

**MOORPARK CITY COUNCIL
AGENDA REPORT**

To: Honorable City Council

From: David C. Moe II, Redevelopment Manager *D. Moe*

Date: May 9, 2008 (CC Mtg. of May 21, 2008)

Subject: Consider Establishing a Non-Competitive (Management) Employee First Time Home Buyer Program

BACKGROUND AND DISCUSSION

The City of Moorpark is currently finishing Round Three of the First Time Home Buyer Program which provides ownership opportunities to Moorpark residents, commuters that work in Moorpark and any other interested persons desiring to relocate to the City. To date, twelve families have been placed in affordable units and four additional families are preparing to close escrow on brand new condo units in the Waverly Place Community. Competitive services employees of the City are eligible to participate in this unique program; however non-competitive (management) employees specifically are excluded.

In an effort to extend first time home buying opportunities to non-competitive employees, staff is proposing a Non-Competitive Employee First Time Home Buyer Program ("Program"). The proposed Program would be considerably different from the City's existing First Time Home Buyer Program. The Program would offer a loan of up to \$100,000.00 to help an employee purchase a home within the City of Moorpark city limits; not to exceed the City's median selling price with a cap of \$500,000.00. The City loan would be recorded behind the employee's first mortgage and be secured with a deed of trust. The interest rate would be tied to the Local Area Investment Fund (LAIF) and adjusted quarterly. Interest only payments would be required and there would not be any prepayment penalty. The term of the loan would be seven years, provided the employee is still employed with the City of Moorpark.

To be eligible for the Program, the employee could have never owned a home before and must qualify for conventional mortgage (no negative amortization) with a fixed interest rate for a period of not less than seven years. Employee must have sufficient funds to close escrow and have a down payment of at least 3%. The employee would

also need to have a satisfactory rating or higher on the most recent performance review and be employed, at the management level, for one year with the City. If the employee terminates the employment with the City, the loan will need to be repaid, in full, within six months of the termination date. If the City terminates the employee, the loan will need to be repaid, in full, within one year of the termination date.

Prior to funding the City loan, an appraisal of the property to be purchased must be obtained by the employee to justify the purchase price. The appraisal shall be approved, at the sole discretion, by the City Manager or designee.

The Program would benefit the City in two ways. First, the Program would encourage employees to become part of the Moorpark community. Second, the Program would give the City a competitive edge in its recruiting and retention efforts.

FISCAL IMPACT

The Program will not have a fiscal impact. The City will limit the Program to five outstanding loans, which limits the maximum funding to \$500,000.00. The interest rate of the loans is tied to LAIF, so it is the same rate the City receives from investing the reserve funds. Staff will return with an appropriation of funds at a later date.

STAFF RECOMMENDATION

Authorize staff to proceed with a Non-Competitive Employee First Time Home Buyer Program and authorize the City Manager to approve other program requirements and procedures.