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 Recap and Resale Programs

All ownership programs require a written agreement and a recorded lien on the home.

### Recap/Resale Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>House Key ARCH</th>
<th>HomeSight Revolving Loan Fund</th>
<th>House Key King County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recap</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>Washington State Housing Finance Commission - sub recipient</td>
<td><a href="http://beauxarts.org">beauxarts.org</a></td>
<td><a href="http://wshfc.org">wshfc.org</a></td>
</tr>
<tr>
<td>Sale during period of affordability</td>
<td>Total loan amount is recaptured subject to available net proceeds. Net proceeds are 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.</td>
<td><a href="http://wshfc.org">wshfc.org</a></td>
<td><a href="http://wshfc.org">wshfc.org</a></td>
</tr>
<tr>
<td>Principal residence</td>
<td>Unit must be the principal residence of the homeowner for the period of affordability.</td>
<td><a href="http://wshfc.org">wshfc.org</a></td>
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</tr>
</tbody>
</table>

### Resale

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 homeowner sells his/her property (either voluntarily or involuntarily), the property must be sold to another low-income homeowner who will use the property as his/her principal residence and the original homeowner 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 homeowners 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 40% of Area Median Income
- Income-qualified homebuyers at or below 20% 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

### Resale Formula

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 installed subject to all required permits and approvals. Each HOME assisted program will set dollar-value threshold 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, water & sewer lines, electrical lines, plumbing lines, window and doors to improve energy performance, decks, porches, sheds or garages

### Valuing Capital Improvements

#### Improvements valued based on depreciation cost plus 1.5% compounded annually from the time the capital improvement was approved

#### Range of low income buyers

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>Homebuyers with no income</td>
</tr>
<tr>
<td>5%</td>
<td>Homebuyers with income up to 33% of Area Median Income</td>
</tr>
<tr>
<td>10%</td>
<td>Homebuyers with income up to 60% of Area Median Income</td>
</tr>
<tr>
<td>25%</td>
<td>Homebuyers with income up to 85% of Area Median Income</td>
</tr>
<tr>
<td>50%</td>
<td>Homebuyers with income up to 100% of Area Median Income</td>
</tr>
</tbody>
</table>

### Valuation

All ownership programs require a written agreement and a recorded lien on the home.