

# RESOLUTION NO. 96-136

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF APR 2 1996

## **POLICY AND PROGRAMS FOR ASSISTING FIRST-TIME HOME BUYERS AND HOME OWNERSHIP PROJECTS; APPROVING GUIDELINES FOR FIRST-TIME HOME BUYER ASSISTANCE PROGRAM AND DEVELOPMENT ASSISTANCE PROGRAM**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

Section 1. The following policies are adopted relating to assistance to home buyers and to home-ownership development projects within the City of Sacramento by the Sacramento Housing and Redevelopment Agency and its constituent agencies (Agency):

- a. Agency's home ownership assistance shall only consist of down payment and closing cost assistance to first-time home buyer.
- b. Agency may provide development assistance for new construction and major rehabilitation ownership projects only in Agency-designated targeted areas, and applications for such funding shall be subject to project-specific analysis in the context of community development objectives and market conditions.

Section 2. The Guidelines For First-Time Home Buyer Assistance program attached as Attachment I are approved.

Section 3. The Guidelines For Development Assistance attached as Attachment II are approved.

  
MAYOR

ATTEST:

  
CITY CLERK

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ATTACHMENT I  
FTHB PROGRAM GUIDELINES



# Fact Sheet

P.O. BOX 1834, SACRAMENTO, CA 95812-1834

## **FIRST-TIME HOME BUYER PROGRAM GUIDELINES**

### General Information

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- Program Description:** The First-Time Home Buyer (FTHB) program helps home buyers purchase homes by providing financial assistance towards down payment and closing costs.
- Program Goals:** The goal of the FTHB program is to help first-time, low-income home buyers purchase homes which they can afford with a minimal amount of Agency assistance in order to promote home ownership .
- Form of Assistance:** A forgivable promissory note in favor of the Agency.
- Calculation of Assistance:** Five percent (5%) of the value of the property as defined herein and subject to the limitations below.
- Maximum Assistance Amount:** \$5,000
- Interest Rate:** Five percent (5%) per annum, simple.
- Term:** Ten (10) years or due upon sale or refinancing of the property. (Sale prior to year 10 may be subject to recapture provisions)
- Loan-To-Value:** The total of all loans secured by the property shall not exceed 102% of value. "Value" shall mean the lesser of the appraised value of the property or the unsubsidized sales price. Waivers may be granted for non-Agency subordinate financing.
- Use of Funds:** Funds may be used to pay for a portion of the buyer's down payment, closing costs and/or repair costs, if any.
- Borrower Contribution:** The applicant/borrower must contribute a minimum cash amount towards the purchase price to be determined by the first mortgage lender.
- Other Terms:**
- Loans may be secured by a subordinated deed of trust on the property.
  - The principal amount of the promissory note and proportionate share of accrued interest shall be forgiven at the rate of 12.5% per year, beginning in the third year of the loan.

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- Borrowers must maximize their use of funds provided by the first mortgage lender. This may be evidenced by either 1) a housing ratio of greater than or equal to 30% or 2) a loan-to-value ratio of the first loan of greater than or equal to 95%.
- Agency Loans are assumable by qualified purchasers, subject to Agency approval.
- Funding is contingent upon the applicant/borrower obtaining a first mortgage loan.
- All applicants must attend home buyer education classes and receive community home buyer certification. Such classes will include training stressing proper property maintenance and "good neighbor" practices.
- Loan funds may be used in conjunction with Mortgage Credit Certificates only in Agency-designated target areas.

**ELIGIBILITY**

**Applicant:**

The applicant must be a first-time home buyer or must not have owned a home as his/her principal place of residence within the preceding three (3) years.

The qualifying income\* of a borrower/applicant must not exceed 80% of the area median income, adjusted for family size as determined by HUD. As of February 1, 1996, the 80% of median income figures are as follows:

<u>Household Size</u>	<u>80% of Median</u>
1	\$26,000
2	\$29,700
3	\$33,400
4	\$37,100
5	\$40,100
6	\$43,050

\* Qualifying income is calculated by totalling current gross income for all person 18 years of age or older who will occupy the residence. The income is annualized forward over a twelve-month period. Income includes all salaries, wages, overtime, and bonuses before payroll deductions. It also includes earnings from interest on savings and checking accounts, dividend payments, unemployment, disability, public assistance, alimony, child support or regular gifts.

