



# **Consideration to Approve the Memorandum of Understanding Between Town of Bluffton and CommunityWorks of a Homebuying Assistance Program for Town Employees**

Presentation to Town Council  
Stephen Steese, Town Manager  
July 9, 2024

# Background

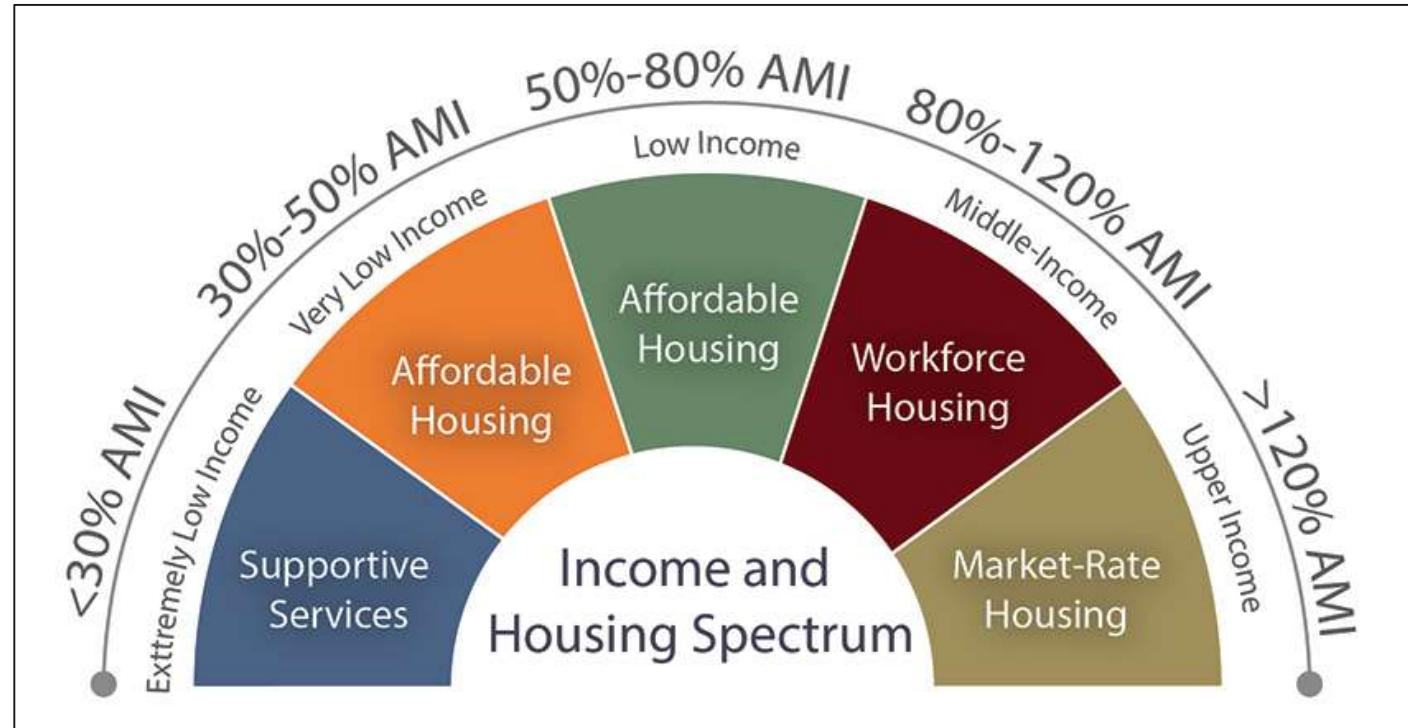


- The Town of Bluffton is committed to **attracting and retaining high quality of staff** capable of achieving Town goals in support of the Town Organization Strategic Plan Focus area.
- Offering new programs such as **Homebuying Assistance can increase recruitment and retention of staff**, particularly in an area where median home prices have increased drastically in less than five years.
- According to Redfin, the median home price for the **29910 zip code in May 2024 was \$515,000**, a decrease of 0.9% since May 2023. **For 29909, the May 2024 median home price was \$517,640**, a decrease of 1.4% since May 2023.
- Less expensive homes are available, but the supply is extremely low.
- High housing costs can deter individuals with needed skills from considering employment with the Town or remaining with the Town.

