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September 17, 1997

Redevelopment Agency
of the City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Del Paso First-Time Home Buyer Program

LOCATION AND COUNCIL DISTRICT: Del Paso Heights, District 2

RECOMMENDATION:

Staff recommends approval of the attached resolution which:

- establishes the guidelines for the Del Paso Heights First Time Home Buyer (FTHB) Program to assist buyers with qualifying income levels of up to 120 percent of median.
- authorizes the Executive Director to transfer \$100,000 from the Del Paso Heights low- and moderate-income housing set-aside fund to the Del Paso FTHB Program.

CONTACT PERSONS: Beverly Fretz-Brown, Acting Director of Housing Development, 440-1357
Alberto Esquivel, Program Manager, Housing Development, 440-1350

FOR COUNCIL MEETING OF: September 30, 1997

SUMMARY

This report recommends establishing a Del Paso Heights FTHB Program consistent with program guidelines for the Agency's existing County wide FTHB Program.

REDEVELOPMENT ADVISORY COMMITTEE RECOMMENDATION:

At its meeting of September 11, 1997, the Del Paso Heights Redevelopment Advisory Committee approved the above recommendations.

COMMISSION ACTION

At its meeting of September 17, 1997, the Sacramento Housing and Redevelopment Commission recommended approval of the attached resolution. The votes were as follows:

AYES: Amundson, Castello, Cespedes, Hoag, Newsome, Rotz, Simon, Harland

NOES: None

ABSENT: Dobbins, Holloway, Taylor

BACKGROUND

In April 1996, the Agency adopted a First-Time Home Buyer (FTHB) Program designed to assist low-income, first-time home buyers to purchase houses with the minimal amount of Agency assistance. The FTHB Program provides a forgivable loan of five percent of the purchase price of the property, up to a maximum of \$5,000, to assist with down payment and closing costs. Demand for the FTHB Program has been high: A total of \$1,263,550 in 1997 City/County funding was exhausted within two months of the FTHB Program's origination.

Of the 507 loans funded:

- the average income served was \$27,420 (61.5 percent of median).
- the income levels ranged from 20 percent to 80 percent of median.
- sixty-two percent of the new owners were minority households.
- thirty-eight percent were female heads of household.
- private funds leveraged totaled \$43 million dollars, a ratio of 21:1 in private/public expenditures.

The FTHB Program's success can be attributed to 170 participating lenders and the freedom it offers low-income buyers to purchase a home anywhere in the City or County of Sacramento. Please see Attachment I for further statistics.

Staff is recommending that the Del Paso Heights FTHB Program be established to conform to the Agency's existing FTHB, with the exception that qualifying income levels be extended from 80 percent to 120 percent of median. The higher income targeting is made possible through the use of Del Paso Heights Redevelopment Tax Increment funds which allow assistance up to the 120 percent level. Raising the limit creates additional incentives for moderate-income home buyers to purchase property in the Del Paso Heights Redevelopment Project Area which continues efforts aimed at creating mixed-income neighborhoods such as the forthcoming Del Paso Nuevo Project.

Staff estimates that 25 loans can be funded over the next six months under the Del Paso Heights FTHB. It will be offered exclusively in the Del Paso Heights Redevelopment Project area and

will be used only after the regular FTHB program funds have been spent or when the home buyer's income is between the 80-120 percent of median. Please see Attachment II for the Program Guidelines and Map.

FINANCIAL CONSIDERATIONS

This report recommends that \$100,000 in Del Paso Heights tax increment low- and moderate-income housing set-aside funds be reallocated from the Developers Assistance Project Fund to the Del Paso Heights FTHB Program.

POLICY CONSIDERATIONS

The action recommended in this report is consistent with the Agency's previously approved policies for ownership housing assistance and is consistent with the Agency's goal of increasing home ownership in neighborhoods. This report recommends an amendment to the Agency's Home Ownership Policies and Program guidelines for the Del Paso Heights FTHB program to allow qualifying income levels to 120 percent of median income in order to achieve mixed-income home ownership in the Del Paso Heights Redevelopment Project Area.


ENVIRONMENTAL REVIEW

The proposed actions do not constitute a project under CEQA per Guidelines Section 15378(b)(3). NEPA review has been completed for the FTHB program and does not apply to the use of local funds.

