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HOUSING COMMISSION AGENDA

CITY HALL COUNCIL CHAMBER
78495 Calle Tampico, La Quinta

REGULAR MEETING
WEDNESDAY, MARCH 10, 2021 AT 4:00 P.M.

SPECIAL NOTICE **Teleconferencing and Telephonic Accessibility In Effect**

Pursuant to Executive Orders N-25-20, N-29-20, N-33-20, and N-35-20, executed by the Governor of California in response to the state of emergency relating to novel coronavirus disease 2019 (COVID-19) and enabling teleconferencing accommodations by suspending or waiving specified provisions in the Ralph M. Brown Act (Government Code § 54950 *et seq.*), members of the Housing Commission, the City Manager, City Attorney, City Staff, and City Consultants may participate in this meeting by teleconference. Additionally, pursuant to the above-referenced executive orders, the public is not permitted to physically attend at City Hall the meeting to which this agenda applies, but any member of the public may listen or participate in the open session of this meeting as specified below.

Members of the public wanting to listen to this meeting may do so by tuning-in live via <http://laquinta.12milesout.com/video/live>.

Members of the public wanting **to address the Housing Commission**, either for public comment or for a specific agenda item, or both, are requested to send an email notification to Housing Specialist Doug Kinley at DKinley@LaQuintaCA.Gov, and specify the following information:

- | | |
|----------------------|---|
| 1) Full Name | 4) Public Comment or Agenda Item Number |
| 2) City of Residence | 5) Subject |
| 3) Phone Number | 6) Written or Verbal Comments |

The email "subject line" must clearly state "Written Comments" or "Verbal Comments."

Verbal public comments – requests to speak must be emailed to Housing Specialist Doug Kinley no later than 3:00 p.m. on the day of the meeting;

the City will facilitate the ability for a member of the public to be audible to the Housing Commission and general public for the item(s) by contacting him/her via phone and queuing him/her to speak during the discussion.

Only one person at a time may speak by telephone and only after being recognized by the Housing Commission's Chairperson.

Written public comments, received prior to the adjournment of the meeting, will be distributed to the Housing Commission, incorporated into the agenda packet and public record of the meeting, and will not be read during the meeting unless, upon the request of the Housing Commission Chairperson, a brief summary of any public comment is asked to be read, to the extent the Commission Secretary can accommodate such request.

It would be appreciated that any email communications for public comments related to the items on the agenda, or for general public comment, are provided to the City Manager's Office at the email address listed above prior to the commencement of the meeting. If that is not possible, and to accommodate public comments on items that may be added to the agenda after its initial posting or items that are on the agenda, every effort will be made to attempt to review emails received by the City Manager's Office during the course of the meeting. The Housing Commission's Chairperson will endeavor to take a brief pause before action is taken on any agenda item to allow the Commission Secretary to review emails and share any public comments received during the meeting. All emails received by the City Manager's Office, at the email address above, until the adjournment of the meeting, will be included within the public record relating to the meeting.

CALL TO ORDER

ROLL CALL: Commissioners: Casto, Davidson, McDonough, Pacheco, Chairperson Gaeta-Mejia

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

At this time, members of the public may address the Housing Commission on any matter not listed on the agenda. ***Please email "Written Public Comments" to DKinley@LaQuintaCA.gov and limit your comments to three (3) minutes (approximately 350 words).*** The Commission values your comments; however, in accordance with State law, no action shall be taken on any item not appearing on the agenda unless it is an emergency item authorized by the Brown Act [Government Code Section 54654.2(b)].

CONFIRMATION OF AGENDA

ANNOUNCEMENT, PRESENTATIONS, AND WRITTEN COMMUNICATION

CONSENT CALENDAR

NOTE: Consent Calendar items are routine in nature and can be approved by one motion.

- 1. APPROVE SPECIAL MEETING MINUTES OF JANUARY 12, 2021

BUSINESS SESSION

- 1. RECOMMEND REVISED FUNDING OPTION FOR AREA HOMELESS PREVENTION PROGRAMS FOR FY 2020/21
- 2. REVIEW AND RECOMMEND APPROVAL OF AFFORDABLE HOUSING FREQUENTLY ASKED QUESTIONS

STUDY SESSION – NONE

STAFF REPORTS AND INFORMATIONAL ITEMS – NONE

COMMISSIONERS' ITEMS – NONE

ADJOURNMENT

The next regular quarterly meeting of the La Quinta Housing Commission will be held on June 9, 2021, commencing at 4:00 p.m., at the La Quinta Study Session Room, 78495 Calle Tampico, La Quinta, CA 92253, and via Zoom.

