RECOMMENDED CHANGES TO MORTGAGE ASSISTANCE PROGRAM (MAP)

*Recommended changes are noted in red.

PROGRAM DESCRIPTION

The Orange County Mortgage Assistance Program (MAP) provides low-income first-time homebuyers with mortgage assistance up to $80,000 (not to exceed 20% of the purchase price) in the form of a silent second mortgage loan.

The program was created in 1999 and updated in December 2003 and in August 2020. Since the last revision of the MAP Guidelines in 2020, the housing market has drastically changed, and the program has not been utilized since 2022. OC Community Resources staff is recommending changes to the policy and guidelines to enhance utilization and accessibility of the program and make homeownership more attainable for low to moderate income eligible first-time homebuyers throughout the County.

1. FUNDING SOURCES

Proposed -

The following funding sources are to be considered for the mortgage assistance loan: California State Housing and Community Development Department Funds (CalHome), Federal HOME Investment Partnership (HOME) funds, and State Permanent Local Housing Allocation (PLHA) funds. *Additionally, as other sources may become available for homeownership, they may be utilized under these guidelines subject to approval by the Board of Supervisors.*

Current -

The following funding sources are to be considered for the mortgage assistance loan: California State Housing and Community Development Department Funds (CalHome) and Federal Home Investment Partnership (HOME) funds. *Additionally, as other sources may become available for homeownership, they may be utilized under these guidelines subject to approval by the Board of Supervisors.*

Discussion –

The Permanent Local Housing Allocation Program (PLHA) requires funds to be set-aside for homeownership opportunities, including downpayment assistance programs. Under the 2019-2024 Formula Allocation, the County of Orange (County) set aside funding for downpayment assistance through the County's MAP. OCCR is now adding PLHA funding to the MAP.

2. ELIGIBLE APPLICANTS

Proposed –

Applicant(s) must be a first-time homebuyer. They must have a gross annual household income that does not exceed 120% of the Orange County area median income, adjusted for family size.

Current –
Applicant(s) must be a first-time homebuyer. They must have a gross annual household income that does not exceed 80% of the Orange County area median income, adjusted for family size.

Discussion –
The current MAP serves eligible participants earning up to 80% of the Area Median Income (AMI). Under PLHA, households earning up to 150 percent of the AMI may qualify. Staff recommends increasing the AMI limit from 80 percent to 120 percent of AMI, with the option to return to the Board of Supervisors for further adjustments if funds are not fully drawn down by the June 30, 2030 PLHA deadline.

The 2026 income level by household size is the following (State HCD Income Limits)*:

Household Size	Low-Income (80% AMI)	Moderate Income (120% AMI)
1 person	$104,200	$116,400
2 persons	$119,100	$133,050
3 persons	$134,000	$149,650
4 persons	$148,850	$166,300
5 persons	$160,800	$179,600
6 persons	$172,700	$192,900

*Subject to change on annual basis.

3. PROGRAM PRIORITIES

Proposed –
The Mortgage Assistance Program (MAP) aims to promote homeownership opportunities for qualified mortgage ready applicants who live and/or work in Orange County residents. The program is designed to assist qualified households with the monies necessary to meet the down payment and/or closing costs requirement to purchase a property.

Current -
The Mortgage Assistance Program (MAP) aims to promote homeownership opportunities for qualified mortgage Orange County residents. The program is designed to assist qualified households with the monies necessary to meet the down payment and/or closing costs requirement to purchase a property.

Discussion –
This language clarifies that the program is available to applicants who live or work in Orange County, expanding the applicant pool.

4. FINANCIAL CRITERIA

Proposed –
Each applicant must be able to provide 1% of the purchase price of the home in addition to the remainder of closing costs.

Current –

Each applicant must be able to provide 1% of the purchase price of the home in addition to the closing costs.

Discussion –
This language clarifies that the applicant will be responsible for paying at least a portion of any remaining closing costs.

5. LOAN TERMS

Proposed –
A Deed of Trust on the property secures the loan. Total sales price shall not exceed 85% of the Orange County median sales price for all homes, which as of *2026* would be $*1,015,217 (85% of $1,194,373*).

- Loan of up to $120,000 for low-income households (up to 80% AMI).
- Loan of up to $80,000 for moderate-income households (up to 120% AMI).
- Loan term is thirty (30) years.
- Deferred Payment Loan.
- Loans are not forgivable.
- An interest rate of 3% (simple) shall be used for all loans.
- All loans (principal and earned simple interest) are due and payable upon sale or transfer of interest or when property ceases to be owner occupied, with the exception of transfers between surviving spouses continuing to reside in the property.

Assistance Amount	AMI	Interest	Buyer Contribution	Funding Source
Up to $120,000	80% Low-Income	3%	1%	HOME, CalHome, PLHA
Up to $80,000	120% Moderate-Income	3%	1%	PLHA

Current -
A Deed of Trust on the property secures the loan. Total loan amount for an owner-occupied residence cannot exceed *$80,000*. Total sales price shall not exceed 85% of the Orange County median sales price for all homes, which as of *2020* would be $*726,750 (85% of $855,000*).

- Loan term is thirty (30) years.
- Deferred Payment Loan.
- Loans are not forgivable.
- An interest rate of 3% (simple) shall be used for all loans.
- All loans (principal and earned simple interest) are due and payable upon sale or transfer of interest or when property ceases to be owner occupied, with the exception of transfers between surviving spouses continuing to reside in the property.

