

Housing Happenings... in Lackawanna & Luzerne Counties



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of The Institute for Public Policy & Economic Development*

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**The Housing Task Force is
comprised of members of
the Lackawanna Housing
Coalition and the Luzerne
County Housing Partnership**



News

The Housing Task Force is busy planning its upcoming symposium which is scheduled for Thursday, May 20, 2010 at 1:00-3:00 p.m. at the Scranton Radisson. This event will dovetail off of The Institute's Lackawanna Luzerne Counties Indicators Forum which will take place the same day at the same location from 8:30 a.m.-noon.

The Housing Symposium will again have as key-note speaker, Dr. David Crowe, Chief Economist at the National Association of Home Builders (NAHB). Crowe's presentation will detail national, state, and regional housing outlooks.



As chief economist, Dr. Crowe is responsible for NAHB's forecasts of housing and economic trends, survey research and analysis of the home building industry and consumer preferences as well as microeconomic analysis of government policies that affect housing. David is responsible for the development and implementation of an innovative model of the local economic impact and fiscal cost of new home construction, which has estimated the net impact of new housing in over 500 local markets. Past research has concentrated on home ownership trends, tax issues, demographics, government mortgage insurance, local land use ordinance impacts and the impacts of housing on local economies. Past positions include NAHB Senior Vice President for Regulatory and Housing Policy and Deputy Director of the Division of Housing and Demographic Analysis at the U.S. Department of Housing and Urban Development. He has served on federal advisory committees to the Census Bureau and to the U.S. Department of Housing and Urban Development. David holds a PhD in Economics from University of Kentucky.

We appreciate Dr. Crowe coming to present again this year as his insight into housing trends is an opportunity for those in the industry to gain knowledge and an outlook for planning in the future.

More information will be coming in regard to the event and registration. Check the housing websites at www.nepahousing.org for updates.

**SAVE THE DATE
THURSDAY, MAY 20, 2010, 1:00-3:00 P.M.
NORTHEAST PA HOUSING SYMPOSIUM
SCRANTON RADISSON**

From the Task Force:



Jody Baden, Director of Development, Lackawanna Neighbors

Since the barrage of news articles encouraging people to purchase a home and the announcements about the \$8,000 tax credit incentive and more recently the extension of the incentive from November 30, 2009 to April 30, 2010 and the amendment to offer \$6,500 for current homeowners "moving up" to a new home and the expanded income criteria of \$125,000 for individuals and \$225,000 for married couples, our phones have become very busy. Normally this would be a very good thing for our organization and the communities where our neighborhood revitalization and housing development activities are taking place. Unfortunately, it has become apparent by the frustration of the callers that they are confused not only about the home buying process but also what financial assistance, if any, is available to them, what they need to do, who they must contact, and how to determine if they are income-eligible for the various incentive programs that some communities may offer to provide homebuyers with down payment and closing cost assistance. Hopefully this information will offer potential homebuyers the information needed to assist them with perhaps the largest financial purchase they will ever make in their lives.

To be eligible for the incentive programs homebuyers are required to complete homebuyer counseling workshops prior to purchasing their new home. These classes which are free to applicants are invaluable to new homebuyers and will take them step by step through the home buying process and provide them with the guidelines for the various incentive programs available so ideally this should be the first step for potential homebuyers. Classes are offered by organizations that have trained, HUD certified counselors on staff. In Lackawanna County (including Scranton and Carbondale) the organizations are: Neighborhood Housing Services of Lackawanna County (NHS), 709 E. Market Street, Scranton, PA 18509 Phone – 570.558.2490; United Neighborhood Centers of NE PA (UNC), 410 Olive Street, Scranton, PA 18409, Phone – 570.343.8835; Catholic Social Services (CSS) 516 Fig Street, Scranton, PA 18505, Phone – 570.558.3019. In Luzerne County participants are provided all necessary credit and/or homebuyer counseling through the Luzerne County Growing Homeowners Program. Information can be obtained by contacting the Housing Development Corporation at 570.824.4803 for Wilkes-Barre and 570.501.1030 for Hazleton.

