King County Home Ownership Programs for 2018 Action Plan

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

New HOME funds awards

There are two HOME Program Homeownership Activities funded in 2018 recapture and resale provisions are outlined in the following matrix.

Greenbridge Homeownership Phase II: This is a down payment assistance program and the recapture provisions are outlined in the HomeSight revolving loan fund.

Homestead Community Land Trust at Riverton Park: This is new construction and the resale provisions are outlined in the Homestead Community Land Trust section of the matrix.
**King County Consortium Recap 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 any amount for any period of the 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
- 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 such as, escrow, recording or legal fees, real estate taxes and title insurance cost.

**Maximum loan amount**
$70,000

**Interest on HOME funds**
0%

**Loan contacts**
- Dietrich Schmitz, Washington State Housing Finance Commission 206-287-4449 dschmitz@wshfc.org
- Tom Jacobi, Homestead Community
- Dietrich Schmitz, Washington State Housing Finance Commission 888-749-4663

**Market area**
- ARCH member cities*
- South King County
- 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 Island)
- Sammamish Cottages (Vashon HouseHold)
- 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 homeowner for the period of affordability.

**Resale requirements limit homebuyers during HOME period of affordability**
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.

**Publically accessible index & Objective Standard**
Based on set 1.5% annual increase

**Resale Rescure**
Original purchase price increased by 1.5% annually plus 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: initial landscaping on new construction with incomplete yards, roof, siding, HVAC, water heater, foundation, wall & sewer lines, electrical lines, plumbing lines, windows and doors if they improve energy performance, 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.

**Range of low income buyers**
- 90% to 85% 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 38% of household income towards principal, interest, taxes and insurance if homeowner dues or lease fees are required, the percentage may go up to 33%
- 30% to 35% 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 25%.

**Non-Compliance**
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.

**Submarket area**
- South King County
- Renton
- Vashon Island
- Sammamish
- Kent

*ARCH Cities: Beaux Arts Village, Bellevue, Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, Kirkland, Medina, Mercer Island, Newcaise, Redmond, Sammamish, Woodinville, and Yarrow.