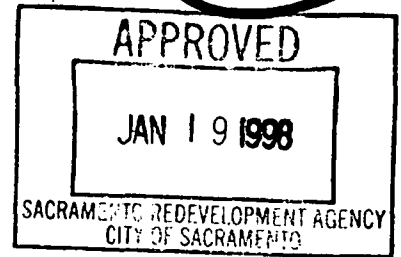
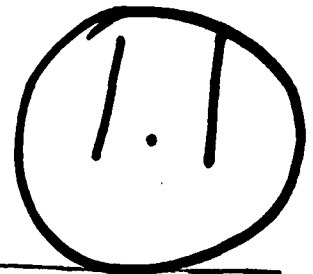




January 6, 1999



Redevelopment Agency of the City of Sacramento  
Sacramento, California

Honorable Members in Session:

SUBJECT: Franklin Boulevard First-Time Home Buyer Program

**LOCATION & COUNCIL DISTRICT:** Franklin Boulevard Redevelopment Area, District 5

**RECOMMENDATION**

Staff recommends approval of the attached resolution which establishes the guidelines for the Franklin Boulevard First-Time Home Buyer Program to assist buyers with qualifying income levels of up to 120 percent of area median.

**CONTACT PERSONS**

Carla Christian, Loan Processing Unit Manager, 264-1524  
Richard Nelson, Director of Program Operations, 440-1344

**FOR COUNCIL MEETING OF:** January 19, 1998

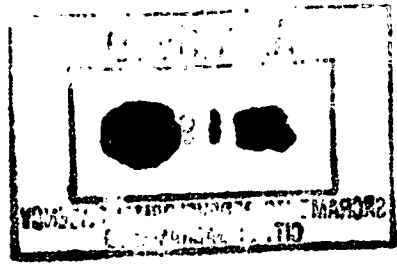
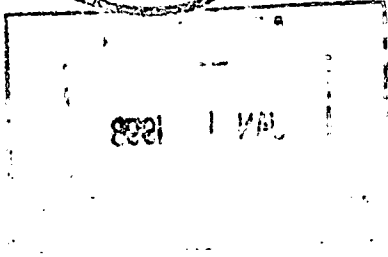
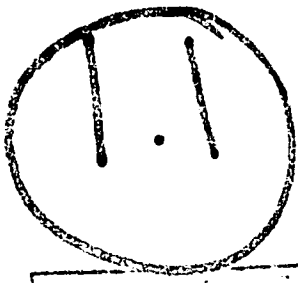
**SUMMARY**

This report recommends establishing a Franklin Boulevard First-Time Home Buyer (FTHB) Program consistent with the program guidelines for the Agency's existing County and City wide FTHB program with the exceptions of allowing a higher income limit and an increased level of assistance.

**PAC/RAC/TAC ACTION**

At its meeting of December 9, 1998, the Franklin Boulevard Project Area Committee approved the Franklin Boulevard FTHB Program. The votes were as follows:

- AYES: Rose, Biel, Tavera, Rich, Brown, Palmer, Rooney
- NOES: None
- ABSENT: Barnes, Colla



## SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the City of Sacramento  
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### COMMISSION ACTION

At its meeting January 6, 1999, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Castello, Cespedes, Dobbins, Hoag, Holloway, Newsome, Rotz, Simon, Harland  
NOES: None  
ABSENT: Amundson, Taylor

### BACKGROUND

In April 1996, the Agency adopted a FTHB Program designed to assist low-income, first-time homebuyers purchase houses with a minimal amount of Agency assistance. The FTHB Program provides a forgivable loan of four percent of the purchase price of the property, up to a maximum of \$5,000, to assist these buyers with down payment and closing costs. Demand for this program has been high. To date 1,042 homebuyers have been assisted with this City and County wide program.

Of the 1,042 loans funded:

- the average income served was \$29,270 (57% of area median)
- 54% percent of the new owners were minority households
- 35% percent were female heads of household
- private funds leveraged total \$85.7 million dollars, a ratio of 22:1 in private/public expenditures.

To encourage moderate-income homebuyers to invest in the target areas, the Agency has implemented FTHB programs in three other redevelopment and target areas: Oak Park, Del Paso Heights, and Southside Park. The demand for these loans has been at a lower level than the City and County wide program, however the activity seems to be steady.

Staff is recommending that the Franklin Boulevard FTHB Program be established to conform to the Agency's existing FTHB Program, with the exception that qualifying income levels be

## SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the City of Sacramento  
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extended from 80 percent to 120 percent of area median and the amount of loan assistance be increased from four to five percent of the purchase. This is consistent with the Oak Park, Del Paso, and Southside Park FTHB programs. The higher income targeting is made possible through the use of Franklin Boulevard Redevelopment Tax Increment funds. Raising the limit creates additional incentives for moderate-income homebuyers to purchase property in the Franklin Boulevard Redevelopment Project Area consistent with efforts aimed at creating a more mixed-income community.