DECLARATION OF POSTING

I, Doug Kinley, Housing Specialist, do hereby declare that the foregoing Agenda for the La Quinta Housing Commission meeting was posted on the City's website, near the entrance to the Council Chambers at 78495 Calle Tampico, and the bulletin boards at the Stater Brothers Supermarket at 78630 Highway 111, and the La Quinta Cove Post Office at 51321 Avenida Bermudas, on March 5, 2021.

DATED: March 5, 2021

Doug Kinley MM

Doug Kinley, Housing Specialist
City of La Quinta, California

PUBLIC NOTICES

- The La Quinta City Hall Study Council Chamber is handicapped accessible. If special equipment is needed for the hearing impaired, please call the City Clerk's office at (760) 777-7092, twenty-four (24) hours in advance of the meeting and accommodations will be made.
- If special electronic equipment is needed to make presentations to the Commission, arrangements should be made in advance by contacting the City Clerk's office at (760) 777-7092. A one (1) week notice is required.
- If background material is to be presented to the Commission during a Housing Commission meeting, please be advised that eight (8) copies of all documents, exhibits, etc., must be supplied to the Secretary for distribution. It is requested that this take place prior to the beginning of the meeting.
- Any writings or documents provided to a majority of the Commission regarding any item(s) on this agenda will be made available for public inspection at The Hub counter at City Hall located at 78-495 Calle Tampico, La Quinta, California, 92253, during normal business hours.



**HOUSING COMMISSION
SPECIAL MEETING
MINUTES
TUESDAY, JANUARY 12, 2021**

CALL TO ORDER

A meeting of the La Quinta Housing Commission (Commission) was called to order at 4:00 p.m. by Chairperson Gaeta-Mejia.

Let the record reflect Commissioner Casto reported present at 4:06 P.M.

This meeting was held by teleconference pursuant to Executive orders N-25-20, N-29-20, N-33-20, and N-35-20, executed to by the Governor of California in response to the state of emergency relating to novel coronavirus disease 2019 (COVID-19) and enabling teleconferencing accommodations by suspending or waiving specified provisions of the Ralph M. Brown Act (Government Code § 54950 et seq.).

PRESENT: Commissioners Casto, McDonough, Pacheco, Chairperson Gaeta-Mejia

ABSENT: Commissioner Davidson

STAFF PRESENT: Housing Specialist Kinley, Management Analyst Ferreira, Finance Director Romero, Planning Manager Design and Development Flores, and Commission Secretary Camarena

PLEDGE OF ALLEGIANCE

Chairperson Gaeta-Mejia led the audience in the Pledge of Allegiance.

CONFIRMATION OF AGENDA - Confirmed

PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

Specialist Kinley said no requests for WRITTEN PUBLIC COMMENTS or VERBAL COMMENTS have been received for this meeting.

ANNOUNCEMENTS, PRESENTATIONS AND WRITTEN COMMUNICATIONS

- None

CONSENT CALENDAR

(Business Session 1 and 2 were conducted before consent calendar)

1. APPROVE REGULAR MEETING MINUTES OF SEPTEMBER 9, 2020

MOTION – A motion was made and seconded by Commissioners Casto/Gaeta-Mejia to approve the Consent Calendar as recommended. Motion passed – ayes (4), noes (0), abstain (0), absent (1 – Davidson).

BUSINESS SESSION

1. RECEIVE AND FILE FISCAL YEAR 2019-2020 HOUSING AUTHORITY YEAR-END BUDGET REPORT

Finance Director Romero presented the 2019-20 Housing Authority year-end budget staff report, which can be found on file in the City Manager's Department.

Finance Director Romero provided an update on the revenue for the Dunes Palms Mobile Home Park; Skate Park land deferral; the fair market value; RDA loan amounts; updates on the two bonds for the Housing Authority and how expenditures were under budget due to savings in payroll and legal consulting services and will stay in the Housing Authority Fund.

MOTION – A motion was made and seconded by Commissioners McDonough/Casto to approve the request to receive and file fiscal year 2019 2020 Housing Authority year-end budget report as recommended. Motion passed – ayes (4), noes (0), abstain (0), absent (1 – Davidson).

