

# Community Homebuyer Assistance Program

Permanent Affordability Program



## Purpose

The intent of CHAP Permanent Affordability Program is to increase affordable homeownership opportunities for local residents throughout the Flagstaff community by helping them purchase homes they can afford in neighborhoods of their choice. This option will also grow the City’s stock of permanently affordable ownership units by lowering buyer acquisition costs through strategic city investments in exchange for permanent affordability.

## Program Overview

- CHAP funds allow the home to be purchased for less than market rate. Buyer agrees to sell to another eligible buyer also for less than market rate enforced via 99-year ground lease or deed restriction.
- If a ground lease is used, the city of Flagstaff will own the land, and the buyer will mortgage the home on the land.
- CHAP Permanent Affordability Program funds are allocated on a first-come first-serve basis.

## Amount of Assistance

- Assistance Amount: Up to 30% of purchase price/home value to be used toward purchase.
- Max purchase price is \$600,000.
- Buyer’s housing ratio must be below 35% of gross monthly income. Total debt-to-income ratio not to exceed 45% gross monthly income.

## Assistance Terms

- Program assistance is not a loan. Instead, a deed restriction or ground lease will secure the City’s investment in a permanently affordable unit.
- A Ground Lease or Deed Restriction agreement will be recorded at the same time as the primary mortgage.
- Home purchased must be within City of Flagstaff City limits.
- Buyer must own and occupy the property as their primary residence.
- Refinancing the home mortgage loan is permitted within this program. Refinancing with cash out will be permitted, provided the total first mortgage principal balance after refinance does not exceed the projected resale price of the home.

## 2026 Flagstaff 125% AMI Limits

Family Size  
AMI Limit

1

\$98,000

2

\$112,000

3

\$126,000

4

\$140,000

5

\$151,250

## Resale

### ■ Initial Affordable Purchase Price Formula:

Initial Purchase Price – City Assistance = Initial Affordable Purchase Price

### ■ Appraisal-Based, Affordable Resale Price Formula:

(Initial Affordable Purchase Price) + [(Appraisal 2 – Appraisal 1) X 25] = Affordable Resale Price

## Resale Example

- Hypothetical market home value \$400,000
- 30% of purchase price = \$120,000 (City CHAP funds)
- Initial Purchase price to buyer = \$400,000 - \$120,000 = \$280,000
- Hypothetical home appreciates \$100,000 making new market value \$500,000
- Resale calculation: New market value of \$500,000 Minus initial home market value of \$400,000 = \$100,000 X 25% = \$25,000.
- Resale Price would be initial Affordable Purchase Price plus resale appreciation: \$280,000 + \$25,000 = \$305,000

## Client Requirements

- Total household income must not exceed 125% of the area median income (AMI).
- Completion of one-on-one Homebuyer Counseling, online Homebuyer Education, and permanent affordability orientation.
- Buyer has lived or worked in Flagstaff MPO Boundary for the most recent 12 months.
- CHAP Permanent Affordability program is for first-time Flagstaff homebuyers (households that have not owned a home in Flagstaff in the most recent three years).
- Close of escrow to be scheduled to allow sufficient time for Housing Solutions to verify eligibility, review first mortgage for affordability and request funds (COE must be at least 45 days).
- U.S. Citizen or legal permanent resident.
- Buyer cannot retain ownership in any additional residential property.

## Loan Requirements

- Arms –length transaction
- Housing Ratio at or below 35%
- Debt to income ratio no greater than 45%
- Conforming, 30-year fixed rate mortgage
- Fees must not be excessive based on industry standards.

## Owners Must Sell Home If

- Home is no longer owner-occupied.
- Info provided at application is determined fraudulent.

## Ground Lease/Deed Restriction Terms

- Limits use of land to residential purposes. Cannot be used as a short-term rental.
- Requires responsible use of the property and compliance with all laws.
- Requires owner occupancy.
- Provides parameters for construction and alteration.
- Maintenance of home is buyer's sole responsibility.
- Requires buyers to obtain and maintain casualty and liability insurance.

Persons requiring language, hearing, visual, mobility, or other accommodations may contact Housing Solutions of Northern Arizona at (928) 214-7456 or TDD 711 to make special arrangements for services.

Housing Solutions does not discriminate on the basis of race, color, religion, sex, national origin, sexual orientation, gender identity, handicap or familial status in employment or program services. Special accommodations will be made for the physically challenged, upon notification.