# 2024 Beaufort County Area Median Income (AMI)



- The 2024 HUD Area Median Income (AMI) is **\$74,480 (100% AMI)** for a one-person household.
- Based on the County AMI, **59% of Town's employees, 85 total, are at or below 100% AMI.**
- The entry level yearly income for the Town is approximately **\$42,000 or 60% AMI**. Staff earning this amount or less would need Affordable Housing, which is virtually non-existent in the 29909 and 29910 zip codes.
- At 100% AMI, an individual would seek Workforce Housing to avoid paying more than 30% of gross income for housing.





# Proposed Program

To assist with a home purchase, the Town would like to offer five-year forgivable loans in an amount based on the income of the individual employee (not the employee's household) ranging from \$10,000 to \$25,000. Proposed loan amounts would vary depending on an individual's income:

Town Loan Amount	AMI Percent	Income	Number of Staff	Staff Percentage
\$25,000	≤80%	≤\$56,500	40	28%
\$20,000	80% to 119%	\$56,501 to \$89,381	68	47%
\$15,000	120% to 139%	\$89,381 to \$104,272	22	15%
\$10,000	≥140%	≥\$104,273	15	10%
			145	100%

# 30% Guideline



- As a guideline, a household should not spend more than 30% of its gross income on housing (a mortgage or rent). Over this amount, a household could be cost-burdened.
- The 30% rule is increasingly difficult to achieve.
- **A \$375,000 house** purchased with a 30-year fixed loan with a 6.96% interest rate (as of 6/27) **would have monthly mortgage of \$2,485** assuming no other financial assistance or down payment.
- The 2024 Beaufort County **fair market rent for a 1 BR unit is \$1,472.**
- The following slides show the 30% guideline applied to incomes that are 60%, 80%, 100%, 120%, and 141% of the

# Individual Earning \$42,000/yr (60% AMI)



- Would qualify for a Town loan of \$25,000
- 30% of total gross income = \$12,600. Monthly mortgage/rent should be approximately **\$1,050**.
- **Mortgage:** For a \$375,000 home, the monthly payment would be **\$2,485**. With a Town loan, the payment would be reduced to **\$2,319** (assuming no other financial assistance).
- **Rent:** 2024 Beaufort County HUD Fair Market Rent for a 1 BR unit= **\$1,472**

# Individual Earning \$56,500/yr (80% AMI)



- Would qualify for a Town loan of \$25,000
- 30% of total gross income = \$16,950. Monthly mortgage/rent should be approximately **\$1,412**
- **Mortgage:** For a \$375,000 home, the monthly payment would be \$2,485. With a loan, the payment would be reduced to **\$2,319** (assuming no other financial assistance).
- **Rent:** 2024 Beaufort County HUD Fair Market Rent for a 1 BR unit= **\$1,472**

# Individual Earning \$74,480/yr (100% AMI)



- Would qualify for \$20,000 assistance
- 30% of total gross income = \$22,344. Monthly mortgage should not exceed approximately **\$1,862**.
- **Mortgage:** For a \$375,000 home, the monthly payment would be **\$2,485**. With a loan, the payment would be reduced to **\$2,352** (assuming no other financial assistance).
- **Rent:** 2024 HUD Fair Market Rent for Beaufort County = \$1,472 for a 1 BR unit and \$1,652 for a 2 BR unit.