2. RECEIVE AND FILE FISCAL YEAR 2020/21 FIRST QUARTER HOUSING AUTHORITY BUDGET REPORT

Finance Director Romero provided a verbal update on the first quarter report Adjustments recommended and approved by the Housing Authority on December 2020; discussed the revenue adjustment for the sale of the real property at the skate park, and the minor reduction adjustments in interest earnings for the Housing Authority.

MOTION – A motion was made and seconded by Commissioners Casto/McDonough to approve the request to receive and file fiscal year 2020 21 first quarter Housing Authority budget report as recommended. Motion

passed – ayes (4), noes (0), abstain (0), absent (1 – Davidson).

3. RECOMMEND FUNDING OPTION FOR AREA HOMELESS PREVENTION PROGRAMS FOR FY 2020-21

Specialist Kinley presented the funding option for area homeless prevention programs for FY 2020-21 staff report, which can be found on file in the City Manager's Department.

Staff provided a brief overview of the 2019/20 allocations; discussed current changes with the Coachella Valley Association of Governments (CVAG); and provided the proposed allocations of the Homeless Prevention Program Funding for 2020/21 with \$100,00.00 being allotted to Coachella Valley Rescue Mission (CVRM), \$100,000.00 being allocated to Martha's Village and Kitchen, and leaving \$50,000.00 to allocate at a future date.

MOTION – A motion was made and seconded by Commissioners McDonough/Casto to approve the funding option for area homeless Prevention programs for FY 2020-21 as recommended. Motion passed – ayes (4), noes (0), abstain (0), absent (1 – Davidson).

4. RECOMMEND THE HOUSING AUTHORITY APPROVE DRAFT SCOPE OF SERVICES TO BE PROVIDED BY J&H ASSET PROPERTY MGT., INC. FOR RESIDENTIAL PROPERTY MANAGEMENT SERVICES AT DUNE PALMS MOBILE HOME PARK

Management Analyst Ferreira presented the Housing Authority approve draft scope of services to be provided by J&H Asset Property MGT., Inc. for residential property management services at Dune Palms Mobile Home Park staff report for FY 2020-21 staff report, which can be found on file in the City Manager's Department.

Staff discussed the scope of services; terms and amount of contract; and the 2-year contract extension for J&H Asset Property MGT., Inc.

MOTION – A motion was made and seconded by Commissioners McDonough/Pacheco to approve the Housing Authority draft scope of services to be provided by J&H Asset Property MGT., Inc. for residential property management services at Dune Palms Mobile Home Park as recommended. Motion passed – ayes (4), noes (0), abstain (0), absent (1 – Davidson).

STUDY SESSION – None

STAFF REPORTS AND INFORMATIONAL ITEMS

1. UPDATE ON THE REGIONAL HOUSING NEEDS ASSESSMENT MANDATE

Specialist Kinley provided a brief review of the RHNA allocation process; explained the City is currently ending its 5th cycle, exceeding the 364 dwellings for the affordable housing stock; explained the changes made for the 6th cycle; and discussed the RHNA timeline.

2. INFORMATIONAL UPDATE ON HOUSING ELEMENT UPDATE

Planning Manager Design and Development Flores provided background information for the City's general plan and accomplishments such as Washington Street Apartments, and Coral Mountain Apartments; informed the Housing Commission of the upcoming housing element workshops that assist with feedback on how the City can help facilitate affordable housing developers and agencies; and mentioned the Planning Commission and City Council hearings that are scheduled to take place in late summer 2021. Housing Commission requested information for the January 13, 2021 workshop, staff agreed to send information over via email.

COMMISSIONER'S ITEMS – None

ADJOURNMENT

There being no further business, a motion was made and seconded by Commissioners Casto/McDonough to adjourn the meeting at 4:41 p.m. Motion passed – ayes (4), noes (0), abstain (0), absent (1 – Davidson).

Respectfully submitted,

Reyna Camarena

REYNA CAMARENA, Commission Secretary
City of La Quinta, California

City of La Quinta

HOUSING COMMISSION MEETING: March 10, 2021

STAFF REPORT

AGENDA TITLE: RECOMMEND REVISED FUNDING OPTION FOR AREA HOMELESS PREVENTION PROGRAMS FOR FY 2020/21

RECOMMENDATION

Recommend approval to the Housing Authority of revised funding options to provide assistance to area homeless service providers and homeless prevention partners; Coachella Valley Rescue Mission (CVRM), Martha's Village and Kitchen (MVK) and Coachella Valley Association of Governments (CVAG).

