

## SUMMARY MATRIX:

**Recommended Changes to the Affordable Housing Policy and Procedures Manual**

<b>A. Incorporation of Multi-family Housing Rehabilitation Loan Program (HRLP)</b>
The AHPP manual would incorporate relevant HRLP policies and procedures for multi-family low income rental unit rehabilitation
<b>B. Incorporation of Tenant Based Rental Assistance (TBRA)</b>
The geographic expansion would be included in the City's TBRA general policy and the TBRA policy would be attached as an appendix to the AHPP.
<b>C. Affordable Requirements for Ownership Units</b>
<b>1. Initial Price Calculation for Affordable Units</b>
<p>a. To further the goal of long-term affordability, in order to smooth out interest-rate fluctuations, the City would annually set the interest rate to be used in its sale price calculations using the average rate charged by local institutional lenders on a zero point 30-year fixed rate mortgage.</p> <p>b. To offset Private Mortgage Insurance premiums, the City would include .25% increase to interest rate in the calculation of initial sale prices.</p> <p>c. Developers of new affordable ownership units would be encouraged to voluntarily include their proposed method of calculating the amount of Homeowner's Association dues applied to the designated affordable housing units. This calculation would include consideration for long-term affordability to unit owners.</p>
<b>2. Qualification Documents</b>
Documentation submitted to the City for qualification purposes would be valid for a 90-day period.
<b>3. Limit On Assets</b>
Affordable ownership applicants' non-retirement assets would not exceed three (3) times the purchase price of the affordable property.
<b>4. Excess Down Payment or Cash Purchase</b>
Subject to a written waiver from the Community Development Director, an applicant with a down-payment in excess of 40% would still be able to apply for a housing award. These applicants would remain subject to all other qualification requirements including verification that they have sufficient monthly income to support the required 40% housing cost-to-income ratio under a theoretical 60% LTV 30-year fully amortized mortgage.
<b>5. Total Debt-to-Income Ratio</b>
An occupant purchasers' total debt to income ratio would not exceed 50%.
<b>6. Adjustable Rate Loans</b>
In the case of an adjustable rate mortgage, the mortgage loan payment would be calculated using the fully indexed rate or the start rate, whichever is greater.

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Page 2

<p><b>7. Resale Price Calculation</b></p> <p>a. For owners in good standing and not in violation of the Covenant, the City-calculated maximum resale price would not be less than the owner's purchase price; however, the City-calculated maximum resale price would not be a guarantee that the owner will be able to sell for that price due to market conditions or due to specific project requirements.</p> <p>b. Under no circumstances would an affordable unit's maximum sales price be increased by the amount of monthly HOA dues/assessments or the conversion of an increase of HOA dues to a Special Assessment. Resale price increases requested due to a Special HOA assessment imposed on a City affordable housing project would be considered on a project-by-project basis, subject to prior notice to the City by the HOA Board and prior-to-assessment approval by the Community Development Director or designee.</p>
<p><b>8. Purchase Upon Default</b></p> <p>The default purchase price would be reduced by ten percent (10%) to cover the City's resale costs.</p>
<p><b>9. Owner's Improvements</b></p> <p>Minimum threshold for consideration for exception would be \$2,000; improvements would be permanent and substantial to kitchen, bath, or upgrade of flooring; with prior approval by City; HOA and City Bldg requirements met; documentation would be submitted; Price increase, if approved, would be the lower of fifty percent (50%) of actual cost or ten percent (10%) of maximum sale price as calculated by City prior to improvements.</p>
<p><b>10. Payment of Commissions</b></p> <p>The seller could not require the purchaser to pay the listing broker; likewise, the purchaser could not require the seller to pay the selling (purchaser's) agent. Absent a 'cooperating' provision in the listing agreement, an occupant purchaser of a City affordable unit may contract with a real estate broker for representation and pay the negotiated fee for this service.</p>
<p><b>11. Cash-out Refinance</b></p> <p>If the City approves a cash-out refinance to enable the owner to pay off installment debt, the City would require that the debt payment would occur and be documented through the refinance escrow.</p>
<p><b>12. Authority</b></p> <p>Future updates, as warranted, would reflect changes in the indexes used for calculation of income, rents and prices, new federal and state regulations, City Council action or administrative needs. The Community Development Director, or their designee, would have the authority to approve administrative revisions subject to approval as to form by the City Attorney.</p>