The down payment and closing cost assistance programs that are funded with CDBG and/or HOME Investment Partnership Program funds and that are administered by the cities of Scranton, Carbondale and the Luzerne County Office of Community Development require that homebuyers meet certain "family-income" guidelines in order to be eligible for down payment and closing costs assistance. For example, the 2009 guidelines are: single person, the maximum income of that person from all sources can not exceed \$31,700; for 2 persons, \$36,250; 3 persons, \$40,750; 4 persons, \$45,300, 5 persons \$48,900; 6 persons, \$52,550. To determine eligibility, the entity providing the assistance must verify the family income by obtaining documentation from the employers of each working family member, through copies of income tax statements, employer income verifications and various other methods.

FHA will tighten rules for borrowers

As it seeks to bolster agency finances, HUD Secretary Shaun Donovan stated that rules will tighten for borrowers in his testimony before the House Financial Services Committee on Dec. 2. Specifically, FHA proposes to increase the up-front cash and raise minimum credit scores for borrowers who receive FHA-backed mortgages, and to limit seller assistance to buyers in terms of paying closing costs or giving free upgrades. The idea is to increase the amount that borrowers invest in the homes they buy in order to discourage them from defaulting on loans or walking away from underwater mortgages. According to Secretary Donovan, with the FHA now backing about 30% of all loans for home purchases and 20% of refinancings, tighter risk controls are needed now than when the agency had a much smaller volume of business prior to the housing downturn. To date, however, FHA officials have not yet decided how much to increase up-front cash requirements for borrowers. As for seller concessions, the agency now allows sellers to provide 6% of the home's value; Donovan said he wants the maximum permissible level lowered to 3%, in line with industry norms. In addition, agency staff are reviewing whether to increase the monthly insurance premiums charged to borrowers. Meanwhile, to protect itself against the riskiest borrowers, the agency has decided "for the time being" to raise its minimum credit score requirements for new borrowers – but again, staff are still determining what the new threshold should be. Read more in this Washington Post article or view Secretary Donovan's testimony here.

FHA's proposed changes would have a significant impact on borrowers' ability to obtain FHA-insured loans. However, several of the proposals would require changes in the law, and the HUD Secretary did not provide a timeline for implementation of any of the changes he mentioned. Going forward, NAHB will continue to interact with HUD and FHA to ensure that viable mortgage borrowers are not prevented from using this essential financing assistance. Send questions to: MondayMorningQuestions@nahb.org.

News from National Association of Home Builders

In an effort to get the word out to the public and its membership, NAHB's consumer-oriented Web site, www.FederalHousingTaxCredit.com, provides complete details on the enhanced home buyer tax credit.

The New York Times, Wall Street Journal and nationally syndicated housing columnist Ken Harney have directed their readers to the site.

"For an excellent consumer resource with FAQs on both the \$6,500 and the \$8,000 extended credits, go to www.FederalHousingTaxCredit.com," Harney wrote in a recent column.

Builders are encouraged to send their customers to www.FederalHousingTaxCredit.com to answer any questions they may have regarding the tax credit.

NAHB has also launched a set of resources at www.nahb.org/taxcreditmaterials to help association members understand and promote the new tax credit.

United Neighborhood Centers rehabs former Harriet Beecher Stowe School into affordable apartments

Harriet Beecher Stowe Elementary School in South Scranton was recently transformed into affordable housing. United Neighborhood Centers (UNC) cut the ribbon on a \$5 million project that has transformed the 101 year old school into 18 apartments for blue-collar, working families.

This renovation was undertaken by UNC's development corporation. Much of the project cost was paid through tax credits and grant money. The project kept the integrity of the building by preserving all of the architectural elements of the school. Some of these elements include tin ceilings, staircases, and woodwork that is original to the school building.

In an effort to keep rentals affordable monthly rentals run from \$140-\$552 for a two bedroom apartment to \$475-\$709 for three bedrooms.

For more information contact UNC.

For more information about the Housing Task Force please contact:

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SAVE THE DATE

2010 LACKAWANNA LUZERNE COUNTY INDICATORS FORUM

THURSDAY, MAY 20, 2010

8:00-12:00

**FOLLOWED BY THE
NORTHEAST PA HOUSING SYMPOSIUM**

1:00-3:00

SCRANTON RADISSON



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