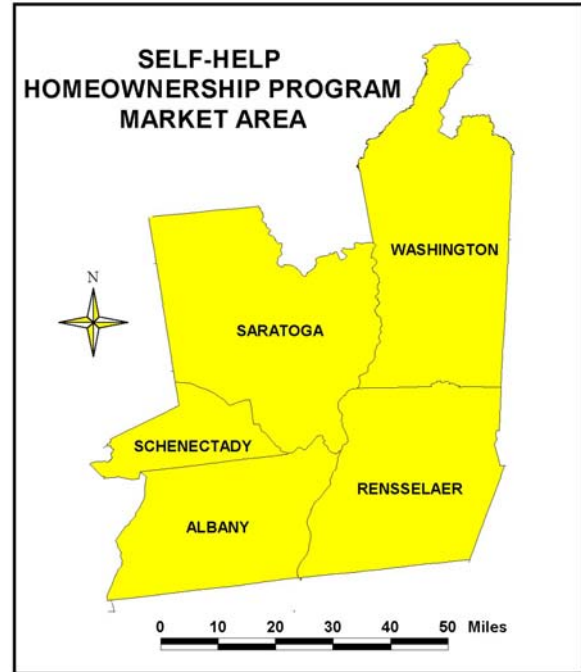
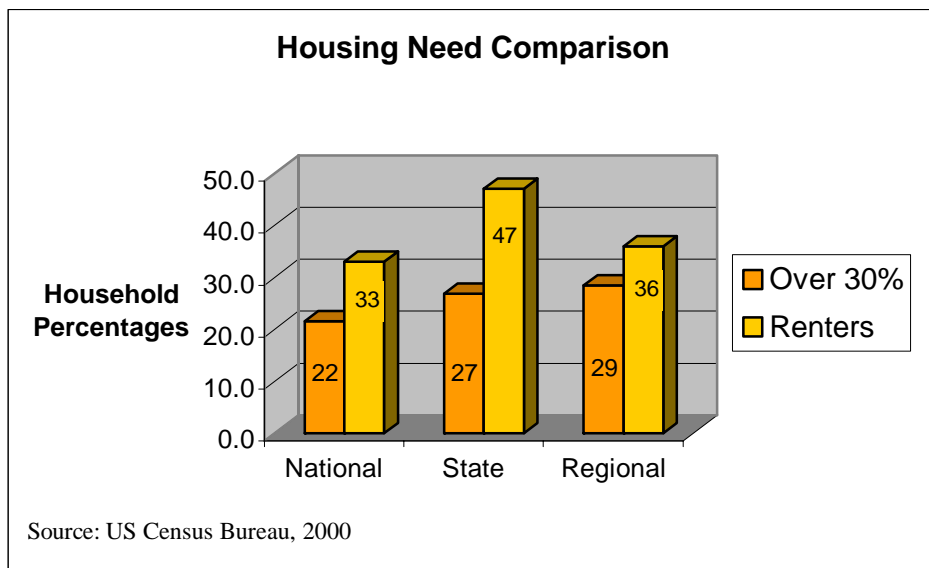


The proposed **Market Area** for the CCA Self-Help Homeownership Program is a five-county region located in northeastern New York State; including, the Capital District Region (Albany-Schenectady-Troy MSA, which comprises the counties of Albany, Rensselaer, Saratoga and Schenectady) and Washington County. According to Census 2000 data, there are approximately 130,000 households that occupy rental housing within these counties. Of these, over 96,000 have annual incomes below \$44,000. The quality of these rental units, to a certain degree, is questionable, as approximately 50,000 of them were built over 60 years ago, and many date back to the late- 1890s and early-1900s.



Two indicators commonly used to profile housing need are: 1) the percentage of household income expended to provide basic shelter; and, 2) the level of homeownership. The following graph illustrates a comparison between the Capital District Region housing statistics, and the New York State and National trends. Based upon this information, the Capital District Region has relatively more households than the State and Nation spending over 30% of their gross income on housing related expenses. Also, the figures indicate that the Capital District Region lags behind the Nation with regard to the percentage of owner occupied households. With twenty-nine (29) percent of area families spending over 30% of their income for housing and with thirty-six (36) percent of area families renting, there is clearly a need for additional affordable homeownership opportunities in this region. This need is even greater for the lower-income population, which will be the recipient of the CCA Self-Help Homeownership Program.

