

**ATTACHMENT 5**



# Building Farm Worker Housing Under the State Employee Housing Act

## Introduction

The State's Employee Housing Act, allows farmers to build farm worker housing on agricultural land without a local conditional use permit, zoning variance or other zoning clearance. The Act allows the construction of temporary, seasonal or permanent employee housing for **12** or fewer agricultural workers. Manufactured housing units that meet **State** regulations for agricultural workers can now be easily installed on privately owned farm land. This brochure summarizes this law so that you can build these units yourself. This brochure also outlines a development model proposed by the Redevelopment Agency which may have some advantages to you as well as result in affordable housing.

## Provisions of the Employee Housing Act (California Health and Safety Code Section 17000 et seq)

- J* The Act provides for the construction of temporary, seasonal or permanent employee housing on agriculturally zoned property for 12 or fewer employees who are agricultural workers.
- ✓ Considers the construction of employee housing an allowed agricultural use that does not require any conditional use permit or other zoning clearance that is not required by any other agricultural activity in the same zone.
- ✓ Employee housing is a "principal permitted use" within "CA" or "AP" zoned districts and will only need building permits.
- ✓ Applications for employee housing are exempt from review by the Agricultural Policy

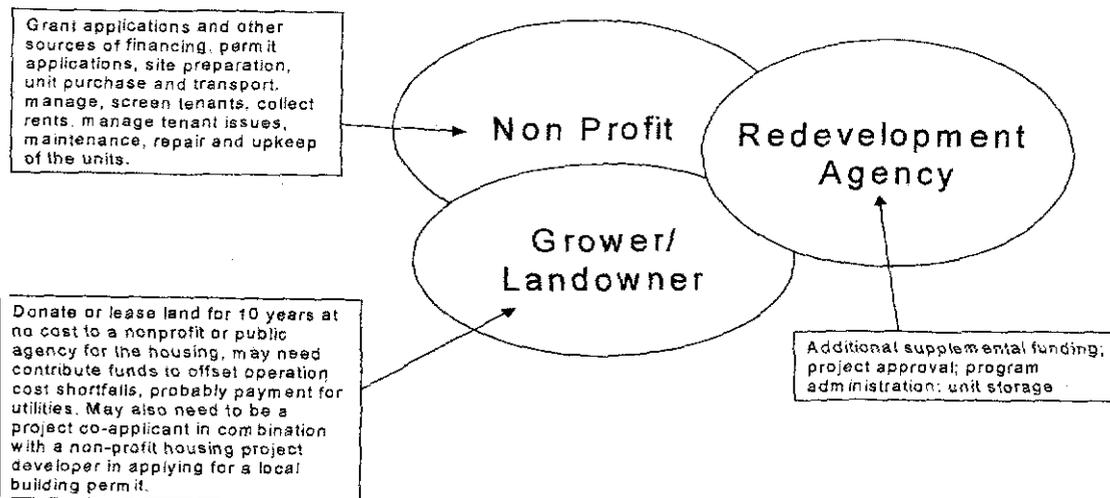
Advisory Commission and from agricultural buffer setback regulations.

- ✓ Employee housing units as an agricultural structure must still meet development standards for property line setbacks and maximum building heights. The units must also meet all other County environmental and resource protection regulations and standards typically applied to building permits.

### Redevelopment Agency Model Project

If you need housing for your seasonal employees but don't want to build or manage the housing, then investigate the Santa Cruz County Redevelopment Agency's alternative. The Agency will provide technical assistance, matching grant funds and coordinate the activities of the owner/grower with a non-profit partner who would secure financing, apply for all necessary permits, prepare the site and install the manufactured units ready for occupancy. The non-profit partner would also qualify tenants, collect rents, manage tenant issues, and provide for the maintenance, repair and upkeep of the units on a long term basis. The Agency's goal is to assist growers who help maximize long term affordability for very low income migrant farm workers.

