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Lower-income loans are out there for first-time home buyers

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P-I REPORTER

A high school social worker and single mom earning \$46,000 a year, Jane Fairchild couldn't imagine how she'd ever own a home.

Like many lower- to middle-income earners, Fairchild had no idea about the numerous programs available to help potential home buyers in her salary range.

"It was kind of amazing to me," said Fairchild, who learned last year that she was eligible for thousands of dollars toward the purchase of her Seattle home. "I thought I made too much money."

That misconception, say those working with [home-buying assistance programs in Seattle and across the state](#), often prevents renters from making the leap to home ownership. "So many people that I talk to (think), 'Well, I just don't qualify. I'm not low or moderate income,'" said Emily Nolan, a program manager at the non-profit Washington Homeownership Center in Seattle.

"When they think of assistance, they think of welfare or ... food stamps. They think, 'I don't qualify for that, so why would I qualify for other assistance?'"

Some programs available here max out annually but others remain untapped, leaving thousands of dollars in assistance available to people earning as much as 80 percent of the \$72,000 median household income in the Seattle metropolitan area. That currently translates to \$40,600 a year for an individual and \$58,000 for a family of four. Most programs offer deferred payments with low interest rates, and frequently provide up to \$45,000 to help with a down payment.

"We don't run out of money as long as our programs keep going," said Karen Carlson, second mortgage program administrator for the Washington State Housing Finance Commission. "We have capacity for quite a bit (of assistance)."

Washington state ranks near the bottom -- 43rd out of 50 -- in home-ownership rates nationwide, according to the 2004 Census. Sixty-six percent of households in the state are homeowners. Analysts attribute the low numbers not only to soaring home values in the Seattle area, but also to the state's numerous military communities, which tend to have lower numbers of homeowners.

The Washington Homeownership Center wants to improve those rates by reaching out to the estimated 300,000 renter households statewide making at least half the median income. Those include many

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[A printable guide to local and statewide housing-assistance programs \(68K PDF\).](#)



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Jane Fairchild and her son, Luke, play with a train set in the Rainier Valley home Fairchild bought with the help of a Homestead Community Land Trust.

people under age 35, as well as teachers, police officers, firefighters and skilled laborers -- the people that Jeffrey Caden refers to as "the glue that kind of holds our state together."

"These are hard-working people, sometimes even two-income families that truly could benefit from a lot of the programs that are available," said Caden, the center's executive director. "What is distressing for us as an agency is that we see that there is money left on the table every year."

Since the budgets for many assistance programs roll over at the start of each fiscal year, now is a particularly good time to start looking at what's available, said Adrienne Quinn, director of the city of Seattle's Office of Housing.

"The money is not all out the door," Quinn said. "People should definitely contact some of our partners."

In 2002, the city began including money in its voter-approved housing levy to help home buyers. The city's contribution of \$7.8 million over the seven-year levy, which expires in 2009, is combined with federal funding to provide a variety of programs run by partner organizations. Repayment rules vary, and the maximum home price for most of the programs is \$335,800.

Seattle home buyers making up to 80 percent of median income can also go directly to Wells Fargo or HomeStreet banks, Quinn said, and apply for city-funded and federal assistance. The banks handle the loan application and send the information to the city, which verifies the applicant's eligibility and provides the assistance. The city, Quinn said, is able to help 65 to 85 buyers a year through all of its programs.

The Washington State Housing Finance Commission runs various programs statewide, including one that provides lower mortgage rates and then allows participants to apply for down-payment assistance, a stumbling block for many potential buyers. A survey conducted by the Washington Homeownership Center last year found that not enough money for a down payment and closing costs was the major perceived obstacle to home ownership. Another issue for many, Caden says, is the shock of realizing that what were once considered modest starter homes are now out of reach for many.

"The problem we run into with many of our clients is that their expectations are beyond what they can afford," he said. "That's always a difficult bridge to cross in terms of their own perception."

"But I think we can show them not only how quickly they can move through this process, but how beneficial it is to own your own home, no matter how small or how modest, initially."

A year ago, Fairchild was living in a one-bedroom rental apartment in Renton. She learned about the Homestead Community Land Trust, which buys properties and allows first-time home buyers to buy a house and sign a 99-year lease to occupy the lot. The property goes into a trust, and buyers agree to a resale formula that maintains the home's affordability for future owners. The concept, which began in the 1960s to help Southern farmers, is used in cities nationwide to create a permanent supply of affordable housing in gentrifying areas.

Fairchild was able to obtain \$70,000 against the \$235,000 cost of the home through the land trust. To that she added \$20,000 given to her by a group of generous friends, a tax rebate from her son's adoption, a \$10,000 prize from an essay-writing contest on home buying and a small amount in savings. Fairchild ended up borrowing \$128,000 to buy the house, leaving her with mortgage and tax payments of \$896 a month.

She and her 2-year-old son Luke moved into their first purchased home in December. The Rainier Valley rambler has everything Fairchild wanted: a diverse community, proximity to the library and an elementary school, and a bedroom for Luke. Out the back door is a large, fenced yard with apple, cherry and dogwood trees and now, a sandbox.

"At 47, I finally pulled it off," said Fairchild, who works at Peninsula High School in Gig Harbor. "It's very exciting to buy a house where I wanted to, with the things I wanted, in the city. I couldn't have done it by myself."