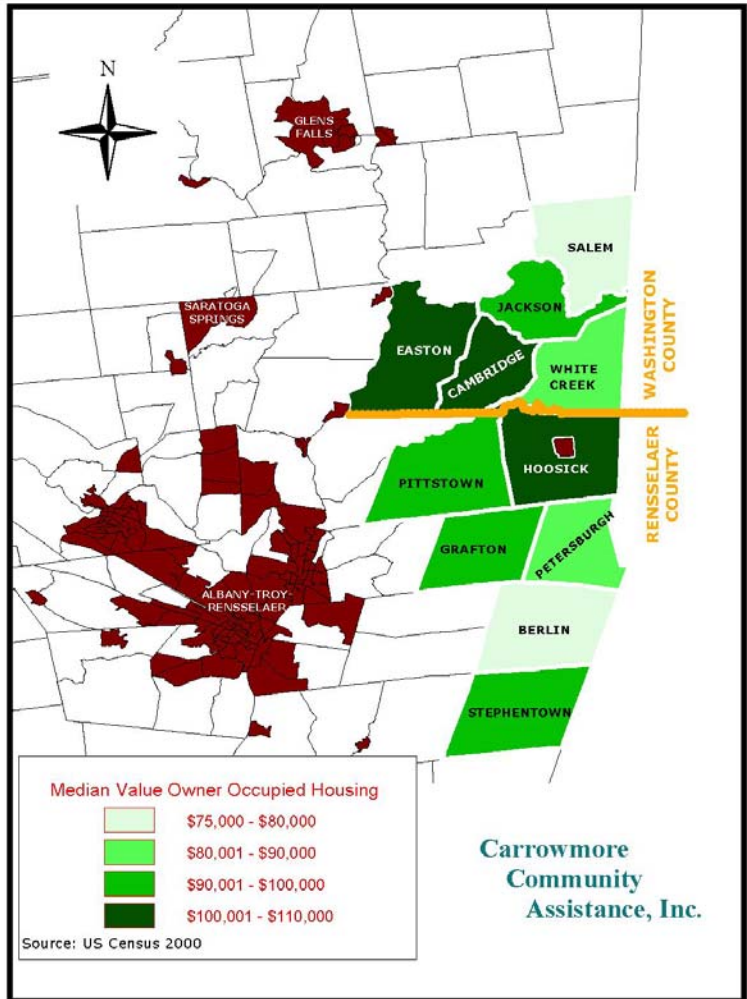


The **Program Area** shaded in green illustrates the Self-Help Homeownership Program area where future land acquisition will be investigate for SHHP building sites. This includes several rural townships in eastern Rensselaer County (Stephentown, Grafton, Berlin, Petersburg, Hoosick, and Pittstown) and in southern Washington County (Easton, Cambridge, Salem, White Creek, and Jackson); however, **the first round of TA Grant funding will focus in eastern Rensselaer County.**

These towns are located in USDA Rural Development eligible districts. It is important to note that the USDA housing program guidelines make significant distinctions between Washington and Rensselaer County with regard to maximum loan amount and income eligibility. However, when comparing single-family home values, gross rents and household incomes for each of the townships with the Capital District there doesn't appear to be such a significant differences. Currently, the maximum loan amount is \$140,484 and the median income is \$45,300 for Washington County; whereas, the maximum loan amount is \$148,245 and the median income is \$55,500 for Rensselaer County.

Note: Rural Development maximum loan amounts and modest home values (MHV) listed above will be effective the end of March 2003, pending approval by the USDA. **The first round of TA Grant funding will focus in eastern Rensselaer County.**

MEDIAN VALUE OWNER OCCUPIED HOUSING



	Median Value Owner Occupied Housing	Median Gross Rent	Median Income
Hoosick	\$101,600	\$417	\$45,203
Pittstown	\$97,700	\$571	\$49,968
Grafton	\$96,300	\$613	\$48,347
Petersburgh	\$89,300	\$588	\$45,909
Berlin	\$76,800	\$516	\$38,875
Stephentown	\$93,200	\$533	\$43,506
Salem	\$79,500	\$488	\$40,227
Jackson	\$96,200	\$581	\$41,490
White Creek	\$84,400	\$466	\$34,412
Cambridge	\$107,700	\$527	\$46,579
Easton	\$109,200	\$597	\$43,194
Capital District	\$102,200	\$589	\$43,250

