

King County Consortium 2019 Annual Action Plan Attachment C Homeownership Program



King County Home Ownership Programs for 2019 Action Plan

Program details are listed in the recapture and resale guidelines matrix at the end of this document.

King County Consortium Recapture and Resale Programs					
All ownership programs require a written agreement and a recorded lien on the home.					
Recapture	House Key ARCH	HomeSight Revolving Loan Fund	House Key King County		
Recapture is used in ownership programs that provide down payment assistance to buyers. Recapture means that at any point during the period of affordability, the original homebuyer may sell (voluntarily or involuntarily) the property, and the PJ will recapture all or a portion of the HOME assistance provided to the owner. The homeowner may sell the property to any willing buyer at any price.					
Down payment assistance	Recapture provisions apply to down payment assistance programs				
New Home funds or Program Income	Loans are made with program income from recaptured HOME funds.				
Administration	Washington State Housing Finance Commission -sub recipient	HomeSight - sub recipient	Washington State Housing Finance Commission - sub recipient		
Sale during period of affordability Period of Affordability	Total loan amount is recaptured subject to available net proceeds. Net proceeds is defined as the sales price less any senior debt to the HOME loan and any actual reasonable costs of sale paid such as; escrow, recording or legal fees, real estate taxes and title insurance cost				
Principal residence	Unit must be the principal residence of the homebuyer for the period of affordability.				
Affordability	HOME loan - 10 year affordability period up to 80% AMI (regardless of amount of the HOME funds awarded to each borrower)				
Maximum loan amount	\$10,000	\$35,000	\$20,000		
Interest on HOME funds	0%	4%	0%		
Loan contact	Dietrich Schmitz Washington State Housing Finance Commission 206-287-4459 dietrich.schmitz@wshfc.org	Tom Jacobi HomeSight 877-577-2416 Tom@homesightwa.org	Dietrich Schmitz Washington State Housing Finance Commission 206-287-4459 dietrich.schmitz@wshfc.org		
Market area	ARCH member cities*	South King County	South King County		
Resale	Homestead Community Land Trust (HCLT)	La Fortuna (Habitat for Humanity Seattle/King County)	Roseballen Community Land Trust (Vashon HouseHold)	Sammamish Cottages (Habitat for Humanity Seattle/King County)	Copper Lantern Estates
Resale is used in ownership programs that are used to acquire land or to construct homes which will remain affordable over the long term. Resale means that if at any time during the period of affordability, the original homebuyer sells his/her property (either voluntarily or involuntarily), the property must be sold to another low-income homebuyer who will use the property as his/her principal residence and the original homebuyer will receive a fair return on his/her investment.					
Development assistance	Resale provisions apply to development assistance programs				
New HOME funds or Program Income	Resale programs are funded with new HOME funds.				
Principal residence	Unit must be the principal residence of the homebuyer for the period of affordability.				
Administered by subrecipients or CHDO's	Originally funded as a CHDO now a Subrecipient			Subrecipient	Resales administered by King County through A Regional Coalition for Housing
Resale requirements limit homebuyers during HOME period of affordability	Income-qualified homebuyers at or below 80% of Area Median Income	Income-qualified homebuyers at or below 60% of Area Median Income	Income-qualified homebuyers at or below 80% of Area Median Income	Income-qualified homebuyers at or below 60% of Area Median Income	Income-qualified homebuyers at or below 80% of Area Median Income
Period of affordability	15 year affordability period				
Definition of Fair return	Fair return is defined as a fair and reasonable method through the resale price formula.				
Publicly accessible index & Objective Standard	Based on set 1.5% annual increase	Change in HUD Area Median Income for King County	Consumer Price Index	Change in HUD Area Median Income for King County capped at 3%	Average increase in HUD Area Median Income for King County plus 1/2 of the increase on average sales price
Resale Formula	Original purchase price increased by 1.5% annually plus capital improvements.	If sold within first 5 years, the purchase price is the original purchase price (amount paid by homeowner). If sold after five years, the base price will be adjusted according to changes in annual median income issued by HUD. Plus adjustments are made for capital improvements.	The resale formula price is based on the Consumer Price Index for Seattle-Bellevue SMSA up to a maximum of 3.5% compounded annually. Plus adjustments are made for capital improvements.	If sold within first 5 years, the purchase price is the original purchase price (amount paid by homeowner). If sold after five years, the base price will be adjusted according to changes in annual median income issued by HUD capped at 3%. Plus adjustments are made for capital improvements.	Original purchase price plus an appreciation factor (based on the average increase in median household income for King County as determined by HUD and 1/2 of the increase in average sales price as determined by the MLS). Plus adjustments are made for capital improvements.
Capital Improvements - King County Policy in general	Capital improvement must increase the gross built living space of the home OR have a useful life of ten years or more, and must be built or installed subject to all required permits and approvals. Each HOME assisted program will set dollar-value threshold limits for qualifying capital improvements subject to approval by the County and must list items that will be allowed and how the value is calculated. Eligible capital improvement items may include the following: <u>initial landscaping on new construction with incomplete yards</u> , roof, siding, HVAC, water heater, foundation, water & sewer lines, electrical lines, plumbing lines, <u>windows and doors IF they improve energy performance</u> , decks, porches, sheds or garages.				
Valuing Capital Improvements	Improvements are valued based on depreciated cost plus 1.5% compounded annually from the time the capital improvement was approved	Improvements are valued based on depreciated cost.	Improvements are valued based on the market value as determined by an appraisal.	Improvements are valued based on depreciated cost.	For improvements with an original cost of less than \$5,000 shall be valued on a straight line depreciation basis. For improvements that cost more than \$5,000 shall be valued at the appraised market value of the improvement.
Range of low income buyers	60% to 80% of AMI paying no more than 38% of household income towards principal, interest, taxes and insurance If homeowner dues or lease fees are required, the percentage may go up to 40%.	25% to 60% of AMI paying no more than 35% of household income towards principal, interest, taxes and insurance If homeowner dues or lease fees are required, the percentage may go up to 38%.	50% to 80% of AMI paying no more than 38% of household income towards principal, interest, taxes and insurance If homeowner dues or lease fees are required, the percentage may go up to 40%.	50% to 60% of AMI paying no more than 35% of household income towards principal, interest, taxes and insurance If homeowner dues or lease fees are required, the percentage may go up to 38%.	60% to 80% of AMI paying no more than 35% of household income towards principal, interest, taxes and insurance If homeowner dues or lease fees are required, the percentage may go up to 38%.
Ensure continued affordability to subsequent buyers	In all cases, in the event sales prices are not such that a fair return can be provided to the original homeowner, the County may provide additional HOME funds if available.				
Non-Compliance	If the original homebuyer no longer occupies the unit as his/her principal residence OR the home was sold during the period of affordability and the applicable resale/recapture provisions were not enforced, the HOME Fund must be repaid.				
Submarket area	South King County	Renton	Vashon Island	Sammamish	Kenmore
*ARCH Cities: Beaux Arts Village, Bellevue, Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, Kirkland, Medina, Mercer Island, Newcastle, Redmond, Sammamish, Woodinville, and Yarrow Point					