or less of the Area Median Income (AMI)
- 43% were women
- 19% identified as Asian
- 34% identified as Black, Indigenous or People of Color (BIPOC)
- 26% identified as Hispanic
- 13% identified as white (non-Hispanic)
- 38% were aged 40 or younger
- 35% were aged 30 or younger

An Active Example of a First-Time Homebuyer Purchasing a Home in Lowell

One of our first-time homebuyers is purchasing a home for \$358,761. In order to make the payment affordable for their single-income of a 4-person household with an AMI of 65%, they are utilizing the following down payment assistance programs:

- LIFT Funds (through the Federal Home Loan Bank of Boston): Forgivable lien after 5 years of homeownership - \$50,000
- Mass Housing Workforce Advantage 4.0:
0% interest deferred lien due at the time of sale/refinance of the property or once 1st lien is paid in full - \$30,000
- STASH: First-generation homebuyer program - forgivable grant - \$20,000
- City of Lowell Home Funds
 - The maximum loan amount is \$11,800.
 - 0% interest deferred lien due at sale/refinance of the property.
(When funds are repaid they return back to the city's general fund.)

The client is using \$1,000 of their own funds to be in compliant for LIFT funds. The loan amount after assistance and buyer's funds is \$258,200. Paying down the principal makes a huge difference in having an affordable monthly payment as they are the sole provider for their household. This kind of service demonstrates The Merrimack Valley Housing Partnership's commitment to sustainable homeownership in the community.