

**MOORPARK CITY COUNCIL
AGENDA REPORT**

To: Honorable City Council

From: David Moe, Redevelopment Manager 

By: Jessica Sczepan, Administrative Specialist 

Date: April 29, 2008 (CC Mtg. of May 7, 2008)

Subject: Consider Opening Round 4 of the City's First Time Home Buyer Program

BACKGROUND

A lottery was conducted at a Special Meeting of the City Council on October 17, 2007, for Round 3 of the City's First Time Home Buyer Program. This lottery determined the order in which eligible applicants were processed for the 25 units in Pardee's Waverly Place development. The lottery produced 23 apparently eligible applicants to be processed for the units. Of the 25 available units, five units in Phase I have closed escrow and applicants have been identified for the four units in Phase II.

DISCUSSION

Pardee's Waverly Place project is offering a total of 25 units affordable to Low Income households (80% of median income). This development will offer twelve 3 bedroom/2 bath units at 1,050 square feet, and thirteen 4-bedroom/2 bath units at 1,425 square feet.

As discussed above, the lottery produced 23 apparently eligible applicants to be processed for the units. However, as the processing has begun, staff has found that not all applicants are financially eligible to purchase a unit. To date, escrow has closed on five of the units, four more of the applicants are conditionally approved and three have been denied. Should the rest of the eleven applicants be approved for units, there would still be five units left to fill in Phases six, seven, and eight.

Staff recommends conducting a new lottery to identify additional buyers for this project. The lottery list created for this round will be valid until the list is exhausted, or the 25th affordable unit in Waverly Place is sold or December 31, 2009, whichever first occurs.

During this time period, the lottery list will also be used for any Low Income resales that become available, and any other City/Redevelopment Agency low-income affordable housing units.

Although attendance at one of the informational workshops is mandatory for lottery participants, all income levels, including Very Low Income and Moderate Income individuals and households are welcome to attend the workshops to learn about the application process, eligibility requirements, deed restrictions, resale requirements, etc.

As in the past, the list generated by the lottery will be administered in lottery number (numerical) order. Following conditional loan approval, staff will assign each applicant an affordable unit (new condominium or resale) based on family size and availability of units.

FISCAL IMPACT

The fiscal impact will be minimal and generally include printing and postage costs for public outreach materials which can be absorbed in the current FY 2007/08 budget.

STAFF RECOMMENDATION

Authorize staff to proceed with plans for Round 4 of the City's First Time Home Buyer Program, advertise the program, and schedule a lottery for August 20, 2008.

Attachment I – Resolution No. 2007-2636 - City Council Policies Resolution Policy 27

SECTION 27. POLICY 27 – FIRST-TIME HOME BUYER AFFORDABLE HOUSING PROGRAM

Periodically, the City and/or the Moorpark Redevelopment Agency will make available for sale one or more attached or detached dwelling units to very low, low, or moderate income persons/households as further defined below as part of its First-Time Home Buyer Affordable Housing Program (Program). This policy sets forth the primary criteria for eligibility for participation in said Program and determining priority for participant selection. This policy also sets forth the primary criteria and parameters for retaining the affordable units as affordable for the longest feasible period, but in no event less than forty-five (45) years; equity sharing requirement upon resale; and establishes the requirement that upon resale the affordable dwelling unit is sold to a City/Agency approved buyer in the same income category as the original buyer at the time of the initial sale.

Other criteria to determine participant eligibility and to ensure compliance with this policy, including but not limited to purchase agreement documents, shall be established by the City Manager prior to the advertisement of the availability of one or more affordable dwelling units as part of the Program.

