

# BOZEMAN AFFORDABLE HOMEOWNERSHIP WAITLIST GUIDE

Human Resource Development Council

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## Overview

This document refers to the waitlist for the City of Bozeman approved affordable homeownership opportunities through the City of Bozeman Affordable Housing Ordinance (AHO). As contracted by the City of Bozeman this list is managed by the Human Resource Development Council. This is not the waitlist for Section 8 housing or other housing opportunities in the region. This waitlist will serve as a qualified pool of potential buyers of the homes built in accordance with the City of Bozeman Ordinance 1922.

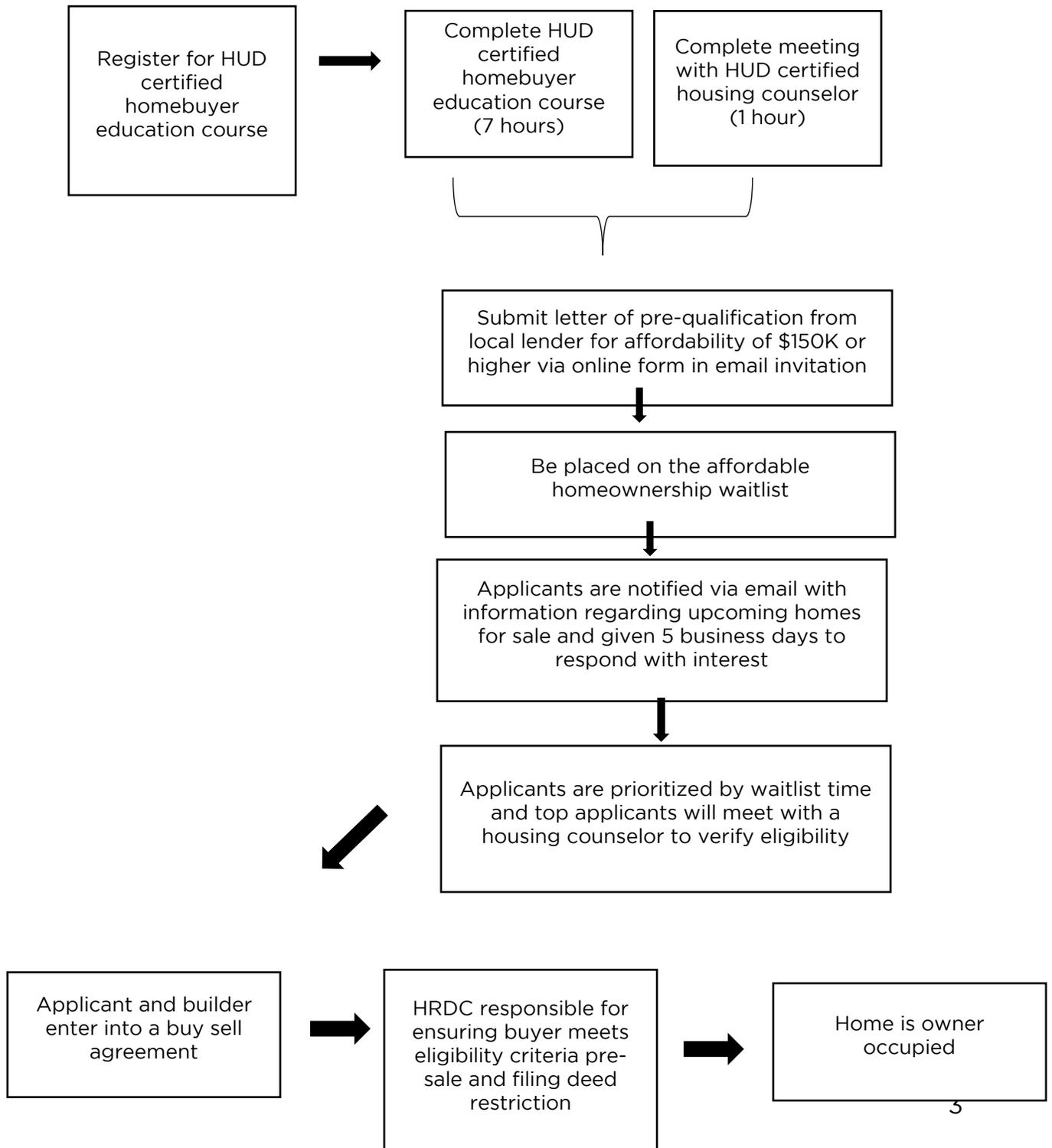
## City of Bozeman Affordable Housing

Based on the most recent housing needs assessment, there is a severe shortage of affordably priced for-sale housing in Bozeman. The median price of for-sale homes, including single-family homes, townhomes, and condominiums, increased by 75% between 2012 and 2018. Bozeman, in the next five years (2020-2025) needs an increase in owner-occupied homes with price ranges between \$160,00-\$350,000 in order to be affordable to local households with annual incomes between \$40,000 to \$95,000 (between 80%-150% of local area median income). The AHO aims to address this need in the community by requiring certain future, for-sale, developments to include housing affordable to this demographic through the AHO. For additional details please consult the City of Bozeman AHO, "Ordinance 1922". This waitlist will serve as a qualified pool of potential buyers of the homes produced through "[Ordinance 1922](#)". For more information please visit the [City of Bozeman's website](#).

For City of Bozeman specific questions please contact Tanya Andreasen, Community Housing Program Manager, [tandreasen@bozeman.net](mailto:tandreasen@bozeman.net) or (406) 582-2953.

## Overview of the Bozeman affordable homeownership waitlist process

Flow chart



### Qualifications for affordable homeownership waitlist

As outlined in the chart in the previous section, the steps to become eligible for the city waitlist are below

1. Register for and complete HUD-certified homebuyer education course, valid for three years
2. Meet with HUD-certified housing counselor
3. Meet with a local lender and receive a letter of pre-qualification for over \$150K
4. Fill out the waitlist form including upload the letter of pre-qualification and agreeing to the biannual purge procedures

The date an individual or family is effectively placed on the waitlist will be the date the applicant submitted the waitlist form and uploaded the letter of pre-qualification.

HRDC offers the HUD-certified homebuyer education course approximately twice a month and has homeownership counselors available to meet throughout the year. Please visit the website to learn more.

Prequalification is a non-binding process in which prospective borrowers provide preliminary information concerning income, debts, assets, and credit to mortgage lenders. The lenders perform some calculations and estimate the size of home purchase they will likely approve. Pre-approval is the next step toward getting a mortgage and requires a specific address associated with the process, the requirement for the waitlist is for the pre-qualification. You can read about the difference [here](#).