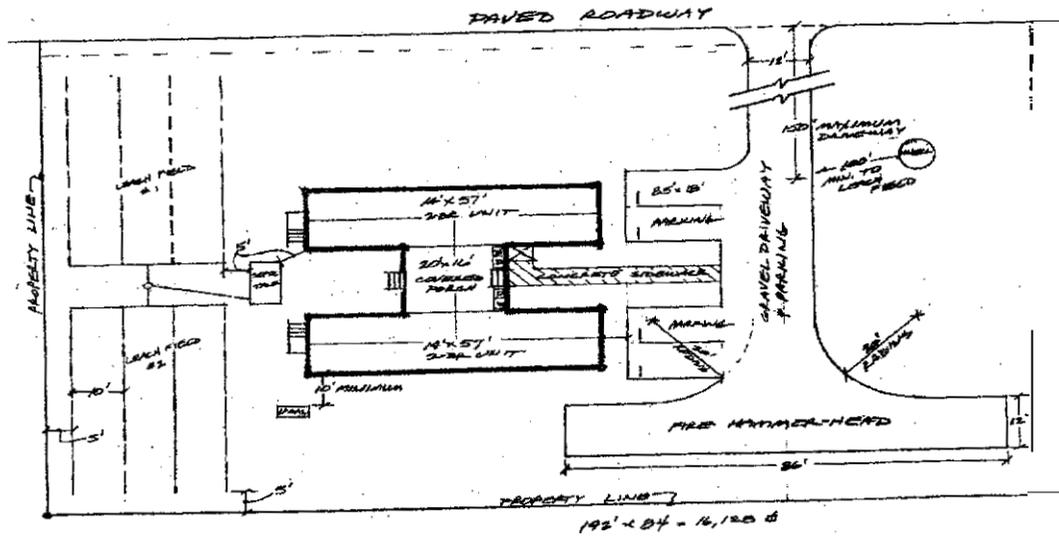
#### PROPOSED PILOT PROGRAM STRUCTURE



## Project Details

- J Agency funds must be leveraged with other state, federal, and/or private funds, including some matching funds from owner/growers.
- J There are restrictions placed on the property to ensure the long term affordability of the employee housing.
- J A non-profit partner will secure State and Federal grants, develop the site and continue to manage the units by verifying tenant eligibility and providing long term project management and maintenance services.
- J The owner/grower would be required to lease the land for certain number of years at no cost to the non-profit partner.

## Typical Site Plan



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In summary, the State's Employee Housing Act allows farmer/growers to build new manufactured housing units for 12 or fewer agricultural employees on their land without local zoning permits or variances. **By** working in partnership with a non-profit developer and the Redevelopment Agency, farmer/growers can easily construct new safe and decent housing for their employees thus ensuring a work force for their agricultural labor needs.

If you would like additional information about the Redevelopment Agency's Farm Worker Housing Pilot Project, please call Rob McBurney at **(831) 454-3149** (or E-mail to **red022@co.santa-cruz.ca.us**).



# County of Santa Cruz

## PLANNING DEPARTMENT - HOUSING DIVISION

701 OCEAN STREET, ROOM 510, SANTA CRUZ, CA 95060-4000

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TOM BURNS, DIRECTOR

## Second Unit Loan Program

Updated August 20, 2004

### Program Summary

The purpose of the Redevelopment Agency's Second Unit Loan Program, currently administered by the Housing Division of the County's Planning Department, is to provide up to \$15,000 of Agency financing to property owners to reduce second unit permitting and construction costs to levels that can be supported by low income rents as set by the County's Second Unit Ordinance.

While the County's Second Unit Ordinance allows property owners to rent to moderate income seniors, family members without regard to income or lower income households at higher HUD Section-8 fair market rents, in exchange for the Agency's loan, owners must rent exclusively to lower income households at lower income rents. Homeowners can, however, opt-out of the Agency's rent restriction agreement at any time, by paying back the remaining portion of the Agency loan.

The Agency's financial assistance is in the form of a zero percent (0%) interest loan, forgiven 1/20th per year. Loan funds can be used to reimburse direct costs for County fees (including capital improvement, sanitation, drainage district, school district and building permit fee) and other costs, such as water district hook-up fees, in accordance with approved Program guidelines.

For detailed information on the County's Second Unit Ordinance for the construction of new units, please call the County Planning Department, Zoning Information at 454-2130.

### Program Guidelines

#### Property Location

The new second unit must be located in the unincorporated Santa Cruz County area which includes the North Coast, San Lorenzo Valley, Live Oak, Soquel, Aptos, Corralitos, Freedom and Amesti areas

#### Loan Terms

Maximum loan amount: \$15,000

Interest rate: Zero percent (0%)

Term: 20-years

Loan Forgiven: Loan is forgiven at the rate of 1/20th of the original loan amount per year over 20-years

Opt-Out Provision: Remaining loan balance may be paid off at any time; owner is then released from Agency's rent restriction

Security: Loan and rent restriction agreement are secured by a deed of trust recorded against the property

#### Maximum Loan to Value Ratio

Total liens of record (including Agency loan) cannot exceed 90% of appraised "as-is" value of the property at the time of loan closing

Approved Exoenses

Loan transaction costs: Loan transaction costs including property appraisal, escrow fees and title insurance costs (totaling about \$500) are eligible loan expenses

Other expenses: County permit fees and other expenses in accordance with approved Program guidelines including water district hook-up fees, will be reimbursed from loan proceeds upon issuance of a County building permit.

Ineligible Expenses

Code enforcement costs: Code enforcement staff costs to investigate existing units that were built without permits will not be reimbursed from Agency loan proceeds.

Construction costs: Construction related costs will not be reimbursed from Agency loan proceeds.