M/WBE REVIEW

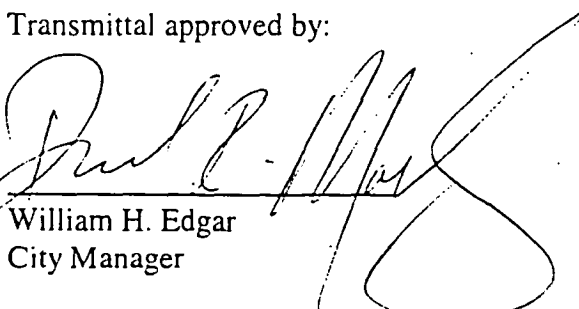
The items discussed in this report have no M/WBE impact; therefore M/WBE considerations do not apply.

Respectfully submitted by,



ANNE M. MOORE
Acting Executive Director

Transmittal approved by:



William H. Edgar
City Manager



RESOLUTION NO. 97-032

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

DEL PASO HEIGHTS FIRST-TIME HOME BUYER PROGRAM

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

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

Section 2. The Executive Director is authorized to amend the Agency 1997 budget to reallocate \$100,000 from the Del Paso Heights Redevelopment Project Area Developer Assistance fund to the Del Paso Heights FTHB Program fund.

Section 3. The Executive Director or his designee is authorized to approve loans, execute the loan agreements and related documents and to enter into agreements, and perform other actions necessary to provide said assistance under the Del Paso Heights FTHB in accordance with the Del Paso Heights FTHB Guidelines and the rules and regulations under the Del Paso Heights Redevelopment Project Area Tax Increment housing set-aside monies and to ensure appropriate repayment of tax increment monies, including without limitations, regulatory agreements, subordination, extensions, reconveyance, assignments and restructuring of repayments, all as approved by Agency Counsel.

CHAIR

ATTEST:

SECRETARY

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

ATTACHMENT I

FTHB PROGRAM STATISTICS
As Of
31-Aug-97

ACTIVE AND CLOSED APPLICATIONS

	CITY		COUNTY		TOTAL	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
Jul-96	0	\$0	1	\$4,500	1	\$4,500
Aug-96	4	\$16,300	0	\$0	4	16,300
Sep-96	7	\$20,122	4	\$15,875	11	35,997
Oct-96	19	\$64,818	29	\$116,892	48	181,710
Nov-96	40	\$151,351	60	\$239,206	100	390,557
Dec-96	55	\$208,181	34	\$141,327	89	349,508
Jan-97	8	\$31,872	25	\$96,971	33	128,843
Feb-97	20	\$73,850	23	\$95,834	43	169,684
Mar-97	49	\$182,940	51	\$207,457	100	390,397
Apr-97	21	\$77,810	26	\$106,205	47	184,015
May-97	10	\$37,682	20	\$88,372	30	125,054
Jun-97	6	\$22,238	10	\$40,242	16	62,480
Jul-97	0	\$0	1	\$4,975	1	4,975
Aug-97	4	\$15,187	7	\$26,472	11	41,659
TOTAL	243	\$902,351	291	\$1,184,328	534	\$2,086,679

Loans Closed	229	278	507
Avg Agency Loan Amt	\$3,713	\$4,070	\$3,908
Minimum Agency Loan Amt	\$1,000	\$1,455	\$1,000

PURCHASE PRICES OF HOMES

	CITY		COUNTY		TOTAL	
	Number	% of Total	Number	% of Total	Number	% of Total
Info NA	2	0.8%	6	2.1%	8	1.5%
\$18,000-\$30,000	2	0.8%	0	0.0%	2	0.4%
\$30,001-\$40,000	3	1.2%	3	1.0%	6	1.1%
\$40,001-\$50,000	7	2.9%	4	1.4%	11	2.1%
\$50,001-\$60,000	21	8.6%	15	5.1%	36	6.7%
\$60,001-\$70,000	54	22.2%	35	12.0%	89	16.6%
\$70,001-\$80,000	56	23.0%	57	19.5%	113	21.1%
\$80,001-\$90,000	60	24.7%	58	19.9%	118	22.1%
\$90,001-\$100,000	24	9.9%	46	15.8%	70	13.1%
\$100,001-\$110,000	7	2.9%	35	12.0%	42	7.9%
>\$110,000	7	2.9%	33	11.3%	40	7.5%
TOTAL	243	100.0%	292	100.0%	535	100.0%