**Property:**

- The property must meet minimum housing quality standards. A home inspection will be required.
- The property must be occupied by the applicant/borrower as his/her principal residence for the term of the Agency loan. The home may not be rented without the prior approval of the Agency.
- The appraised value may not exceed the HUD 203(b) mortgage limit for the area, which currently is \$151,050.

**Application Procedures:**

Upon qualifying for a first mortgage loan, the borrower/applicant shall submit the Agency loan application with a copy of the of the first mortgage application. Applications are available through the Agency, participating lenders, mortgage brokers and the Sacramento Association of Realtors.

ATTACHMENT II

HOUSING DEVELOPMENT ASSISTANCE GUIDELINES



# Fact Sheet

P.O. BOX 1834, SACRAMENTO, CA 95812-1834

## HOUSING DEVELOPMENT ASSISTANCE PROGRAM GUIDELINES

General Information

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Program Description:	The Development Assistance Program is a program which provides funds for construction and rehabilitation of owner-occupied homes in Agency-designated target areas.
Program Goals:	The goal of the Development Assistance program is to promote neighborhood revitalization in Agency-designated target areas and to establish stability in these areas through ownership housing.
Form of Assistance:	A promissory note in favor of the Agency.
Calculation of Assistance:	Agency assistance will consist of providing financing necessary in order to induce conventional lending sources to provide construction loans in targeted areas.
Interest Rate:	Will vary based upon project requirements.
Term:	Will vary based upon project requirements.
Amortization:	Will vary based upon project requirements.
Use of Funds:	Funds may be used for acquisition and/or construction costs.
Developer Contribution:	Developer must provide a minimum equity contribution equal to 10 percent of the appraised value.
Other Terms:	<ul style="list-style-type: none"><li>· Loans will be secured by a deed of trust on the property.</li><li>· Agency will subordinate its financing only to construction financing.</li><li>· Loans will be governed by a Disposition and Development Agreement or an Acquisition and Development Agreement, as appropriate.</li></ul>

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- Developer must maximize its use of funds provided by the first construction lender, and funding of Agency financing is contingent upon project receiving enforceable commitments from other lenders and equity sources.
- Funding of Agency financing is contingent upon the project having all necessary entitlements.
- For acquisition financing, Agency financing may not exceed 70% of the loan to value of the property.
- Homes must be sold to owner occupants.

**ELIGIBILITY**

- Developer/Applicant: For profit and non-profit developers meeting Agency underwriting criteria.
- Property: Property must be located in an Agency-designated target area. A current list of designated target areas is attached as Exhibit 1.
- Underwriting Guidelines:
  - Applications shall be subject to standard Agency underwriting criteria and analysis.
  - All applications for funding shall be subject to the approval of the Agency Loan Committee and the City Council or Board of Supervisors as appropriate.
- Application Procedures: Applicants must submit the Agency Application for funding. Application submittal checklist is attached as Exhibit 2.

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ATTACHMENT II (cont.)  
EXHIBIT 2  
HOME OWNERSHIP DEVELOPMENT PROJECTS  
Application Submittal Checklist

PROJECT INFORMATION

1. Project Description.
2. Site Plan.
3. Plans and specifications and list of amenities.
4. List and description of entitlements needed. Copies of entitlement applications.
5. Market study and appraisal.
6. Marketing plan.
7. Project budget including detailed cost breakdowns.
8. Project cash flow statement.
9. Project schedule.
10. Loan request and proposed terms including equity to be invested.
11. Commitments from other lenders.

PROPERTY INFORMATION

1. Site control document.
2. Vicinity map.
3. Description of Site including
  - A. Present and historic use of the site and description of surrounding land uses.
  - B. Photographs of site and surrounding uses.
4. Title report including
  - A. Legal description.
  - B. Survey.
  - C. Copies of all exceptions to title.
  - D. Copy of most recent property tax bill.
  - E. Easements plotted.
  - F. Copy of assessor's parcel map.
5. Soils Report.
6. Phase 1 Environmental Report.
7. Evidence and description of existing entitlements including General Plan, Zoning maps or permits, and CEQA determination.
8. Existing utility locations.

DEVELOPER INFORMATION

1. Documentation of ownership structure.
2. Resume, list of past projects, references.
3. Financial statements.
4. List of development team and contacts.
5. Copies of agreements among parties.

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