Tenant Income Limits

Agency assisted second units can only be rented to "lower income households" at "lower income rental unit" amounts as defined in the Santa Cruz County Affordable Housing Guidelines. The current "lower income" limits, as adjusted by household size, are as follows:

Household Size	1	2	3	4	5	6	7
Income Limit 80% of median	\$43,800	\$50,050	\$56,300	\$62,550	\$67,550	\$72,550	\$77,550

Maximum rents

The current maximum allowable monthly rents, which include reasonable utility allowances, are as follows:

Unit Size	Lower Income Rents
Studio	\$791
1 Bedroom	<b>\$904</b>
2 Bedroom	<b>\$1,016</b>

Opt Out Provision

The owner may, at any time, convert the unit back to the alternative uses allowed under the County's Second Unit Ordinance – such as use by family members – by paying off the remaining Agency loan balance. The Agency's rent restriction agreement and deed of trust will then be removed from the property's title.

General Terms

Tenant Income Verification: Housing Division staff will verify the initial lower income eligibility of all new tenants

Ongoing unit monitoring: Housing Division staff will verify affordable rent levels annually

Exceptions to Guidelines: The Planning Director may make reasonable exceptions to these guidelines

More Information

- For more information on the Redevelopment Agency's Second Unit Loan Program, please call Rob McBurney, Housing Division Project Manager, at 454-3149.



# County of Santa Cruz Redevelopment Agency

Agency Background | Community Meetings | Community Improvements | RDA  
Housing | Measure J (Inclusionary) Housing

## COUNTY OF SANTA CRUZ MEASURE J AFFORDABLE HOUSING PROGRAM UNITS FOR SALE

**Updated on: September 20, 2004**

There are no units currently available.

**SENIOR CITIZEN UNITS (62 years and older):**

*These units may also be available for rent. Please contact seller for details.*

1-BR Condominium

Asking Price...\$174,500

Vista Prieta Subdivision

Maximum

Resale Price...\$199,936

Contact: Joseph L. Scott, Century 21 Real Estate, 831-688-3110  
(Current Listing)

2-BR Condominium

Asking Price...\$185,000

Vista Prieta Subdivision

Maximum

Resale Price...\$228,095

Contact: Don Gustafson, Century Real Estate, 831-818-1188  
(Current Listing)

2-BR Condominium

Asking Price...\$169,900

Vista Prieta Subdivision

Maximum

Resale Price...\$228,095

Contact: Nelda Whitaker, Network Alliance Real Estate, 831-475-1000  
(Sale Pending)

- Call the numbers listed above to discuss purchase of these properties,
- There is no application process until after you have signed a purchase contract with the owner or listing agent.

**TO PURCHASE ANY OF THESE PROPERTIES, YOU MUST BE AT OR BELOW MODERATE INCOME LIMITS FOR YOUR HOUSEHOLD SIZE.**

Current Maximum Income Limits (Gross Annual Income):

One-Person Household: \$63,250  
Two-Person Household: \$ 72,300  
Three-Person Household: \$ 81,300  
Four-Person Household: \$ 90,350

YOU ALSO MUST BE A FIRST TIME HOME BUYER\* AND HAVE EITHER WORKED OR LIVED IN SANTA CRUZ COUNTY FOR AT LEAST 2 MONTHS

For more information about income limits and the Affordable Housing Program, call 454-3187 or see our website at <http://sccounty01.co.santa-cruz.ca.us/red/> and click on "Measure J (Inclusionary) Housing."

\*For exceptions to the first time homebuyer regulation, see the Santa Cruz County Affordable Housing Guidelines.

For questions: Please call Anna Boken, Program Coordinator, @ 454-3290.

[RDA Home Page](#) | [County Home Page](#) | [Contact Us](#)

# Santa Cruz County Affordable Housing Guidelines

2004 Edition

Revised April 12,2004

These Santa Cruz County Affordable Housing Guidelines are adopted by Resolution of the Santa Cruz County Board of Supervisors pursuant to County Code Chapter 17.10, Affordable Housing Requirements. These Guidelines constitute and were formerly entitled the Santa Cruz County Affordable Housing Program Income, Asset and Unit Price Guidelines from their inception as referenced in the Santa Cruz County Code, including but not limited to Chapter 17.10 and in all documents executed pursuant thereto. These Guidelines are annually revised, updated and adopted by the County to accomplish the objectives of the County's Affordable Housing Program, and establish regulations in addition to all other applicable State and County laws and regulations governing the sale or rental of residential properties. These Guidelines provide supplemental regulations and administrative guidelines for the County's Affordable Housing Program and implement the intent and specific provisions of Chapter 17.10 by providing income and asset limits for participating households, sales and for affordable units, eligibility requirements for purchasing or renting affordable units and development and marketing standards for affordable units.

Second units, authorized and occupied pursuant to County Code Section 13.10.681 ("Second Units"), are also subject to the maximum allowable rents set forth in Section 6 (b) of these Guidelines.

## 1. ELIGIBILITY REQUIREMENTS

### (a) Residency

In order to be eligible to purchase or rent any affordable unit subject to these Guidelines, the applicant must currently reside within Santa Cruz County (including its incorporated cities); or the applicant must be employed within Santa Cruz County (local employment must be their primary employment and source of income). Applicants for affordable units must provide the administering agency with documentation that they have resided and/or been employed within the County for at least 60 days prior to their application for an affordable unit.

