



Homeownership in Partnership with the
City, Developer and Housing Land Trust

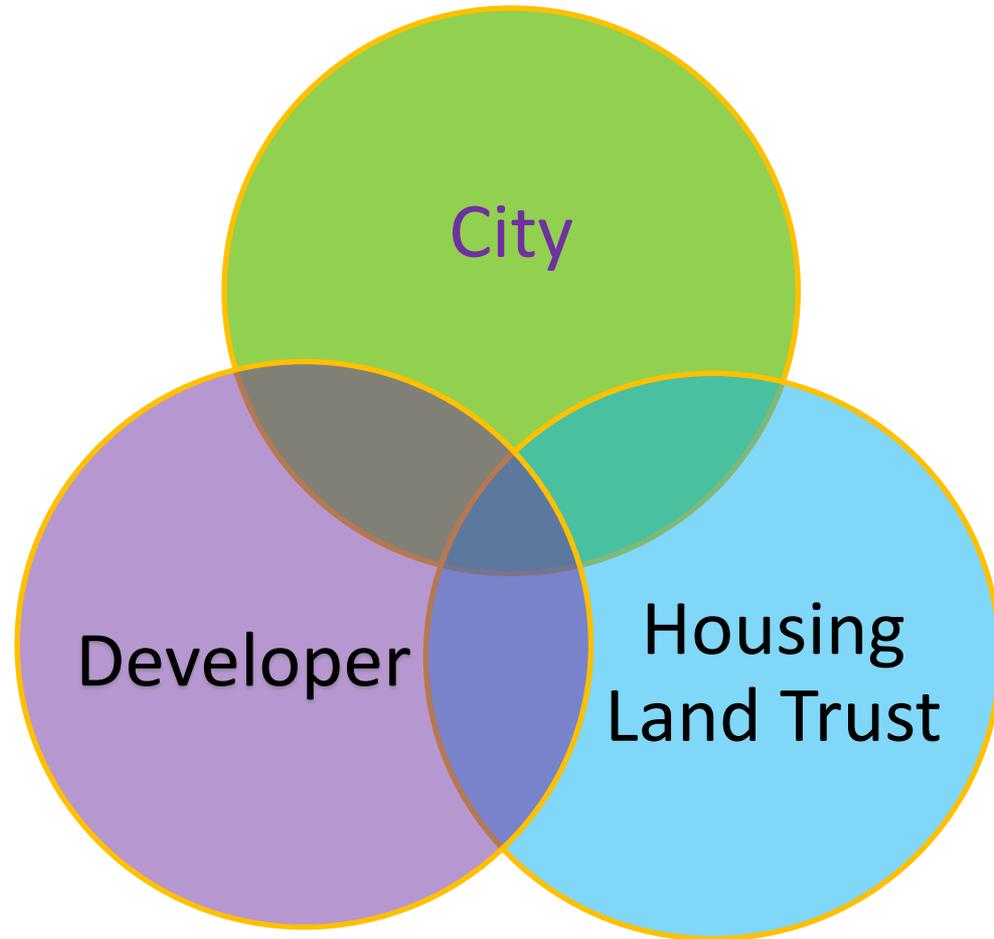
HOUSING OUR WORKFORCE - IT IS ALL ABOUT THE PAYCHECK

The price of the home is tied to income so it remains affordable in perpetuity.