1. Home Buyer Qualification Guidelines

- Low Income (less than 80 percent of Ventura County median income based on household size); Very Low Income (less than 50 percent of Ventura County median income based on household size); and when applicable Moderate income (less than 120 percent of Ventura County median income based on household size)
- First time home buyers (no previous home or mobilehome ownership)
- First priority for City of Moorpark residents who have lived in the City of Moorpark for no less than one year prior to Program application deadline (Category 1)
- Second priority to people who have worked within the City of Moorpark for no less than one year prior to Program application deadline (Category 2)
- Third priority all others (Category 3)
- Five percent (5%) minimum down payment, based on sales price [No more than two percent (2%) of affordable sales price may be a qualified gift with remainder from borrower's own funds; under certain circumstances, down payment assistance loan, not to exceed one percent (1%) of affordable sales price, with four percent (4%) from borrower's own funds.]
- Non-occupant co-borrowers are not allowed

2. Selection Process

- Advertisement of program and orientation meetings on City Home Page, City government channel, and distribution of a press release and other means as determined by the City Manager
- Mandatory attendance of all interested buyers at an orientation meeting.
- Pre-screening applications offered at orientation meetings
- Neighborhood Housing Services of America (NHTSA) or other City-approved underwriting guidelines to be used, subject to additional City requirements
- City-approved Home Buyer Education required prior to purchase, and City-approved post-purchase home owner workshops (foreclosure intervention, predatory lending, etc.) required after close of escrow
- A public lottery drawing shall be conducted for residential developments with affordable units. Applicants may participate in the lottery process for more than one development. Each lottery will consist of three “mini-lotteries” for the three priority categories listed in Section 1 of this policy. Categories will be exhausted before moving to the next category (Category 1 first, followed by Category 2, followed by Category 3).
- The income category for an applicant will be determined when the application is reviewed, prior to the lottery. If an applicant’s personal, financial or other circumstances change and it is later determined they are no longer eligible in that income category, then they shall no longer be eligible for any units that might be available during the applicable lottery drawing period.

3. First-Time Home Buyer Affordable Housing Program Participant Exclusion List

- Moorpark City Council, Moorpark Planning Commission, Moorpark Parks and Recreation Commission, and Moorpark Arts Commission.
- Mayor and City Council appointees including but not limited to Air Pollution Control District Advisory Committee, Area Housing Authority, Senior Center Advisory Committee, Area Agency on Aging, Citizens Transportation Advisory Committee, and Teen Council.
- All City employees in non-competitive service (management positions).
- Financial institutions participating as lenders for the Home Buyer Program.
- Developers and Developer’s General Contractor(s) for specific projects they developed or constructed that contain 1 or more affordable units.
- City contractors involved with City/Moorpark Redevelopment Agency First-Time Home Buyer Affordable Housing Program and affiliates of these City contractors, as determined by the City Manager on a case-by-case basis, which may include title and escrow companies, contractors, subcontractors, subsidiaries, partnerships, and affiliates of these City contractors.

- Family members are excluded for all of the above-listed participant exclusions. "Family members" is defined as follows: mother, father, grandfather, grandmother, aunt, uncle, cousin, sister, brother, son, daughter, step-son, step-daughter, son-in-law, daughter-in-law, nephew, niece, grandchild, mother-in-law, father-in-law, brother-in-law, sister-in-law, spouse as defined as a partner in marriage (California Civil Code Section 4100), and domestic partner as defined by California Family Code Section 297 and including the requirement for the filing of a Declaration of Domestic Partnership with the Secretary of State.

4. Housing Pricing and Selection of Units

- Initial Sale Price: Units will be priced based on Affordable Housing Cost for the family size appropriate to the unit (Section 50052.5(b-c and h), regardless of size of actual household:
 - 3 bedroom unit priced for a household of 4
 - 4 bedroom unit priced for a household of 5
- Resale Price – Resale price for affordable units will be based on Affordable Housing Cost at time of resale. Affordable Sales Price is not based on market price at initial sale, or at resale. (City will provide this information to homeowners in this Program on an ongoing basis.)
- Applicants will be assigned a unit in their income category based on household size, following conditional loan approval. Household size will be determined at the time of receipt of application. At its discretion, the City may assign a unit with more bedrooms than the applicant would otherwise be eligible for, if it is the last unit that is available during the applicable period of the Priority List.

5. City Staff Authority

The City Manager is authorized to execute all affordable housing project deferred loan agreements and repayment documents for all affordable housing projects for which the City will own an equity share. The City clerk is authorized to accept interest in real estate secured by any Deed of Trust associated with this program.