Avg Purchase Price	\$75,729	\$84,080	\$80,287
Minimum Purch Price	\$18,000	\$30,310	\$18,000

HOUSEHOLD INCOME OF APPLICANTS

	CITY		COUNTY		TOTAL	
	Number	% of Total	Number	% of Total	Number	% of Total
Annual Income						
Info NA	1	0.4%	1	0.3%	2	0.4%
\$5,000-\$10,000	4	1.6%	0	0.0%	4	0.7%
\$10,001-\$15,000	7	2.9%	13	4.5%	20	3.7%
\$15,001-\$20,000	39	16.0%	22	7.5%	61	11.4%
\$20,001-\$25,000	55	22.6%	49	16.8%	104	19.4%
\$25,001-\$30,000	63	25.9%	96	32.9%	159	29.7%
\$30,001-\$35,000	44	18.1%	65	22.3%	109	20.4%
\$35,001-\$40,000	20	8.2%	29	9.9%	49	9.2%
\$40,001-\$45,000	10	4.1%	17	5.8%	27	5.0%
TOTAL	243	100.0%	292	100.0%	535	100.0%

Avg Income	\$26,358	\$28,303	\$27,420
Minimum Income	\$7,608	\$10,536	\$7,608

HOUSEHOLD INCOME OF APPLICANTS (% of Median Income)

% of Median Income	CITY		COUNTY		TOTAL	
	Number	% of Total	Number	% of Total	Number	% of Total
Info NA	1	0.4%	0	0.0%	1	0.2%
21-30%	5	2.1%	5	1.7%	10	1.9%
31-40%	19	7.8%	21	7.2%	40	7.5%
41-50%	44	18.1%	20	6.8%	64	12.0%
51-60%	48	19.8%	50	17.1%	98	18.3%
61-70%	48	19.8%	75	25.7%	123	23.0%
71-80%	78	32.1%	121	41.4%	199	37.2%
TOTAL	243	100.0%	292	100.0%	535	100.0%
Avg Income (% of MI)	59.3%		63.4%		61.5%	

ETHNICITY OF APPLICANTS

	CITY		COUNTY		TOTAL	
	Number	% of Total	Number	% of Total	Number	% of Total
Info NA	25	10.3%	30	10.3%	55	10.3%
Asian	24	9.9%	19	6.5%	43	8.0%
African-American	45	18.5%	30	10.3%	75	14.0%
Hispanic	112	46.1%	84	28.8%	196	36.6%
White	31	12.8%	121	41.4%	152	28.4%
Other	6	2.5%	8	2.7%	14	2.6%
TOTAL	243	100.0%	292	100.0%	535	100.0%

NUMBER OF FEMALE HEADS OF HOUSEHOLD

	CITY		COUNTY		TOTAL	
	Number	% of Total	Number	% of Total	Number	% of Total
Female	86	35.4%	115	39.4%	201	37.6%

DISTRIBUTION BY DISTRICT

	CITY		COUNTY	
	Number	% of Total	Number	% of Total
District 1	45	18.5%	61	20.9%
District 2	35	14.4%	27	9.2%
District 3	3	1.2%	37	12.7%
District 4	8	3.3%	51	17.5%
District 5	27	11.1%	116	39.7%
District 6	31	12.8%		
District 7	31	12.8%		
District 8	59	24.3%		
Info NA	4	1.6%	0	0.0%
TOTAL	243	100.0%	292	100.0%

Del Paso Heights First-Time Home Buyers
Program Guidelines



Fact Sheet

488 I STREET · SACRAMENTO, CA 95814 · (916) 440-1350

DEL PASO HEIGHTS FIRST TIME HOME BUYER
PROGRAM GUIDELINES

Program Description:	The Del Paso Heights 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 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 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 sales 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 closing 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.
Other Terms:	<ul style="list-style-type: none"> • 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 for properties located: 1) in the Oak Park Redevelopment Project Area of Sacramento at the rate of 12.5%, beginning in the third 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 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.