<b>Number of Bedrooms in Unit</b>	<b>Minimum Household Size</b>
Studio/One	1 or 2
Two	2 or 3
Three	4
Four	5
Five	6

(c) First Time Home Buyer Eligibility for Purchase

Households purchasing owner-occupant units must be certified by the administering agency as a first-time homebuyer, in accordance with the definition of a first-time homebuyer used by the County of Santa Cruz Redevelopment Agency ("Agency") for the Agency's "First Time Home Buyer Program," as follows:

Eligible buyers cannot have owned residential property within the last three years (with exceptions for displaced homemakers, recently divorced individuals and owners of manufactured homes in mobile home parks).

Exceptions to the first-time homebuyer requirement shall be made by the administering agency in any of the following circumstances:

1. For senior citizen units that have been marketed to the public for at least 30 days and have not received a valid purchase offer from, an eligible first-time senior homebuyer, any eligible senior purchaser may purchase the unit; or
2. For all-age units that have been marketed to the public for at least 30 days and have not received a valid purchase offer from an eligible first-time homebuyer household, any current owner of an affordable unit may purchase the unit if their household meets all current eligibility requirements and provided they agree to place their current unit on the market for sale to the public; or
3. Current owners of affordable units needing a larger-sized unit due to additional family members may purchase larger affordable units, provided that the household meets all current eligibility requirements other than first-time homebuyer status.

## 2. HOUSEHOLD INCOME LIMITS

To establish the eligibility of individuals participating in the County's Affordable Housing Program, limits are set on the amount of income households occupying the units can earn. These limits are based on median household income estimates for Santa Cruz County established by the Federal Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development (HCD). The estimated area median income for Santa Cruz County in 2004 is \$75,300 (based on a four-person household).

Four household income categories are established for the administration of affordable housing programs as follows:

- "Very Low Income" households are defined as those with incomes equal to or less than 50% of median household income;
- "Lower Income" households are defined as those with incomes greater than 50% and up to 80% of median household income. HUD adjusts the upper income limit for lower income households in high-cost and high-income areas such as Santa Cruz County, so that it may not equal exactly 80% of median income every year,
- "Median Income" households are defined as those with incomes equal to 100% of median household income; and

- “Moderate Income” households are defined as those with incomes greater than 80% and up to 120% of median household income.

HUD and HCD establish household income ranges by household size for each of these four income categories, pursuant to Title 25, §6932 of the California Code of Regulations.

Table Two defines the maximum annual household income limits for each income category, by household size, for Santa Cruz County affordable housing programs. The applicable income limits for larger household sizes may be obtained from the administering agency.

**Table Two: Maximum Annual Household Income Limits for 2004**

Income Category (Percent median)	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Very Low (50%)	\$27,350	\$31,300	\$35,200	\$39,100	\$42,250	\$45,350	\$48,500	\$51,600
Lower (80%)	\$43,800	\$50,050	\$56,300	\$62,550	\$67,550	\$72,550	\$77,550	\$82,600
Median (100%)	\$52,700	\$60,250	\$67,750	\$75,300	\$81,300	\$87,350	\$93,350	\$99,400
Moderate (120%)	\$63,250	\$72,300	\$81,300	\$90,350	\$97,600	\$104,800	\$112,050	\$119,250

Household size is defined to include all occupants of the affordable unit consisting of the principal occupant(s) appearing on the property lease or title, foster children, and other persons related by blood, marriage, operation of law, or other stable family relationship who reside in the unit.

.At the time a household first occupies an affordable unit, the household’s income shall not exceed the following annual income limits:

(a) Rental Units:

1. The annual income of a household renting an affordable unit, other than those designated for Very Low Income, shall not exceed the maximum limit for Lower Income households; and
2. The annual income of a household renting an affordable unit designated for Very Low Income shall not exceed the maximum limit for Very Low Income households.

(b) Owner-Occupied Units:

1. The annual income of a household purchasing a designated Moderate Income affordable unit for owner-occupancy shall not exceed the maximum limit for Moderate Income households;
2. The annual income of a household purchasing a designated Lower Income affordable unit for owner-occupancy shall not exceed the maximum limit for Lower Income households; and

3. The annual income of a household purchasing a designated Very Low Income affordable unit for owner-occupancy shall not exceed the maximum limit for Very Low Income households.

Occupying households shall be certified as meeting the above income limitations by the administering agency prior to a tenant occupying an affordable rental unit or prior to a purchaser taking title to an affordable unit intended to be owner-occupied. Purchasers of affordable units to be utilized as investor-owned affordable rental units are not subject to income limitations.

Where affordable housing units are developed with State or federal housing program assistance, the income limitations of the State or federal housing program shall supersede the income limitations of these Guidelines where they are more stringent.

### 3. HOUSEHOLD INCOME DEFINITION

For households renting an affordable unit, household income is defined as monetary benefits before deductions or exemptions that are anticipated to be received during the 12 months following occupancy of the unit by the occupying household. For households purchasing an affordable unit for owner-occupancy, household income is defined as monetary benefits before deductions or exemptions that are anticipated to be received during the 12 months following occupancy of the unit by the occupying household as well as by all persons who share in the ownership of the unit.