Source: Census 2000

As illustrated in the table to the right, while current single-family **Home Sales** in the Capital District have not reached the high point held in the early 1990's, single-family home prices have risen over the past several years. Record low interest rates, higher sales volume, and reduced marketing time, all combine to indicate a very strong single-family home market. Such a market, however, places an extra burden on low-income families in their attempt compete for existing and new single-family homes. These housing market conditions underscore the need for affordable homeownership programs. As indicated below, the Self-Help Homeownership program provides features such as pre-purchase counseling, cost-saving financing, and construction techniques that can help families overcome many of these barriers to homeownership.

The cost of "affordable" housing is dependent upon many variables. Besides mortgage financing alternatives, which will be reviewed on the following page, other factors include:

- The initial cost of land and site development.
- Building design and material specifications.
- Competitive bidding of building materials and subcontractors.
- The amount of self-help homeowner labor.
- The amounts of other sources of grant and project subsidies that will reduce the amount of loan principal.

The scenario to the right assumes the employment of cost effective measures throughout all phases, from site selection through construction; and considers the positive impact for the self-help homeowner, if other housing grant subsidies are awarded, which can reduce the amount required to be financed.

Average Home Sales: Constant Dollars

	1991	2000	2001
Albany	\$168,937	\$137,831	\$149,501
Rensselaer	\$135,786	\$114,038	\$116,985
Saratoga	\$168,542	\$152,394	\$161,204
Schenectady	\$147,868	\$109,178	\$105,927
Capital District	\$159,736	\$133,763	\$140,012

Average Days to Sale

	1991	2000	2001
Albany	99.8	86.4	74.7
Rensselaer	115.4	119.2	100.1
Saratoga	103.3	85.4	66.3
Schenectady	106.0	96.3	87.5
Capital District	104.4	92.8	78.1

Source: Capital District Regional Planning Commission

Owner Equity

Appraised Value (Market Value)..... \$100,000

Expenses

- Land.....\$18,000
- Materials.....\$35,000
- Contractors.....\$22,000
- Permits/Closing Costs/Misc....\$5,000

Total Project Expenses..... **\$80,000**

Earned Equity (Owner Labor).....\$20,000

Potential Sources of Principal Reduction

	Loan Principal
<u>Appraised Value</u> (Market Value).....	\$100,000
<u>Owner (Sweat) Equity</u>(\$20,000)	\$80,000
<u>SHOP 85% Conversion Grant</u>(\$8,500)	\$71,500
<u>NYS Housing Grants</u>(\$10,000) (HOME, CDBG, AHC, etc.)	\$61,500

Mortgage Financing options are available from many sources, both private and public. However, not all of these funding sources readily conform to the concept of self-help, owner-built housing, nor do they provide other advantages inherent in the USDA Section 502 Loan.

Note: The following Tables illustrate a few possible scenarios that provide a sampled range of possible financing options.

The “Mortgage Financing Options” table provides a matrix illustrating how adjustments to the loan principal, mortgage term and interest rate affect monthly mortgage payment amounts. The various scenarios assume a newly constructed home with market value of \$100,000, and an established value of \$20,000 representing owner equity. Other potential sources of principal reduction could be:

Mortgage Financing Options

Loan Amount with Principal Reduction	30 Year Term @ 6%	33 Year Term @ 6%	38 Year Term @ 1%
\$80,000 (Owner Equity \$20,000)	\$479.64	\$464.44	\$210.95
\$71,500 (SHOP 85% Conversion)	\$428.68	\$415.10	\$188.54
\$61,500 (NYS Housing Grant)	\$368.72	\$357.04	\$162.17

- ❑ \$8,500 from the Self-Help Homeownership Opportunity Program (SHOP), which converts 85% of a \$10,000 loan used for site acquisition and site preparation into a grant.
- ❑ A \$10,000 grant from New York State sources, such as: the Affordable Housing Corporation, HOME, Small Cities Community Development Block Grant (CDBG), and/or Weatherization.