Discussion –
The MAP has not been revised since 2020. Since then, the housing market has drastically changed and interest rates have increased. The median sales price was $885,000 in 2020 and has risen to $1,194,373 in 2026, while the average interest rates have increased from 3.38% to 6.52%. As a

result, our mortgage assistance loan amount is not competitive for the current homebuyer market and the County has only closed on one MAP loan since 2022.

Staff proposes to increase the downpayment assistance amounts up to $120,000 for households earning up to 80 percent of AMI and expand the program to include households earning up to 120 percent of AMI, offering downpayment assistance of up to $80,000. Based on mortgage calculator estimates, a low-income household of four (maximum income of $135,350) could afford a home valued at approximately $595,800 with up to $120,000 in assistance. A moderate-income household of four (maximum income of $163,900) could afford a home valued at approximately $620,200 with up to $80,000 in assistance.

Applicants may purchase a higher priced home, as long as it does not exceed 85% of the Orange County median sales price, and are still able to meet the program qualifications, including income, debt-to-income cost ratio (up to 45%), minimum contribution requirements, property eligibility, etc. In contrast, CalHFA's downpayment assistance program no longer restricts the sales price limits.

The table below demonstrates the loans available in the surrounding communities. The recommended increase will make the loan competitive as well as meet the need amongst the low- and moderate-income homebuying community.

City	Assistance Amount	AMI	Interest	Buyer Contribution
Garden Grove	Up to $110,000	80% Low-Income	0%	3%
Garden Grove	Up to $50,000	120% Moderate- Income	0%	3%
Santa Ana	Up to $120,000	80% Low- Income	0%	3%
Santa Ana	Up to $80,000	120% Moderate-Income	0%	3%
Los Angeles	Up to $161,000	80% Low- Income	0% (equity share)	1%
Los Angeles	Up to $115,000	120% Moderate-Income	0% (equity share)	1%

6. SUBORDINATION

Proposed –

The County may, at its sole discretion, agree to subordinate its financing to the first lien purchase money mortgage on the property ("First Lien") held by an institutional lender, and as applicable one or more additional loan(s) as approved by County, including lien instruments that secure other homebuyer purchase money and/or downpayment assistance, including without limitation state or federal affordable housing programs such as Housing Enabled by Local Partnerships (HELP), Building Equity and Growth in Neighborhoods (BEGIN), the CalHome program, and CalHFA mortgage downpayment assistance. Any additional loan(s), aside from the first lien, shall exceed the amount of financial assistance provided by the County.

Current -
No current policy/process.

Discussion –
The proposed language would allow applicants/borrowers to layer additional down payment assistance from other public agencies with the MAP, thereby increasing their purchasing power. In addition, the proposed language would expand MAP from a silent second loan to a deferred payment "silent" loan structure.

Under the updated approach, the County will subordinate its position only to additional loans—other than the first mortgage—that exceed the total financial assistance provided by the County.

7. UPDATED ADDENDUM A

Proposed –
Only Participating and metro cities are eligible for the program. Participating and metro cities may be added or removed as approved by the Board.

HOME **(up to 80% AMI)**	**CalHome** **(up to 80% AMI)**	**PLHA** **(up to 120% AMI)**
Eligible Units: • Single-family unit • A two to four-unit property • Condominium • Manufactured home **Eligible Locations:** **County Unincorporated Areas and the following participating cities:** Brea Cypress Dana Point La Palma Laguna Beach Laguna Hills Laguna Woods Los Alamitos Seal Beach Stanton Villa Park	**Eligible Units:** • Single-family unit • Condominium • Planned unit developments (PUDs) • Manufactured home • Co-op housing **Eligible Locations:** **County Unincorporated Areas and the following cities:** Brea Cypress Dana Point La Palma Laguna Beach Laguna Hills Laguna Woods Los Alamitos San Juan Capistrano (2021) Seal Beach Stanton Villa Park Metro Cities: Placentia Yorba Linda	**Eligible Units:** • Single-family unit • Condominium • Planned unit developments (PUDs) • Manufactured home • Co-op housing **Eligible Locations:** **County Unincorporated Areas and the following cities:** Brea Cypress Dana Point La Palma Laguna Beach Laguna Hills Laguna Woods Los Alamitos Seal Beach Stanton Villa Park

Current –

HOME	CalHome
<u>Eligible Units</u>: • Single-family unit • A two to four-unit property • Condominium • Manufactured home **<u>Eligible Locations</u>:** **County Unincorporated Areas and the following participating cities:** Brea Cypress Dana Point La Palma Laguna Beach Laguna Hills Laguna Woods Los Alamitos Seal Beach Stanton Villa Park	**<u>Eligible Units</u>:** • Single-family properties • **<u>NO</u>** 2-4-unit properties • Condos • Planned unit developments (PUDs) **<u>Eligible Locations</u>:** **County Unincorporated Areas and the following cities:** Brea Cypress Dana Point La Palma Laguna Beach Laguna Hills Laguna Woods Los Alamitos San Juan Capistrano (2021) Seal Beach Stanton Villa Park <u>Metro Cities</u>: Placentia Yorba Linda Fullerton (2021)

Discussion –
The eligible locations for PLHA funding reflects the Urban County cities (excluding Metro Cities that receive a direct PLHA allocation). For CalHome funding, the eligible locations list was updated to reflect current Metro Cities under the Urban County program. This list of eligible units is also updated to be in alignment with the current CalHome Guidelines.