Occupying household is defined to include all occupants of the affordable unit consisting of the principal occupant(s) appearing on the property lease or title, foster children, and other persons related by blood, marriage, operation of law, or other stable family relationship who reside in the unit.

Income includes, but is not limited to:

- (a) All wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services, before payroll deductions;
- (b) The net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);
- (c) Interest and dividends (including income from assets excluded below);
- (d) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including any lump sum payment for the delayed start of a periodic payment;
- (e) Payments in lieu of earnings, such as unemployment and disability compensation and severance pay;
- (f) The maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities;
- (g) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;

- (h) All regular pay, special pay and allowances of a member of the **Armed Forces** (whether or not living in the dwelling) who is the head of the household or spouse; and
- (i) Any earned income tax credit to the extent that it exceeds income tax liability.

The following are specifically excluded from the definition of income:

- (a) Casual, sporadic or irregular gifts;
- (b) Amounts that are specifically for or in reimbursement of medical expenses;
- (c) Lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal losses;
- (d) Amounts of educational scholarships paid directly to students or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books, and equipment. Any amounts of such scholarships or payments to veterans not used for the above purposes are to be included in income;
- (e) Special pay to a serviceman head of a family away from home and exposed to hostile fire;
- (f) Relocation payments made pursuant to **Title II** of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
- (g) Foster childcare payments;
- (h) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of **1977**;
- (i) Payments to volunteers under the Domestic Volunteer Service Act of 1973
- (j) Payments received under the Alaska Native Claims Settlement Act;
- (k) Income derived from certain sub-marginal land of the United **States** that is held in trust for certain Indian tribes;
- (l) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;
- (m) Payments received from the Job Training Partnership Act.
- (n) Income derived from the disposition of funds of the Grand River band of **Ottawa Indians**; and
- (o) The first \$2,000.00 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims.

#### 4. HOUSEHOLD ASSET LIMITS

At the time a household first occupies an affordable unit, the household shall not exceed the following asset limits:

- (a) The total assets of the household renting the affordable unit or purchasing an affordable unit intended for owner-occupancy must be less than the **maximum** allowable annual income for that household; or
- (b) If household assets of the household renting the affordable unit or purchasing an affordable unit intended for owner-occupancy exceed the maximum allowable annual household income, eight and one-half percent of the total assets of the household (or the actual income from these assets if this is a greater amount) shall be included in the household's annual income, and this combined amount must be less than the maximum allowable annual income for that household.

For households consisting of at least one senior citizen **62** years of age or older, the first \$60,000 of assets shall be **excluded from** calculation under steps (a) and/or (b) above.

Occupying households shall be certified as meeting the above asset limitations by the administering agency prior to a tenant occupying an affordable rental unit or prior to a purchaser taking title to an affordable unit intended to be owner-occupied. Purchasers of affordable units to be utilized as **investor-owned** affordable rental units are not subject to asset limitations.

Where affordable housing units are developed with State or federal housing program assistance, the asset limitations of the State or federal housing program shall supersede the asset limitations of these Guidelines where they are more stringent.

## **5. ASSET DEFINITION**

Assets are defined as:

- (a) Cash savings, including but not limited to bank accounts, credit union accounts, certificates of deposit, and money market funds;
- (b) Marketable securities, stocks, bonds and other forms of capital investment;
- (c) Inheritance and lump sum insurance payments, already received;
- (d) Settlements for personal or property damage already received;
- (e) Equity in real estate, except as stated below; and
- (f) Other **personal** property that is readily convertible into **cash**.

The following are not considered assets:

- (a) Ordinary household effects including **furniture**, fixtures, and personal property;
- (b) Automobiles used for personal use;
- (c) Equity in the parcel or lot on which an **owner-builder** unit is to be built and
- (d) Cash, securities, stocks, bonds and other forms of capital held in a tax deferred retirement plan recognized by the Federal **Internal** Revenue Service.

## 6. MAXIMUM ALLOWABLE RENTS

### (a) Affordable Rental Units

The maximum allowable rents for most affordable units (Measure J Rental Units and other affordable rental units) shall be set at a level affordable to lower and very low income households as provided in Table Three. Except as otherwise provided in this section, the maximum allowable rents for an affordable unit shall be determined based on 1) a housing allowance of 30% of gross income for a household size of one person more than the number of bedroom in the affordable unit, and 2) a household income of 60% of median, except for those units which are designated for Very Low Income occupancy in which case a household income of 50% of median shall be used.