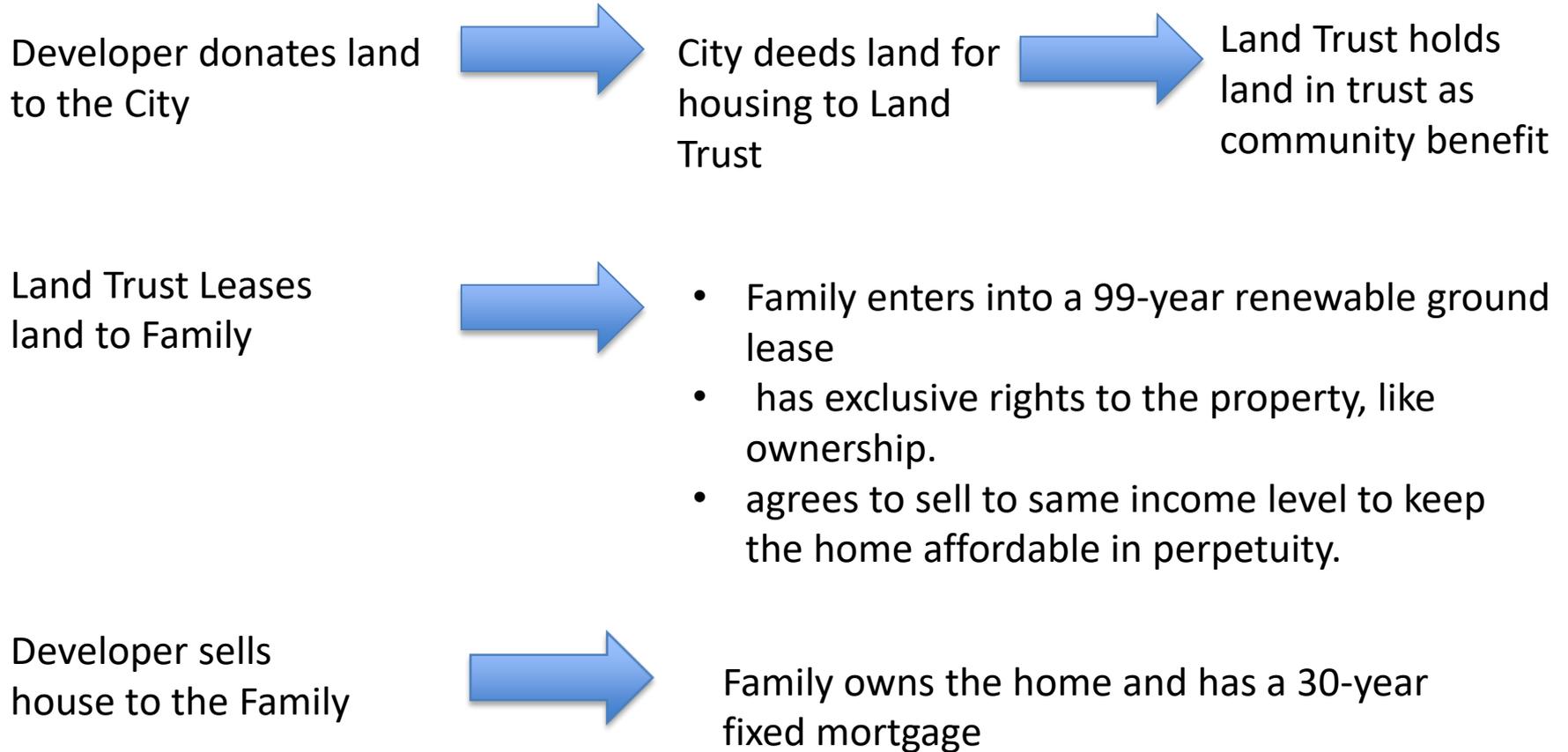


The land is a **community asset** with homes on it set aside for the workforce.