EXECUTIVE SUMMARY

- The Housing Commission (Commission) and Housing Authority (Authority) agreed on the allocation of \$250,000 of Housing Authority funds to area homeless service providers and homeless prevention partners in previous Fiscal Year (FY) 2019/2020.
- Staff continues receiving metrics regarding the success of this funding and can track how it positively impacts the City of La Quinta and greater Coachella Valley community.
- Staff recommends the Commission consider providing the following allocations for FY 2020/2021 totaling \$250,000:
 - \$100,000 to CVRM
 - \$100,000 to MVK
 - \$50,000 to CVAG

FISCAL IMPACT

Authority funds are available in account number 243-0000-60532.

BACKGROUND/ANALYSIS

Staff recommends providing \$100,000 to CVRM and MVK, a larger allocation than previous fiscal year's \$83,333, due to the metrics provided showing the additional need brought on by the COVID-19 pandemic and the services these facilities provided that benefit the City of La Quinta.

The remaining \$50,000 will be provided to CVAG for continued assistance services provided to the community as part of their internal program. Each organization will continue to be required to provide a quarterly report on their use of the funds, indicate how many individuals from La Quinta were assisted, and what services they utilized.

ALTERNATIVE

The Housing Commission can recommend this option to the Housing Authority, or direct staff with a new option.

Prepared by: Doug Kinley, Housing Specialist

Approved by: Gil Villalpando, Assistant to City Manager

City of La Quinta

HOUSING COMMISSION MEETING: March 10, 2021

STAFF REPORT

AGENDA TITLE: REVIEW AND RECOMMEND APPROVAL OF AFFORDABLE HOUSING FREQUENTLY ASKED QUESTIONS

RECOMMENDATION

Review and recommend approval of affordable housing frequently asked questions to be posted on the City of La Quinta's website.

EXECUTIVE SUMMARY

- The City of La Quinta receives repeat questions regarding affordable housing opportunities available in the City.
- In coordination with the City Attorney's office and the City's Affordable Housing Consultant (Consultant), Becky Caha, Frequently Asked Questions and Answers (FAQ) have been developed to be posted for the public to more easily get information.

FISCAL IMPACT - None

BACKGROUND/ANALYSIS

The City of La Quinta routinely receives inquiries from the public regarding affordable housing opportunities, availability, and regulations. In order to provide information to the public that will answer these questions, Staff has worked with the City Attorney and Consultant to create two sets of FAQ that will be posted on the City's affordable housing website. One set of FAQs (Attachment 1) will aim to answer questions regarding affordable housing rental opportunities and operations. The other set (Attachment 2) will answer questions regarding affordable housing ownership opportunities and operations, such as the existing Watercolors project. Staff anticipates the FAQs will enhance customer service by answering routine questions that are often asked by the public, and reduce costs associated with responses by staff and the Consultant.

Additionally, staff will be looking to the Housing Authority for possible policy direction on permissible roommates and seeks the Commission's recommendations for such policy. Generally, for senior citizen housing

developments, State law requires the primary resident to be a senior citizen (55 years or older), and any other residents living in a unit to be a “qualified permanent resident” (such as a spouse, cohabitant, person providing primary physical or economic support) or a “permitted health care resident” (a person hired to provide live-in, long-term, or terminal health care). However, State law generally defers to a housing development HOA’s covenants, conditions, and restrictions and other governing documents (CC&Rs) when it comes to temporary residency, such as roommates living with a senior citizen. While State law provides that temporary residency for not less than 60 days in any year must be provided for *guests* of a senior citizen or qualified permanent resident, State law does not speak on whether roommates may be permitted, and if so, any conditions that may be attached to roommate rentals when the senior citizen or qualified permanent resident lives with the roommate in a unit.

Staff seeks a policy that may be promoted by the Housing Authority for the owner-occupied senior developments, but ultimately a project’s CC&Rs will govern the scope of roommate rentals. Any roommate rental policy may consider income limits, especially for income-restricted owner-occupied projects where the residents *must* be income qualifying and live at the project as their primary residence. Any recommendations from the Commission will be provided to the City Manager, City Attorney’s Office, and City Housing Consultant, to review and then present to the Housing Authority.

ALTERNATIVE

Staff does not recommend an alternative.