Table Three: **Maximum** Allowable Monthly **Rents** for Affordable Rental Units

Unit Size	Lower Income Rents	Very Low Income Rents
Studio	\$791	\$659
1 Bedroom	\$904	\$753
2 Bedroom	\$1,016	\$847
3 Bedroom	\$1,130	\$941
4 Bedroom	\$1,220	\$1,016

For affordable units in congregate senior housing projects providing services beyond basic shelter, the Board of Supervisors shall, at the time of project approval, provide for payments beyond the allowable rent levels to account for the additional cost of providing such additional services. Unless the Board of Supervisors decides otherwise with respect to a particular congregate senior project, charges allowed for congregate care services in addition to the basic rent charge may not exceed the limits provided in Table Four, which are based on 35% of total household income for a single person, or 45% of total household income for a couple, at an income level of 60% of median.

**Table Four: Maximum Congregate Care Service Charges**

1	\$922
2	\$1,356

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Unit Size	Section 8 Fair Market Rents
Studio	\$843
1 Bedroom	\$1,004
2 Bedroom	\$1,341
3 Bedroom	\$1,865
4 Bedroom	\$2,185

All maximum allowable rents include payment of all utilities by the landlord. If tenants pay for one or more utility services, the maximum allowable rents shall be reduced by an amount equal to the utility allowances established for the HUD Section 8 Rental Assistance Program.

Maximum allowable rents for Second Units and maximum household income limits shall be revised annually by the administering agency following the annual publication of HUD/HCD area median income estimates.

2. Second Units built with financial assistance from the Redevelopment Agency (Second Unit Loans)

Should a property owner receive a **Second Unit Loan** from the Redevelopment Agency to reimburse costs for County fees and other costs to construct or maintain a **Second Unit**, maximum allowable rents are set **exclusively** at the Lower income Rent levels listed in Table **Six** below.

Table Six: **Maximum Allowable Monthly Rents for Units Receiving Second Unit Loans**

Unit Size	Lower Income Rents
Studio	\$791
1 Bedroom	\$904
2 Bedroom	\$1,016
3 Bedroom	\$1,130
4 Bedroom	\$1,220

All maximum allowable rents include payment of all utilities by the landlord. If tenants pay for one or more utility services, the maximum allowable rents shall be reduced by an amount equal to the utility allowances established for the HUD Section 8 Rental Assistance Program.

Maximum allowable rents for Second Units and maximum household income limits shall be revised annually by the administering agency following the annual publication of HUD/HCD area median income estimates.

## 7. UNIT STANDARDS

Standard quality units must be finished to allow occupancy and shall have:

- (a) The minimum sizes as specified by Table Seven;

**Table Seven: Minimum Affordable Unit Size**

	Senior Congregate Units	All Other Units
Studio	400 square feet	400 square feet
1 Bedroom	550 square feet	550 square feet
2 Bedroom	700 square feet	850 square feet
4 Bedroom	Not Applicable	1250 square feet

(g) Rain gutters and down spouts;

(h) Built in kitchen cabinets; and

(i) For units with three or more bedrooms, 1-1/2 bathrooms shall be required.

The County of Santa **CNZ** Planning Department Director ("Planning Director") may allow minor variations from these standards if the unit is otherwise of superior design or amenity level.

The size of the household renting or purchasing an affordable unit shall not exceed that allowed by the State Uniform Housing Code, or other applicable State laws based on the unit *size* and number of bedrooms in the unit.

## **8. MAXIMUM SALES PRICE FOR NEW AFFORDABLE UNITS**

Affordable units shall be sold, on their *first* sale, for a price that is no more than the maximum allowable sales price set according to the formula established in this section. The maximum allowable sales price shall be determined at the time of filing of the original "Notice of Intent to Sell" for the affordable unit by the developer.

The maximum allowable sales prices for affordable units shall be set at a level affordable to moderate, lower and very low income households based on 1) a housing allowance of 30% of the gross income of a household having one person more than the number of bedrooms in *the* affordable unit, and 2) a gross household income as indicated below for the designated type of affordable unit.

### **Formula to Determine the Maximum Allowable Sales Price of a New Affordable Unit:**

(a) Determine the annual income for a household based on whether the unit is designated for occupancy by a Moderate Income, Lower Income or Very Low Income household:

1. Determine the Median Income for a household size of one person larger than the number of bedrooms in the affordable unit from Table Two;

2. Multiply the Median Income by household *sue* from Table Two by:

100% for an affordable unit designated for a Moderate Income household occupancy; or

70% for an affordable unit designated for a Lower Income household occupancy; or

50% for an affordable unit designated for a Very Low Income household occupancy.

(b) Determine the monthly household allowance available for a mortgage payment:

1. Multiply annual income from step (a) by 0.30 to obtain an annual housing allowance of 30% of income:

2. Divide the housing allowance by 12 to obtain a monthly housing allowance:

3. Deduct 20% of the monthly housing allowance for the monthly costs of property taxes, insurance and utilities, and deduct 70% of the monthly homeowner's association fees to obtain a net allowance available for mortgage payments.

(c) Determine the maximum mortgage that can be financed:

1. Determine the prevailing interest rate for a 30-year fully amortized fixed-rate home mortgage (rate to be determined by the administering agency);
2. Determine the maximum home mortgage that can be financed at the prevailing interest rate based on a mortgage payment as determined in step (b).