Partnerships



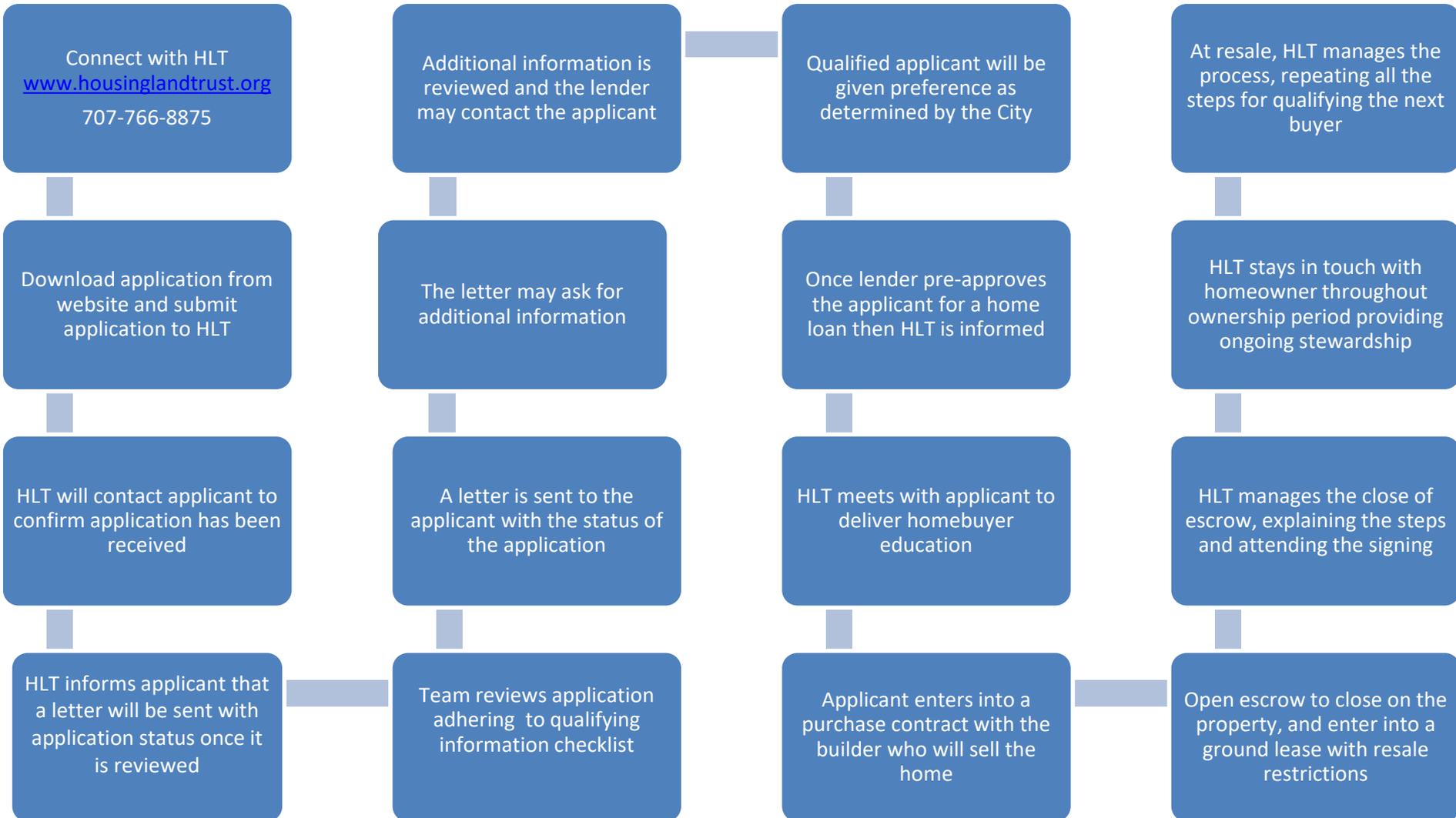
HOW DOES IT WORK?



Qualifying information compiled by lender and HLT:

- ✓ Date of Application
- ✓ Name of Applicants
- ✓ AMI %
- ✓ Number of people in household
- ✓ FICO Score
- ✓ Annual Income
- ✓ Qualifying ratios: percentage of housing costs to income & percentage of debt to income
- ✓ Purchase price
- ✓ Down payment
- ✓ Employer
- ✓ 1st Time homebuyer: Yes/No
- ✓ City Preferences

APPLICATION PROCESS FOR HOMEOWNERSHIP PROGRAM WITH HOUSING LAND TRUST (HLT)



How do we keep the home affordable for subsequent buyers?