Staff estimates that approximately 12-13 low-to-moderate income homebuyers can be assisted with an allocation of \$50,000 of Franklin Boulevard Tax Increment funds. Please see Attachment I for Program Guidelines and Program Area Map.

### **FINANCIAL CONSIDERATIONS**

The 1999 Agency budget contains an allocation of \$50,000 of Franklin Boulevard Tax Increment low- and moderate-income housing set-aside funds to be used with this program.

### **POLICY CONSIDERATIONS**

The action recommended in this report is consistent with Agency's previously approved policies for ownership housing assistance and is consistent with the Agency goal of increasing homeownership in neighborhoods. This report recommends an amendment to the Agency's Home Ownership Policies and Program guidelines for the Franklin Boulevard FTHB Program to allow qualifying income levels of up to 120 percent of median income in order to achieve mixed-income home ownership in the Franklin Boulevard Redevelopment Area and to increase the amount of loan assistance from four to five percent of the purchase price. The Agency has implemented similar FTHB programs utilizing these income limits in Oak Park, Del Paso Heights, and Southside Park.

### **ENVIRONMENTAL REVIEW**

The proposed action does not constitute a project under CEQA per Guidelines Section 15378 (b) (3), and is exempt from NEPA per 24CFR Part 58.34 (a)(3).

**SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

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**M/WBE CONSIDERATIONS**

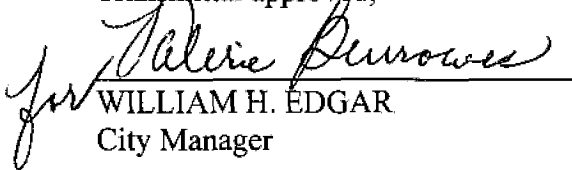
The items discussed in this report have no M/WBE impact, therefore M/WBE considerations do not apply.

Respectfully submitted,



ANNE M. MOORE  
Executive Director

Transmittal approved,



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WILLIAM H. EDGAR  
City Manager



# FACT SHEET

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

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## FRANKLIN BOULEVARD FIRST TIME HOME BUYER PROGRAM GUIDELINES

- Program Description:** The Franklin Boulevard First-Time Home Buyer (FTHB) program helps home buyers purchase homes by providing financial assistance toward down payment and closing costs.
- Program Goals:** The goal the FTHB program is to help first-time, low-to-moderate 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 Amount:** \$5,000
- Interest Rate:** Five percent (5%) per annum, simple.
- Loan 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 sale price. Waivers may be granted for non-Agency subordinate financing.
- However, on FHA financing, the second mortgage when combined with the first, may not exceed the estimated value of the property including all costs.
- Use of Funds:** Funds may be used to pay for a portion of the buyer's down payment and closing costs.
- Borrower Contribution:** The applicant/borrower must contribute a minimum cash amount toward the purchase price to be determined by the first mortgage lender. The minimum applicant cash contribution required by the FTHB Program is \$500.

### 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 120% of the area median income, adjusted for family size as determined by HUD. As of February 4, 1998, the 120% of median income figures are as follows:

| Household Size | 120% of Median |
|----------------|----------------|
| 1              | \$43,200       |
| 2              | \$49,350       |
| 3              | \$55,550       |
| 4              | \$61,700       |
| 5              | \$66,650       |
| 6              | \$71,550       |

\*Qualifying income is calculated by totaling current gross income for all persons 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 \$151,800.

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 10% per year, beginning in the first year of the loan.

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 two homebuyer education classes including "The Home Buying Process" (or equivalent) and "Home Maintenance/Good Neighbors" and receive completion certifications for each class.

Loan funds may be used in conjunction with Mortgage Credit Certificates.

Application Procedures:

To apply for the program please contact any of the lenders on the attached list. For additional information or questions call (916) 264-1500.