There are many reasons beyond economics to promote home ownership, said Glenn Crellin, executive director of the Washington Center for Real Estate Research. "Research that has been done over the years has clearly indicated that those persons who are home buyers are much more engaged in their community," he said.

"Everything from voting rates being higher to volunteerism, taking an interest in the children's schoolwork -- those things are all interconnected in a way that is often surprising and independent of any other socioeconomic factors."

For Fairchild, the benefit is more basic: a permanent place to call her own. "This is the house I'm going to live in forever," she said. "I'm going to keep it until I die."

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LOCAL AND STATEWIDE HOUSING-ASSISTANCE PROGRAMS

	ASSISTANCE	WHO IS ELIGIBLE	REPAYMENT TERMS	MORE INFORMATION
HOMESTEAD COMMUNITY LAND TRUST	Up to \$80,000 in down-payment assistance.	Seattle buyers making up to 80 percent of the Seattle metropolitan area's median income – up to \$40,600 a year for an individual, or up to \$58,000 for a family of four.	Buyers purchase a house and sign a 99-year lease to occupy the lot, which goes into a permanent trust. Participants agree to a resale formula that keeps the home affordable for future buyers.	www.homesteadclt.org or call 206-323-1227
TEACHER HOME BUYER PROGRAM	Up to \$45,000 in loans with 3 percent interest.	Seattle teachers earning up to 80 percent of the median income.	The loans are deferrable for 30 years or until house is sold. If the teacher stays in the home for more than 30 years, the interest is forgiven.	www.ci.seattle.wa.us/housing/02-LookingForHousing/Buying&Owning.htm or call Mark Ellerbrook at 206-684-3340
HOMESIGHT	Up to \$45,000 in loans with 3 percent interest.	Buyers who have not owned a home in the last three years and earn up to 80 percent of median income.	The 30-year loans are deferrable for eight years.	www.homesightwa.org or call Mark Ellerbrook at 206-684-3340
PARKVIEW SERVICES	Up to \$45,000 in down-payment assistance.	People with developmental disabilities, with preference given to those making half or less of the median income.	The no-interest loan has a deferral period of 37 years. If the house is sold before that, the city takes part of its appreciation.	www.parkviewservices.org/homeownership/ or call Mark Ellerbrook at 206-684-3340
HABITAT FOR HUMANITY	Building a new home.	People spending more than 30 percent of gross income on overcrowded or unsafe housing, and earning between 25 percent and 50 percent of the median income.	Homeowners must provide 250 to 500 hours of "sweat equity" to help build their new homes. Average monthly payment on the no-interest mortgage is \$500 to \$800.	www.seattle-habitat.org or call 206-292-5240
HOMECHOICE	Up to \$15,000 in down-payment assistance.*	Low- and moderate-income people with disabilities statewide.	1 percent interest loan deferrable for 30 years. Interest forgiven if mortgage payments made on time.	www.wshfc.org/buyers/index.htm or call 800-767-4663
HOUSE KEY STATE BOND LOAN	A reduced interest rate on a 30-year mortgage.	First-time home buyers who make \$71,900 or less for a two-person household.	30-year term with regular payments.	www.wshfc.org/buyers/index.htm or call 800-767-4663
HOUSE KEY PLUS **	\$5,000 to \$7,500 in down-payment assistance with 5 percent interest.	First-time buyers statewide, or buyers purchasing in a targeted area. *	10-year term with regular payments.	www.wshfc.org/buyers/index.htm or call Karen Carlson at 800-767-4663, Ext. 413
HOUSE KEY PLUS SEATTLE**	Up to \$45,000 in down-payment assistance.	Seattle residents making up to 80 percent of the median income.	Borrowers must provide a 2 percent down payment, and payments on the 3 percent, 30-year loan are deferrable for eight years.	www.wshfc.org/buyers/index.htm or call 800-767-4663
HOUSE KEY PLUS ARCH EAST KING COUNTY **	Up to \$30,000 in down-payment help on Eastside homes costing up to \$312,895.	Individuals and families making up to 80 percent of the median income.	The 4 percent interest loan is repayable when the buyer sells, refinances, moves or pays off the home at or before 30 years.	www.wshfc.org/buyers/index.htm or call 800-767-4663
HOUSE KEY RURAL **	Up to \$10,000 in down-payment assistance.	First-time buyers making up to 80 percent of their county's median income.	The 3 percent interest loan is repayable when the buyer sells, refinances, moves or pays off the home at or before 30 years.	www.wshfc.org/buyers/index.htm or call 800-767-4663
HOPE FOR HOMES	Up to \$45,000 in down-payment assistance.	Open to participants in the United Way Individual Development Account Program.	Borrowers must provide a 2 percent down payment, and payments on the 3 percent, 30-year loan are deferrable for 8 years.	www.ci.seattle.wa.us/housing/02-LookingForHousing/Buying&Owning.htm or call Mark Ellerbrook at 206-684-3340

For information on home-buying assistance programs around the state, contact the Washington Homeownership Center at 206-587-5641, toll-free at 866-600-6466, or go to www.choc-wa.org

* Income and house price criteria vary from area to area, and applicants may purchase homes in economically distressed "targeted" areas without being first-time home buyers.

** Buyers must first enroll in the House Key State Bond Loan Program to qualify for any of the state down-payment assistance programs.