**Del Paso Heights First-Time Home Buyers
Program Guidelines**

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 January 22, 1997, the 120% of median income figures are as follows:

<u>Household Size</u>	<u>120% of Median</u>
1	\$40,680
2	\$46,440
3	\$52,320
4	\$58,080
5	\$62,760
6	\$67,320

* 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 \$151,800.
- The property must be located in the Del Paso Heights Redevelopment Project Area

Application Procedures:

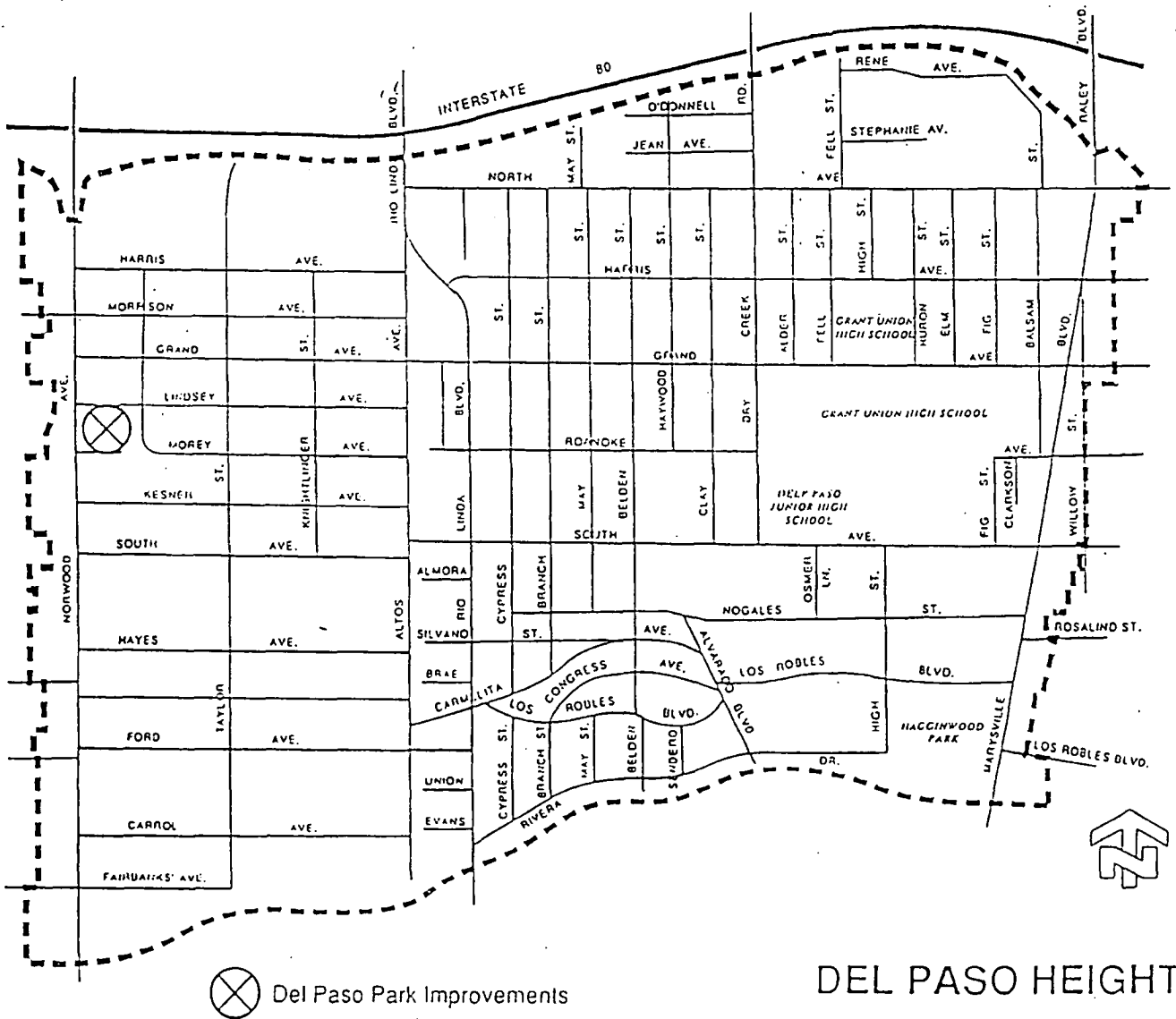
To apply for the program please contact any of the lenders on the attached list. For additional information or questions call (916) 440-1350.

Governing Regulations:

California Health and Safety Code

revised 5/29/97

Del Paso Heights First-Time Home Buyers Program Area Map



DEL PASO HEIGHTS

WITHDRAWN
SEP 30 1997
BY THE CITY COUNCIL
OFFICE OF THE CITY CLERK

10.1

THIS ITEM IS WITHDRAWN