# Individual Earning \$89,381/yr (121% AMI)



- Would qualify for \$15,000 assistance
- 30% of total gross income = \$26,814. Monthly mortgage should not exceed approximately \$2,234.
- **Mortgage:** For a \$375,000 home, the monthly payment would be **\$2,485**. With a loan, the payment would be reduced to **\$2,385** (assuming no other financial assistance).
- **Rent:** 2024 HUD Fair Market Rent for Beaufort County = \$1,472 for a 1 BR unit or \$1,652 for 2 BR unit.

# Individual Earning \$104,273/yr (141% AMI)



- Would qualify for \$10,000 assistance
- 30% of total gross income = \$31,282. Monthly mortgage should not exceed approximately \$2,607.
- **Mortgage:** For a \$375,000 home, the monthly payment would be **\$2,485**. With a loan, the payment would be reduced to **\$2,419** (assuming no other financial assistance).
- **Rent:** 2024 HUD Fair Market Rent for Beaufort County = \$1,472 for a 1 BR unit or \$1,652 for a 2 BR unit.



# How the Program Would Work

## **Eligible Properties:**

- Home must be in the 29909 or 29910 zip code and be the primary residence of staff.
- Property must be in good condition and ready for occupancy within 90 days of closing.
- Total of all mortgages on property cannot exceed 100% of the appraised value