Prepared by: Doug Kinley, Housing Specialist

Approved by: Gil Villalpando, Assistant to City Manager

Attachment 1: Affordable Housing (Owner-Occupied Units) FAQs

Attachment 2: Watercolors and Ownership FAQs

AFFORDABLE HOUSING FREQUENTLY ASKED QUESTIONS (Owner-Occupied Units)

- Q. Can a buyer purchase a property for “ALL CASH”?**
- A. No. One criterion for purchasing a property that is under the La Quinta 2nd Trust Home Purchase Loan Program (“Program”) is that the buyer must be able to qualify for and obtain an appropriate mortgage loan to finance the purchase, and have at least a 3% down payment of buyer’s own funds. If a buyer can pay all cash for a property, they are not in need of the assistance provided by this program.
- Q. Is the downpayment based upon the full sales price or the sales price LESS the 2nd trust deed?**
- A. The minimum 3% downpayment is based upon the full sales price and must be from buyer’s own funds.
- Q. Are the property taxes based upon the full purchase price or the purchase price LESS the 2nd trust deed?**
- A. The property tax amount is based upon the full sales price LESS the 2nd trust deed amount. The property should not be assessed on the full sales price.

Q. Do VA buyers have to put down the minimum downpayment?

A. No. If the buyer is purchasing the property with a VA loan, the buyer does NOT need to provide a downpayment. The buyer will still be responsible for all closing costs and escrow fees.

Q. Can a low-income buyer purchase a property designated as a moderate- income property and vice versa?

A. No. All properties must be purchased by a buyer that is the same income level as the income restriction of the property (very low, low, or moderate). Each property has specific requirements for that property. These requirements govern the qualification requirements.

Q. Can an owner rent out their property for either long-term or short-term/vacation rental?

A. No. The property must be occupied by the property owner as their primary residence during the entire restriction period.

Q. Can the 2nd trust deed be repaid before the end of the restriction term?

A. The terms of the promissory note state that the 2nd trust deed can be repaid, with shared appreciation. If an owner pays off the Authority loan during the restriction period, any affordability covenants recorded against the property remain with the property for the full term, requiring that the property to be sold to an income qualified household and with a limitation on the resale price. If there are no affordability covenants recorded against the property, then the

repayment of 2nd trust deed with interest and/or shared appreciation will remove and terminate any resale restrictions.

Q. What are the restrictions for selling the property?

A. The owner is precluded, during the restriction period, from selling the home to any person other than a very low, low or moderate income-qualified buyer (pursuant to the specific agreements recorded against the property).

Q. What happens at the end of the affordability period?

A. The loan is forgiven and the affordability restrictions are removed and terminated.

Q. Is an owner's income recertified every year, and if so, what happens if an owner's income increases following their purchase of an affordable property?

A. The owner's income is only certified at the time of the owner's purchase of the property. There are no subsequent income recertifications. However, an owner must provide proof of owner-occupancy and insurance coverage annually.

Q. What are the refinancing restrictions?

A. The Authority will agree to subordinate the Authority loan and the Authority's affordability restrictions to a refinancing of the first mortgage loan that complies with the requirements in the Authority loan documents and also with the following additional limitations:

1. The principal amount of the new first mortgage loan does not exceed the then-current first mortgage loan balance (i.e., a straight refinance to reduce your interest rate), or
2. The principal amount of the new first mortgage loan exceeds the then-current first mortgage loan balance (i.e., a “cash-out” refinance) but complies with all of the following: (1) the total of the new first mortgage plus the Authority loan does not exceed seventy percent (70%) of the current appraised value of the property; (2) total monthly housing costs will not exceed a monthly affordable housing cost; or (3) the “cash-out” amount (i.e., the first mortgage balance plus closing costs less the then-current first mortgage loan balance) does not exceed \$25,000.
3. The Authority loan **MUST** remain in 2nd position. Reverse mortgages, Home Equity Line of Credit loans, and 3rd Trust Deeds are not allowed under this program.

Q. What if an owner were to pass away prior to the end of the affordability period?

- A. If an owner were to pass away, title to the property must be a “Permitted Transfer” which allows the title to pass to a spouse or be a transfer that occurs by operation of law in the absence of an express conveyance by the owner (including transfer by devise, inheritance, incompetency, marriage, and divorce). The party that receives ownership of the property via a Permitted Transfer must adhere to the restrictions in place on the property. There is no income qualification required for the party who obtains the property via a Permitted Transfer.

WATERCOLORS FREQUENTLY ASKED QUESTIONS

Q. Can a buyer purchase a property in Watercolors for “ALL CASH”?

A. No. One criterion for purchasing a property in Watercolors is that the buyer must be able to qualify for and obtain an appropriate mortgage loan to finance the purchase, and have at least a 3% down payment of buyer’s own funds. If a buyer can pay all cash for a property, they are not in need of the assistance provided by this program.