### Notification of housing opportunities to the waitlist

Once active on the waitlist applicants will be notified of upcoming opportunities through email notification. If an applicant is interested in the opportunity there will be a window of 5 business days to view the property and express interest in the home. Applicants must meet the required criteria per each home such as income limits, including both upper limits and minimum affordability, liquid asset limitations, appropriate family size, and commitment to maintaining the home as their primary residence in the home or other applicable requirements.

After the five-day notification period, the waitlist manager will review qualified applicants that have expressed interest. Applicants will be contacted for verification of their qualifications. If applicants are eligible for down payment

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assistance HRDC will process the loan at the time of closing in a separate process.

Potential homebuyers on the waitlist are permitted to work with a realtor but are not required. An individual or family must go through the process of being added to the waitlist on their own, a realtor is not able to add an individual or family to the waitlist.

### Purge procedures to the waitlist

Households on the City of Bozeman Affordable Homeownership waitlist will be required to stay actively engaged in the process. When households join the waitlist, they are consenting to the purge procedures.

- Biannually households will be required to update their information through an online form. If the household does not complete this step before the date required, they will be removed from the list and not notified of upcoming homeownership opportunities.
- The HUD certified homebuyer education course is required to be taken every three years. The exception to this would be a one-year extension if the household completes a second one-on-one counseling session with the HUD certified homeownership counselor.
- If a household lapses from the waitlist while within the three-year period after taking the HUD homebuyer education class, they will be required to resubmit a letter of pre-qualification.
- At this time households unable to qualify for the minimum affordability of \$150K or higher will not be allowed on the waitlist.

### Interested in homeownership and unable to meet the waitlist requirements

For households on the path to homeownership that are not mortgage ready, HRDC will provide an option to be notified about the upcoming opportunities. This will allow households working towards meeting qualifications an opportunity to know about future options without priority to purchase.

### Eligibility for City of Bozeman Affordable Housing Ordinance Homes

This section applies to homes sold through the City of Bozeman Affordable Housing Ordinance. This list may be used to advertise and rank other homes included in other programs that provide below-market-rate housing to the community that are subject to variations of these requirements.