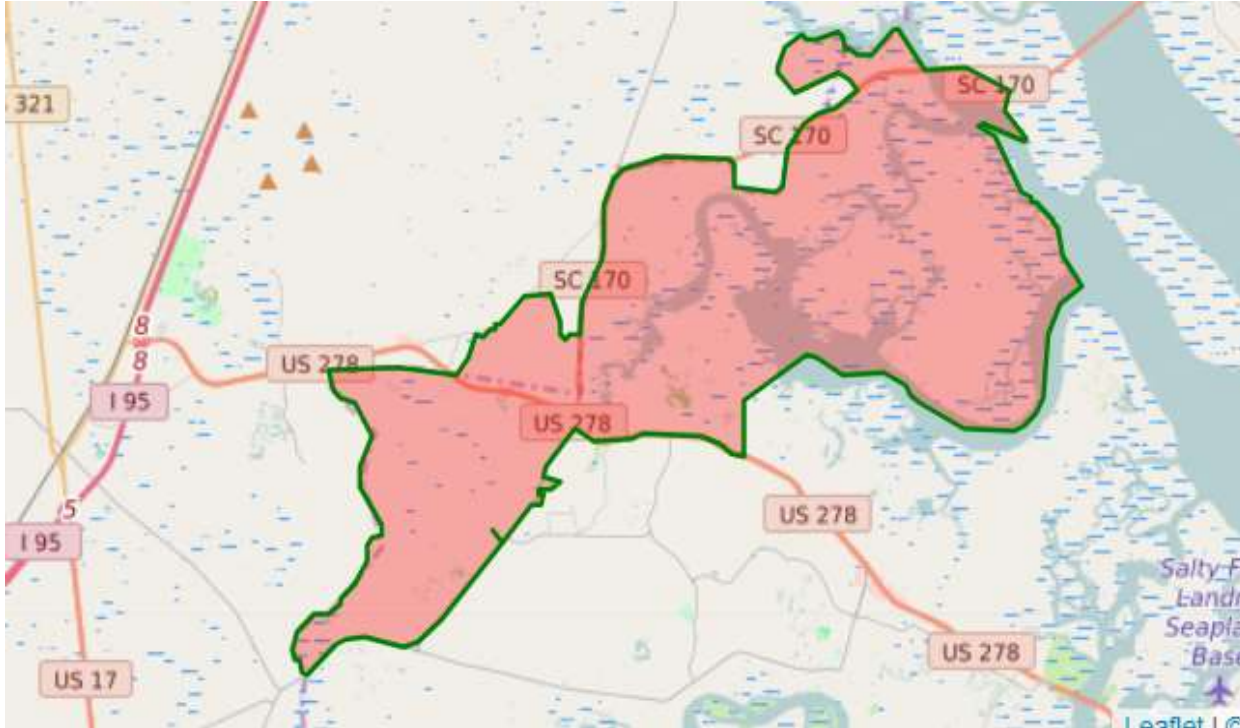
## **Eligible Loan Types:**

- FHA, Conventional, USDA or VA mortgage product

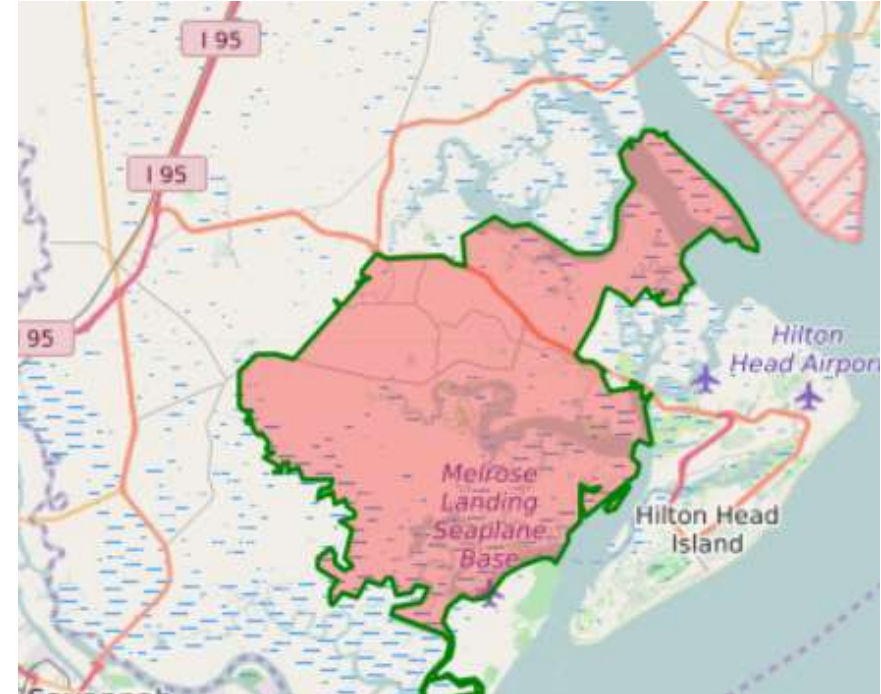
## **Eligible Uses of Funds:**

- For down payment and/or closing costs
- Buy-down interest rates
- Staff cannot receive funds back at the time of closing

# Boundaries of 29909 & 29910 Postal Codes



29909



29910

# How the Program Would Work (continued)



## Employee Eligibility:

- Staff must be past their initial probationary period and in good standing.
- Staff must secure a 30-year fixed rate mortgage
- Staff must invest a minimum of \$1,000 into the home purchase.
- Staff must attend an orientation/educational workshop.



# Program Terms

- Assistance will be secured by a promissory note and mortgage lien on the property.
- Assistance is a non-amortizing subordinate loan at 0% interest forgiven after 5 years and employee must stay employed with the Town for the duration of the loan. 
  - *If employee leaves before 5 years, they must repay the loan at a prorated amount, or a lien stays on the property.*
- Provided on first-come, first-served basis; amount of funds available determined each fiscal year as determined by budget.



# Partnerships

- The Town would work with CommunityWorks, a community development financial institution, to implement and administer the program. A Memorandum of Understanding is proposed for this partnership.
- The Town's Affordable Housing Committee is supportive of the proposal and recommended at its June meeting that the loan amount for staff earning 80% or less of the County AMI be \$25,000 instead of \$20,000.

# Motion



*“I make a motion to [Approve, Approve with Conditions, or Deny] the Memorandum of Understanding Between the Town of Bluffton and CommunityWorks and to authorize the Town Manager to execute on behalf of the Town. ”*





# ***QUESTIONS & DISCUSSION***