- The price of the home is tied to the pay check, not the market. The index tied to resale is the Area Median Income (AMI)
- In order to keep the homes affordable to future buyers, homeowners agree to sell their home for a limited price when they decide to move
- The maximum price is calculated based on what was paid plus an annual increase based on the change in the area median income

Calculating the Resale Price

(Example)

- Initial Median Income in **2006** for Family of 4 at 100% AMI:
\$75,100

10 years later in 2016:

- Median Income in **2016** for Family of 4 at 100% AMI:
\$82,400

- Change in Incomes from 2006 to 2016 = 9.72%
(AMI chart comes out annually - could be more, could be less for future changes)

*Source HUD Sonoma County AMI Charts
3/8/2006 & 3/28/16*

Calculating the Resale Price

(Example)

Initial Purchase Price: \$300,000

If:

Change in Median Income = 9.72%

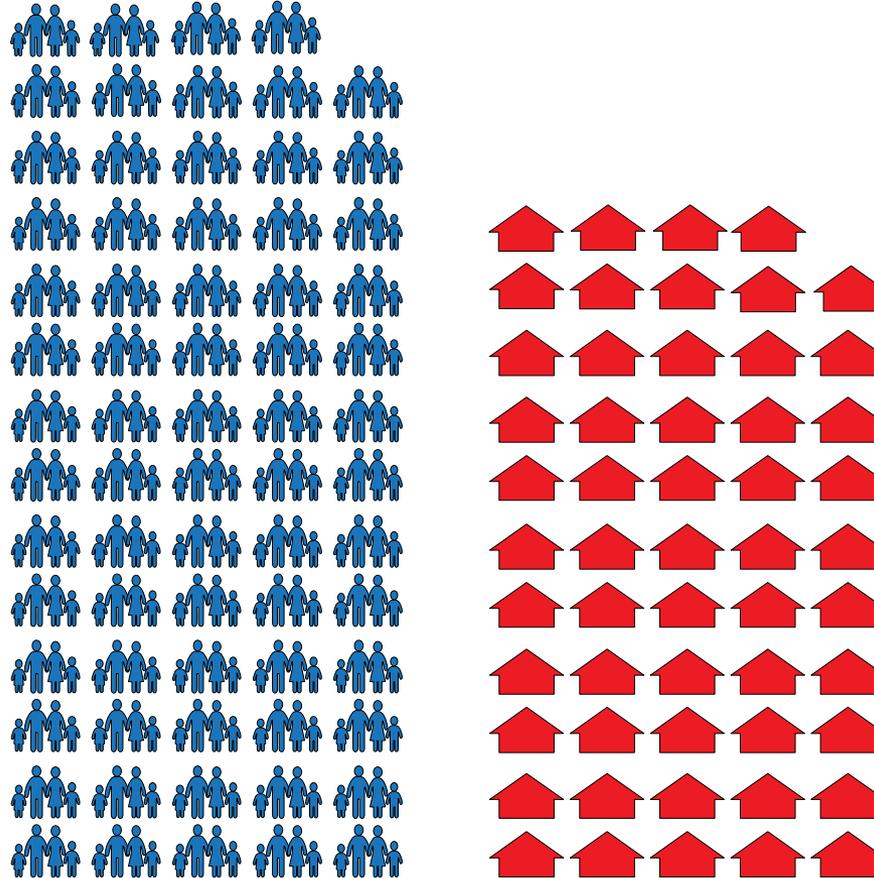
Then:

Maximum Sales Price = \$329,161.12

Total Appreciation from AMI = \$29,161.12

Total equity = Appreciation + Debt Reduction +
Down payment

Focus on Families - Not on Homes



One house in the community can be home to family after family because the home stays affordable.



Why Does Subsidy Retention Matter? Protecting the Public Investment

- Eliminate the need for government & private subsidies in future years as units are resold
- Ties subsidy to the *unit*, not the family
- Maintaining income targeted workforce housing stock
- Creating community wealth *and* personal wealth while maintaining future affordability



What is the City accomplishing?

- ▶ Creating community wealth by preserving land that will benefit the community in perpetuity
- ▶ Partnering with a non-profit in HLT to steward a finite resource that serves as a permanent subsidy to individual families generation after generation
- ▶ Make homeownership a reality for the workforce in our community
- ▶ Deliver stewardship to families to ensure successful homeownership
- ▶ Strengthening the fabric of our community by providing our workforce a secure place to live

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