(d) Determine a maximum allowable unit sales price assuming a mortgage of 90% of sales price by dividing the maximum mortgage amount determined in step (c) by 0.9.

## 9. MAXIMUM ALLOWABLE RESALE PRICE OF AFFORDABLE UNITS

(a) Affordable units shall be sold, at the time of resale, for a price that is no more than the maximum allowable sales price established by either of the following two methods that generates the greater resale price:

1. The maximum unit price as determined in Section 8 above at the time of receipt by the administering agency of an owner's Notice of Intent to Sell, plus the increased value of the unit created by improvements that the seller has made to the unit as determined in Section 10 below; or
2. The maximum unit price that represents the sum of the seller's purchase price, plus the seller's non-recumng purchase closing costs, plus the increased value of the unit created by improvements that the seller has made to the unit as determined in Section 10 below.

(b) Where an owner has made improvements to an existing affordable housing unit which results in an increase in the number of bedrooms, as evidenced by a valid Building Permit issued and receiving final inspection by the County, the maximum allowable resale price of the unit shall be based on a total bedroom count which included the additional bedroom(s) and on the method in Section 8(a) above which produces the higher resale price limit.

(c) Where the administering agency determines that the owner through neglect, abuse or lack of adequate maintenance has created damage to an affordable unit which jeopardizes the integrity of the unit and/or the viability of maintaining the unit as part of the County's Affordable Housing Program, the agency may require that repairs be made to the unit at the owner's expense and paid for either prior to sale or out of the proceeds of escrow as follows:

1. Upon resale, an inspection of the premises may be made by the administering agency. Damage done to the premises, beyond normal wear and tear, shall be identified by the inspector, and the cost to repair the damage estimated. The owner shall then have the option, exercisable prior to the close of escrow, of either repairing the identified damage or having the cost to repair the damage deducted from the proceeds of the sale and held in escrow to be used to pay for the repairs.

2. The owner may also be required to obtain and pay for a structural pest control report and to pay for any necessary corrective repairs. The owner shall not be obligated to perform preventative work beyond the repair of damage, but the buyer shall have the option to perform such work at his or her expense.

## 10. ADJUSTMENTS TO RESALE PRICE

The maximum resale price of an affordable unit as determined in Section 9(a)(2) above may include the increase in unit value created by improvements made to the property by the seller based on the following criteria:

- (a) The improvements shall constitute substantial structural or permanent fixed improvements that cannot be removed without substantial damage to the premises or substantial or total loss of value of said improvements;
- (b) The improvements shall not increase the resale price by more than ten percent. No improvements shall be deemed substantial unless the aggregate, actual, initial costs of the improvements to the seller exceed one percent of the purchase price paid by the seller for the premises except as provided below; The seller's portion of the cost of improvements to the common areas of a condominium made by a mandatory assessment by the homeowners association shall be considered the same as an improvement made directly by the owner. The one percent minimum expenditure requirement shall not apply to such assessments;
- (c) The replacement of appliances, fixtures and equipment which were originally sold as part of the unit shall be deemed substantial improvements if the replacement is required by the non-operative or deteriorated nature of the original appliance, fixture, or equipment. The replacement must be of comparative value. The one percent minimum expenditure requirement shall not apply to such replacements;
- (d) No adjustment shall be made for the value of any improvements unless the owner shall present to the County valid written documentation of paid receipts from vendors for the cost of said improvements and all necessary permits and inspections for the improvements have been obtained; and
- (e) The amount by which the sales price shall be adjusted shall be the estimated market value of the improvements when considered as additions or fixtures to the premises (i.e., the amount by which said improvements enhance the market value of the premises) at the time of sale. The administering agency shall have an estimate made by a qualified individual of its choice to establish the market value. A qualified individual shall be one who has, as a minimum, experience in residential construction. The owner may also have an appraisal made by an appraiser, of owner's choice and subject to approval of the administering agency, to establish the market value. If agreement cannot be reached, the average of the two estimates shall be termed the market price.

## 11. MARKETING OF AFFORDABLE UNITS LAST SOLD PRIOR TO APRIL 5, 1984

For affordable units which were last sold on or before April 5, 1984, and which have a recorded Declaration of Restrictions that requires that the unit be sold within a limited period of time after being placed on the market or the affordability restrictions will be released, the owner shall provide a bona fide marketing program when the unit is offered for the sale. A bona fide marketing program shall be defined to be the equivalent of the complete marketing program and full services available through a reputable real estate brokerage firm for comparable residential property,

including placement on the Multiple Listing Service. This marketing effort may be provided by the owner, by a real estate brokerage or other representative selected by the owner, or by the administering agency or its designee for the County's Affordable Housing Program. In every case, this marketing program shall be fully specified and documented by the owner, and approved by *the* administering agency prior to the acceptance of a Notice of Intent to Sell for the unit. As an alternative to providing the above bona fide marketing program, the owner may execute and submit to the administering agency a notarized written waiver of the recorded Declaration of Restrictions' time limit for the sale of the unit.

