

2011 – 2012 Framework**OUTCOME OBJECTIVE B: Housing for Buyers****Increase homeownership opportunities for low and moderate income households**

Funds will be targeted to the acquisition, construction or renovation of housing that will be made available to eligible households for purchase of the housing units. The Committee may use a portion of the funds available from certain funding sources (ADDI, HOME, HCRI) to provide downpayment and closing cost assistance in order to promote opportunities for first-time homebuyers or longer-term affordability.

Conditions

1. Funds may be used only for housing units which do not exceed the HOME purchase price or value limit designated by the Federal Department of Housing and Urban Development (HUD).
2. The CDD will consider a maximum investment of \$54,000 per unit (approximately 25% of the HOME single-family value limit, a benchmark standard that will change over time). Staff will evaluate all proposals based on the project's contribution and to increase the affordable housing stock, upon project need, and availability of resources to determine the appropriate level of funding.
3. Projects which incorporate accessibility or energy efficiency into the design or involve lead paint reduction or asbestos mitigation or assure housing affordability that is greater than the HOME affordability requirements shall be considered for amounts greater than \$54,000 per unit based on increased costs to provide these features, up to a maximum total of \$60,000 per unit.
4. This maximum sum of \$60,000 per unit will include the total of all funds provided by the CDD including, but not limited to, CDBG, HOME, Housing Trust Fund, ADDI and HOME-BUY. The CDD may also offer a higher amount per unit as temporary financing to reduce housing costs.
5. Projects may not exceed a total secured funds-to-value ratio greater than 115% from all sources. (Projects where a community land trust serves as owner of the underlying land will be permitted to meet a higher ratio of 125% secured funds-to-value ratio for the entire project of land and property, or 150% of secured funds-to-value ratio for the land alone if the ground lease meets the conditions of affordability and 100% of the full value of the land is secured by a mortgage to the City.)
6. CDD loans retained in an assisted property for an individual household may not exceed a loan-to-value ratio of 100% from all sources (excluding the Home Buy program which may not exceed 103% loan-to-value). The CDBG Committee will establish additional policies on subordination and underwriting guidelines (except for the Home Buy program).
7. All new homebuyers receiving a CDD loan will be required to attend a homebuyer education class. Homebuyers will be required to submit a homebuyer education certificate of completion to the CDD prior to closing.
8. A minimum of 85% of all funds received shall be applied to capital costs including acquisition and closing costs, rehabilitation, labor and materials, design and engineering costs and relocation costs. A maximum of 15% of the total CDD funds received may be applied to staffing and other service delivery costs. Projects involving the training of lower income individuals and which lead to employment or higher education may apply up to 50% of funds to staffing, legal, or other development associated costs.
9. The CDD shall secure its funding with a promissory note and mortgage in the form of a non-recourse loan. **Funds used for purchase, acquisition, or rehab. of housing will be provided as a long-term deferred loan with interest for any funds made available directly to a homebuyer. These loans will be due on sale, transfer or change of use**

of the property and will be payable in the amount invested plus interest unless a non-profit recipient requests that the interest rate be replaced by shared appreciation. CDD staff will set the interest rate once a year in January. This policy will only apply to homebuyer loans beginning in 2011. In the case of foreclosures, repayment shall be based on the net proceeds from the sale. A mortgage from a non-profit agency shall require repayment of the amount provided as the long term deferred loan. **Nothing in the Community Development Goals and Objectives precludes the inclusion of specific loan repayment conditions, including a shared appreciation provision, if deemed appropriate under the circumstances.**