Monthly & Annual PITI Calculations

The “Monthly & Annual PITI Calculations” table takes the monthly mortgage (principal and interest) payments from the “Mortgage Financing Options” table above and adds amounts for property insurance and taxes. Total monthly and annual PITI amounts are provided for each lending scenario. Note that monthly PITI amounts range from \$717.64 to \$400.17 while median gross rents (page 3) for the Market Area range from \$613 to \$417, indicating comparatively on par monthly housing costs for tenants contemplating homeownership.

Principal, Interest, Taxes and Insurance (PITI)	30 Year Term @ 6%	33 Year Term @ 6%	38 Year Term @ 1%
\$80,000 (Owner Equity \$20,000)	\$717.64	\$702.44	\$448.95
\$71,500 (SHOP 85% Conversion)	\$8,611.68	\$8,429.28	\$5,387.40
\$61,500 (NYS Housing Grant)	\$666.68	\$653.10	\$426.54
\$61,500 (NYS Housing Grant)	\$8,000.16	\$7,837.20	\$5,118.48
\$61,500 (NYS Housing Grant)	\$606.72	\$595.04	\$400.17
\$61,500 (NYS Housing Grant)	\$7,280.64	\$7,140.48	\$4,802.04

Capture Rate is a term used to describe the essential target projections for any market analysis; which in this case, is a plausible determination of what portion of the proposed market area residents well benefit from, and desire to actively participate in, the Self-Help Homeownership Program. This market analysis relies upon Census 2000 data to provide a demographic profile of the market area and is combined with the financing scenarios created for the market area study described herein. Any market projections are based on the assumption that an effective marketing plan will be prepared and implemented. (See Section 6. Outreach Plan For Very Low-Income)

It is estimated that 63% or 82,000 renter-households in the proposed market area income eligible. Of course, not all of these will be reached through the various means of program promotion and outreach, and many will not be interested in participating, or may not meet the other financial requirements of the self-help homeownership program. However, it would be reasonable to expect, using a conservative estimate, that at least 3% or 2,460 households from this targeted population will be reached through program marketing efforts. Again, using a conservative estimate by applying a ratio of 10:1, it can be expected that for every ten households informed and that respond to the program solicitation, only one household will be interested in actively participating self-help housing. ***Therefore, there is a potential of at least 200 - 300 families from the market area that can reasonably be expected to fully participate in the self-help homeownership housing program.***

Another approach of estimating the potential pool of program participants is to apply USDA program guidelines for household income eligibility and maximum debt-to-income ratios (DIR). Considering the lowest income scenario, even a very-low income household could qualify for the maximum loan amount for Washington County, using a DIR of 29%. With deeper project subsidies from other sources, a more modest house design, more cost-effective land acquisition/site development measures, and additional homeowner labor (sweat equity), self-help housing opportunities could be expanded to serve even lower-income families or to further reduce monthly housing costs.

Number of Households in Rental Units with Incomes Below \$44,000

Market Area Household Income	# of Renter Households
\$44,000-\$35,000(*)	14,193
\$34,999-\$25,000	21,426
\$24,999-\$20,000	11,802
\$19,999-\$15,000	12,516
\$14,999-\$10,000	14,420
\$9,999-\$5,000	13,848
\$5,000-\$0	8,047
Total	96,252

(*) Estimate based on cohort split. The average rental-household size is 2.03 – 2.15. The corresponding low-income levels for a two- member household are: \$35,500 for the Capital District and \$29,000 for Washington County.

County Household Median Income/ Debt-to-Income Ratio (DIR)

Debt-to-Income Ratio (DIR)	Washington County	Maximum DIR	Rensselaer County	Maximum DIR
80% Median Income DIR 33%	\$36,250	\$11,963	\$44,400	\$14,652
60% Median Income DIR 33%	\$27,180	\$8,976	\$33,300	\$10,989
50% Median Income DIR 29%	\$22,650	\$6,569	\$27,750	\$8,048

Annual PITI Calculations

Loan Amount	30 Year Term @ 6%	33 Year Term @ 6%	38 Year Term @ 1%,
\$80,000	\$8,611.68	\$8,429.28	\$5,387.40
\$71,500	\$8,000.16	\$7,837.20	\$5,118.48
\$61,500	\$7,280.64	\$7,140.48	\$4,802.04