

Q & A – John Subdivision’s Free Lots Frequently Asked Questions

Q: How much will building a new home cost?

A: The cost depends on many factors. The only way to know is to have a discussion with your local builder. As a rough estimate, a home can be built for around \$108 a sq ft. A home of 1,100 sq ft. (minimum sq ft for a home in the subdivision) would be a cost of \$118,000. The cost per square foot will vary based upon the type of home built, materials used, and will often become less per square foot as the home gets bigger.

Q: Can I afford a new home?

A: Start by visiting your local banker. They can help determine if your finances will allow you to build a home, and how it will compare to your current situation if renting. Monthly housing payments include: the house payment (principal & interest), property taxes, and insurance. As an example, a \$120,000 loan for 30 years at 3.25% will be \$522 a month for a house payment. Your taxes and insurance will be additional and depend on the value of your home, tax rates and how much insurance you place on the home. **You may also qualify for a USDA Direct Loan and your loan payments could be subsidized. You may also qualify for a USDA Guaranteed Loan through your local bank which can reduce the down payment necessary, make the qualifications easier, and help reduce the interest rate by having the USDA provide a guarantee to the bank on the loan.**

Q: Where can I go to get a loan?

A: You can go to any approved lender to see if you qualify for a home loan. Heritage Bank and Citizen’s Bank in Loup City are approved lenders. Again, the USDA also has home loans available and can also work with your bank through their Guaranteed Loan program.

Q: What kind of assistance is available?

A: There is funding available to people who qualify for Workforce housing. This funding has been made available by the Nebraska Affordable Housing Trust Fund (NAHTF). The program has set aside \$10,000 to be used directly as a down payment towards the home and \$10,000 for payment to the builder against the house. This assistance is for anyone who qualifies under the income and asset levels set forth by the State. Income levels start at \$47,880 for one person and increase by \$6,840 for each additional person in the household.

Q: What kind of home can I build?

A: The subdivision does have restrictive covenants. Some of the covenants are: a house needs to be a minimum of 1,100 sq ft., any home built must have a minimum amount of pitch to the roof (12”) and peaks (18”). A modular or custom built home will qualify, however, the construction and features must comply with the covenants. **Mobile homes are not allowed.**

Q: Can we have a basement?

A: Yes. You can build a home with a basement in the subdivision. The Sherman County Economic Development (SCED) Office has more information they can provide to you with regards to the water table and elevation of each lot.

Q: Where are the lots located?

A: The lots are located north of 10th & G streets. They are within two blocks of Loup City Schools and are also adjacent to Peterson Park which includes two baseball fields and a playground.

Q: How long will this offer be available?

A: This Workforce housing offer will be available until August of 2013. It can take time to go through the process, and interested parties should pick up an application packet from the SCED Office for review, and speak to their local lender as soon as possible. Those starting the process after spring of next year will run the risk of not completing their home by the August deadline which could jeopardize their funding.

Q: How will this offer help me?

A: The Workforce housing offer provides up to \$20,000 to eligible applicants for down payment and building costs. These funds provide capital to homebuyer so they can reduce the mortgage amount to make the cost of building a new home more affordable. Continuing from a previous example, a \$120,000 home loan for 30 years at 3.25% would create a loan payment of \$522 a month. Without the offer, the home loan would be \$140,000 which at 30 years with 3.25% interest creates a monthly payment of \$610, a difference of \$88 more each month for thirty years. In addition to the \$20,000 in funds, the lot is free to prospective applicant which adds additional equity.

Q: Are there any stipulations to the Workforce housing offer?

A: Yes. The homeowner will need to live in the home for a minimum of 5 years to complete occupancy requirements. If the homeowner leaves before that time, a portion of the down payment assistance may be requested from the homeowner. That amount will be determined by length of time in the home and circumstances surrounding their departure. This stipulation is in place to ensure that the home is not built and then sold shortly after for profit using down payment assistance.

Q: How many lots are available?

A: Four lots are currently available. Those who qualify to build a home will have their choice of any of the remaining lots. While there is a potential for additional lots to become available in the future, this will not likely happen within the next few years, and the down payment assistance program will no longer be available to utilize.

Q: Why was John Subdivision created?

A: To improve the availability of housing, provide financial assistance to eligible families, promote home ownership, create new housing stock, and increase attractiveness of designated underdeveloped neighborhoods while increasing local employment.

After an extensive housing study and survey was completed in Fall of 2008, several of the major needs identified were more 3+ bedroom homes for low to middle income households. The survey showed that a limited number of housing choices were available, with few options for first time homebuyers, and a lack of new homes being built to keep pace with the number of declining homes.

In response, the City of Loup City and Sherman County Economic Development Office applied for and received a Nebraska Affordable Housing Trust Fund grant which would provide funding for the development of a new subdivision with incentives for qualified builders to assist in affordability. In addition, the City of Loup City has provided the lots for free to anyone who builds a home in the subdivision

If you have further questions or an interest in building, please contact the Sherman County Economic Development office for more information and an application packet. They can be reached at 308-745-5040 or by email at development@shermancountyprogress.com.