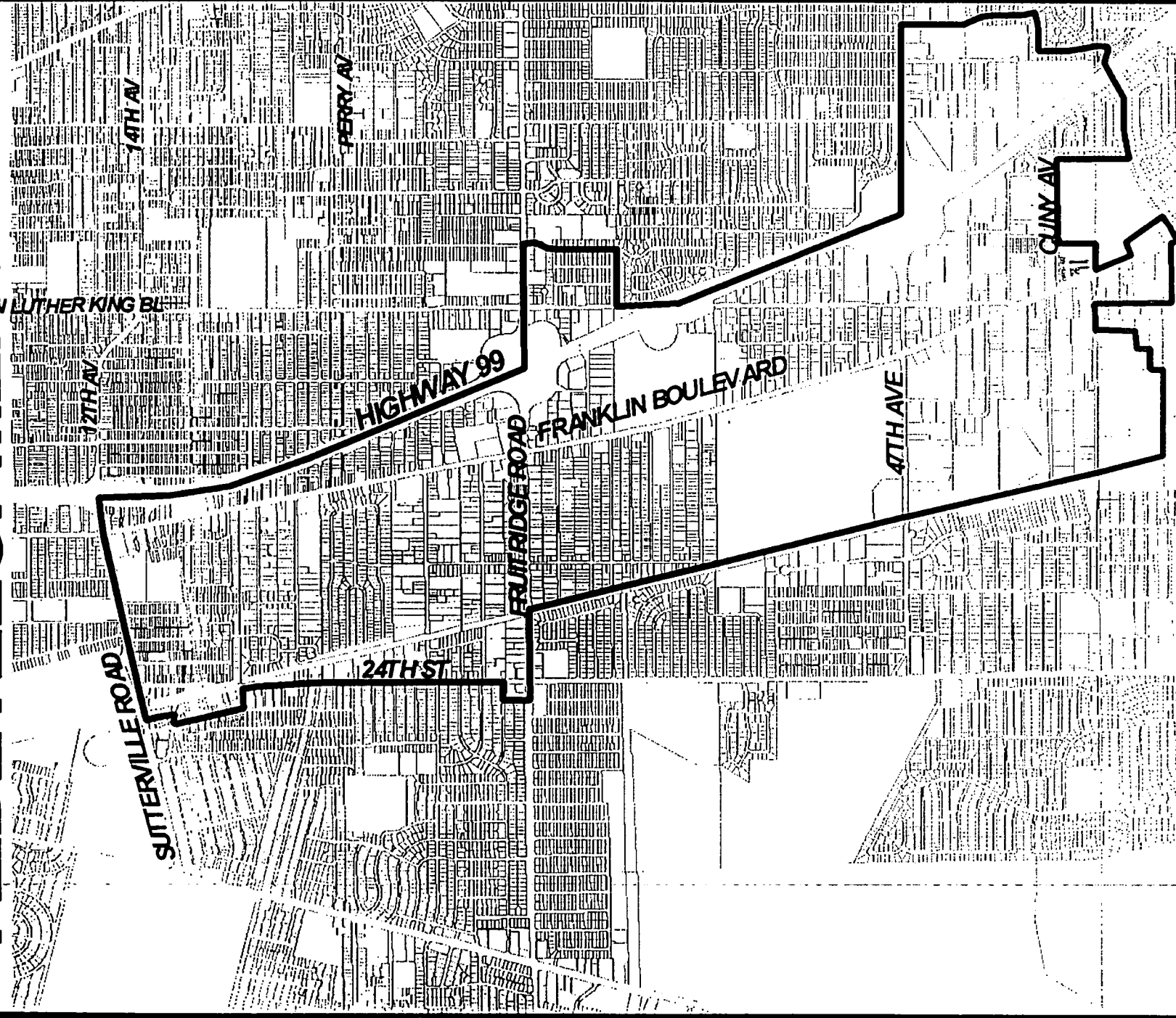
Governing Regulations:

California Health and Safety Code.

Contact:

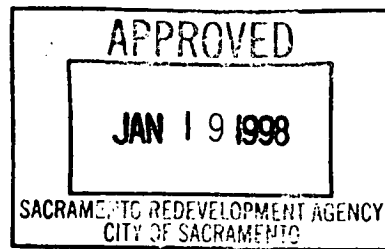
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY  
Loan Processing Unit  
Office Location: 1013 7th Street, 2nd Fl.  
Mailing Address: P.O. Box 1834, Sacramento, CA 95812-1834

# FRANKLIN BOULEVARD REDEVELOPMENT AREA



Source: Sacramento Housing & Redevelopment Agency





RESOLUTION NO. 99-002

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO  
ON DATE OF \_\_\_\_\_

**FRANKLIN BOULEVARD FIRST-TIME HOME BUYER PROGRAM**

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1. The Franklin Boulevard Redevelopment Area First-Time Home Buyer Program (Franklin Boulevard FTHB) as set forth in the Guidelines, attached to the staff report as Attachment I, is adopted and the Guidelines are approved.

Section 2. The Executive Director or her designee is authorized to approve loans, execute loan agreements and related documents, enter into agreements, and perform other actions necessary to provide assistance under the Franklin Boulevard FTHB in accordance with the Franklin Boulevard FTHB Guidelines and all laws, rules and regulations applicable to use of Franklin Boulevard Redevelopment Project Area Tax Increment housing set-aside monies. This authorization extends to all actions reasonably necessary to ensure appropriate repayment of tax increment monies, including without limitation, actions associated with regulatory agreements, subordination, extension, reconveyance, assignment and restructuring of repayments, all as approved by Agency Counsel.

Section 3. This resolution shall take effect upon adoption of a corresponding resolution by the Redevelopment Agency of the County of Sacramento.

\_\_\_\_\_  
CHAIR

\_\_\_\_\_  
SECRETARY

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**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_