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Buyers of Affordable Homes through the City of Bozeman’s Affordable Housing Program are required to meet certain requirements for the purchase of a home. Being eligible for the waitlist does not automatically make an individual eligible for all or any homes sold through the affordable housing program.

1. Income verification – Must meet income requirements for the purchase price.
  - a. Verification must occur within one year prior to the closing of the purchase.
2. Asset verification – Liquid assets cannot exceed \$25,000 as defined in the AHO. Assets will be determined using the 24 CFR part 5.603, as amended.
3. The buyer must meet one of the following definitions of “First-Time Home Buyer”
  - a. An individual who has had no ownership interest in a principal residence during the 3-year period ending with the date of purchase; or
  - b. A single parent whose only prior home was owned with a former spouse while married; or
  - c. An individual who is a displaced homemaker and has only owned with a spouse; or
  - d. An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations; or
  - e. An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure
4. Buyer Contribution – Must have at least \$1,000 to contribute at the time of sale unless waived in writing by the city.
5. The buyer must utilize conventional or government-insurance fixed-rate first-mortgage financing with a term of 15 to 30 years.
6. The household must occupy the home as its primary residence. Buyers may not use the home for short term rental purposes.

<b>Gallatin County 2020 Income Limits</b>				
Area Median Income	1 Person Household	2 Person Household	3 Person Household	4 Person Household
70%	\$42,546	\$48,594	\$54,684	\$63,280
80%	\$50,650	\$57,850	\$65,100	\$72,300
90%	\$54,702	\$62,487	\$70,308	\$81,360

### Down Payment Assistance

Down Payment Assistance is a separate program from the Affordable Homeownership program although eligible individuals frequently overlap. Down Payment Assistance is only available for lower-priced affordable homes.

Subject to the availability of funds, the city will provide on a first-come-first-served basis, down payment assistance not to exceed \$10,000.00 per home. Not all homes will be eligible for the City of Bozeman down payment assistance program.

Down-payment assistance will only be provided directly to the qualifying homebuyer. This assistance shall be secured with a lien instrument due upon sale, transfer, or non-rate/term refinance of the home.

### Glossary

**Affordable housing or affordable home.** A dwelling for purchase by an owner-occupant that requires no more than 33 percent of a household's income for housing payments and meets the definition of a lower-priced home or moderate-priced home.

**Area median income or AMI.** As calculated by the U.S. Department of Housing and Urban Development (HUD), AMI is the median income for a family of four within a specific geographical area, such as Gallatin County. For each such region, HUD adjusts this AMI calculation for households of different sizes and updates the calculations annually based on estimated changes in area incomes.

**Common ownership or control.** "Common ownership or control" refers to property owned or controlled by the same person, persons, or entity, or by separate entities in which any shareholder, partner, member, or family member of an investor of the entity owns ten percent (10%) or more of the interest in the property.

**Developer.** Developer is the person or legal entity, or their successor(s) in interest who: (a) submits an affordable housing plan for a subject property along with other submissions required for land use approvals, zoning, or permit reviews by the city, and/or (b) is the owner of property subject to this article during the development phase or a successor in title, such as a builder, obligated to implement the affordable housing plan required by this article with respect to one or more lots or parcels of land and/or (c) receives incentives for the production of affordable housing.

**Liquid Assets.** Assets such as cash, stocks, bonds or similar that can readily be converted to cash with no significant loss in value, but excluding long retirement assets such as IRA accounts, 401K accounts, pension funds, etc. Explicitly excluding retirement

**Lower-priced home.** Newly created dwelling for purchase, priced at a price affordable to a buyer-household with an income at 70 percent of area median income (AMI) as determined by the city.

**Market-rate home.** Any dwelling for purchase subject to this article which is not an affordable home. The number of market-rate homes in a development is used to determine the required number of affordable homes.

**Moderate-priced home.** Newly created dwelling for purchase, priced at a price affordable to a buyer-household with an income from 70.1 percent to a maximum of 90 percent of AMI as determined by the city.

**Pre-approval (for a mortgage).** A mortgage preapproval is an offer by a lender to loan the applicant a specific amount under specified terms. This process requires a credit check to verify the documents submitted to the loan officer on income, assets and debts.

**Pre-qualification (for a mortgage).** Prequalification is a non-binding process in which prospective borrowers provide preliminary information concerning income, debts, assets and credit to mortgage lenders. The lenders perform some calculations and estimate the size of home purchase they will likely approve



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