Q. Is the downpayment based upon the full sales price or the sales price LESS the 2nd trust deed?

A. The minimum 3% downpayment is based upon the full sales price and must be from buyer’s own funds.

Q. Are the property taxes based upon the full purchase price or the purchase price LESS the 2nd trust deed?

A. The property tax amount is based upon the full sales price LESS the 2nd trust deed amount. The property should not be assessed on the full sales price.

Q. Do VA buyers have to put down the minimum downpayment?

A. No. If the buyer is purchasing the property with a VA loan, the buyer does NOT need to provide a downpayment. The buyer will still be responsible for all closing costs and escrow fees.

Q. Can a low-income buyer purchase a property designated as a moderate- income property and vice versa?

A. No. Low-income buyers can only purchase low-income designated units. The same applies to moderate-income buyers who can only purchase a moderate-income designated unit.

Q. Can an owner rent out their property for either long-term or short-term/vacation rental?

A. No. The property must be occupied by the property owner as their primary residence during the entire restriction period.

Q. Can an owner bring in a caregiver during their ownership of the property?

A. Yes. A property owner can bring in a caregiver during the ownership of their property as long as the homeowner is still the primary resident, and the caregiver qualifies as a “permitted health care resident” pursuant to California Civil Code section 51.3(b)(7).

Q. Can the 2nd trust deed be repaid before the end of the 45-year term?

A. The terms of the promissory note state that the 2nd trust deed can be repaid, but there is no financial or other benefit to the owner to do so, because the loan is forgiven at the expiration of the term. Further, repayment of the Authority loan will not terminate the recorded affordability covenants, which remain with the property for the full 45-year term, and require the property to be sold to an income qualified household at a restricted sales price.

Q. What are the restrictions for selling the property?

A. The owner is precluded, during the restriction period (45-years), from selling the home to any person other than a low or moderate income-qualified senior buyer.

Q. What happens at the end of the 45-year affordability period?

A. The loan is forgiven and the affordability restrictions are removed and terminated at the end of the 45-year term. It is important to note that the Master CC&Rs have restrictions that remain on the property that affect age, income and owner occupancy restrictions.

Q. What is the age restriction in Watercolors?

A. To qualify to purchase a property, a buyer must be at least 55 years of age or older and any person who will reside at the Property must qualify as either a "Qualified Permanent Resident" or a "Permitted Health Care Resident" (as those terms are defined in Civil Code Sections 51.3(b)(3) and 51.3(b)(7)).

Q. What are the refinancing restrictions?

A. The Authority will agree to subordinate the Authority loan and the Authority's affordability covenants to a refinancing of the first mortgage loan that complies with the requirements in the Authority loan documents and also with the following additional limitations:

1. The principal amount of the new first mortgage loan does not exceed the then-current first mortgage loan balance (i.e., a straight refinance to reduce your interest rate), or

2. The principal amount of the new first mortgage loan exceeds the then-current first mortgage loan balance (i.e., a “cash-out” refinance) but complies with all of the following: (1) the total of the new first mortgage plus the Authority loan does not exceed seventy percent (70%) of the current appraised value of the property; (2) total monthly housing costs will not exceed a monthly affordable housing cost; or (3) the “cash-out” amount (i.e., the first mortgage balance plus closing costs less the then-current first mortgage loan balance) does not exceed \$25,000.
3. The Authority loan **MUST** remain in 2nd position. Reverse mortgages, Home Equity Line of Credit loans, and 3rd Trust Deeds are not allowed under this program.

Q. What if an owner were to pass away prior to the end of the affordability period?

A. If an owner were to pass away, title to the property must be a “Permitted Transfer” which allows the title to pass to a spouse or be a transfer that occurs by operation of law in the absence of an express conveyance by the owner (including transfer by devise, inheritance, incompetency, marriage, and divorce). The party that receives ownership of this property via a Permitted Transfer must adhere to the restrictions in place on the property (owner-occupancy, 55 or older, and resale to another income-qualified buyer). There is no income qualification required for the party who obtains the property via a Permitted Transfer.

Q. Is an owner's income recertified every year, and if so, what happens if an owner's income increases following their purchase of a property?

A. The owner's income is only certified at the time of the owner's purchase of the property. There are no subsequent income recertifications. However, an owner must provide proof of owner-occupancy and insurance coverage annually.

* * *

DRAFT