## 12. FEES

Upon the resale or refinance of an affordable unit, the owner shall be charged a fee by the administrative agency for the preparation of new Declarations of Restrictions and Requests for Notice of Default **as** may be required, and for the monitoring and processing of the transactions. In addition, the administering agency may charge each prospective purchaser and renter of an affordable unit a fee for the determination of eligibility. For units marketed by the administering agency, a fee as a percent of the unit sales price shall be charged to the seller. Fee amounts for these and other fees necessary to implement the County's Affordable Housing Program shall be established by the County's Unified Fee Schedule, which is adopted by resolution of the Board of Supervisors.

## 13. EXISTING UNIT CONVERSION PROGRAM GUIDELINES

[This section applies only to developers of affordable housing units in effect since May 24, 2002, with additional amendments to the fee schedule effective August 28, 2002.]

A developer of a new housing development may opt to participate in the Existing Unit Conversion Program in lieu of constructing inclusionary units if the following conditions are met:

- (a) The Approving Body approves the use of this option as part of the original development permit
- (b) Two existing units must be converted to affordable unit status in lieu of constructing each affordable unit required of the project; and
- (c) The units to be converted must meet the minimum physical standards for all inclusionary units as described above in Section 7: Unit Standards, as well as the following additional standards for converted units:
  1. Bedroom Count. The average bedroom count of *the* converted units shall not be less than the average bedroom count in the market rate units in the project. Alternatives may be considered on a case-by-case basis, as outlined in subsection (g) below.
  2. Size. The size of converted units shall not be less than 75% of the average size of the market rate units. In no case shall an affordable unit size be less than the minimum specified by the Affordable Housing Guidelines.

The Planning Director may grant exceptions to the standards of subsections (c)1 and 2 where developers propose to provide a greater number of units of enhanced affordability, if it is infeasible to provide comparably sized units. For example, a developer building a project of 4 bedroom homes cannot locate existing 4 bedroom

units to convert, so the developer proposes to substitute two 2-bedroom units (or a 3-bedroom unit and a 1-bedroom unit) for each 4-bedroom affordable unit required.

### 3. Physical Quality

- i. Units must meet current HUD Section 8 rent subsidy Program Housing Quality Standards (**HQS**) to ensure **that the** units and **their** sites are decent, safe and sanitary.
- ii. Units must have been built and permitted under the 1973 or later building and related codes. Or, units must have been substantially rehabilitated, as reasonably **determined** by a County of Santa **Cruz** Redevelopment Agency ("Agency") rehabilitation specialist, to meet the 1973 or later building and related codes.
- iii. Developer must deliver to the Agency a Wood Destroying **Pests** and Organisms **Inspection Report** on the unit with a follow-up **SECTION I ITEM** inspection and clearance.
- iv. As reasonably **determined** by the Agency rehabilitation specialist, the following building components must have a useful remaining life, with routine maintenance, of at least 10-years:
  - Roof coverings and roofing accessories, including but not limited to gutters and downspouts, metal flashings, jacks and **caps**
  - Heating system
  - Exterior doors
  - Windows
  - Floor coverings
  - Kitchen and bathroom **counter** tops
  - **Tub and/or** shower **enclosures** including glass doors
- v. **As** reasonably **determined** by the Agency rehabilitation specialist, **the following** building components must have a **useful** remaining **life**, with routine maintenance, of at least **5-years**:
  - Exterior painted or stained surfaces
  - Water heaters
  - Built-in **kitchen** appliances

Developer must deliver to the Agency a housing inspection report, **prepared by a** certified housing inspector, that **details the** condition of the all building and site components including but not limited to: the roof and structural components; foundation and exterior paved surfaces, electrical, mechanical, **heating/ventilation**, and **plumbing** systems; windows, doors, and chimneys; paint and other moisture sealants; **floor**

coverings; and any existing fencing, porches, railings. etc. This report must identify any hazards, health and safety code violations, or major deferred maintenance issues that may be found, or certify that no such problems were found.

The Agency rehabilitation specialist will evaluate the inspection report personally inspect the unit and produce and deliver to the developer a list of deficiencies (if any) needing repair, renovation, alteration or reconstruction. After correcting all deficiencies, the developer shall notify the Agency rehabilitation specialist who will do a final inspection and approve the unit for inclusion in County Affordable Housing Program. The developer shall then submit a "Notice of Intent to Sell" to the administering agency for further sale processing.

- (d) The units to be converted must be located within the same Planning Area as the proposed project.
- (e) The units to be purchased must not be subject to any rent limits, resale price restrictions, or other affordable housing restrictions imposed by any government or non-profit agency or land trust at the time of purchase for use under this program. Conversion of multi-family rental property to condominium ownership will not be approved as part of the project.
- (f) If the units to be converted are occupied and rented by Moderate or Lower Income households at the time of conversion, the occupying tenants must be given the first right of refusal to purchase the units if they meet the eligibility requirements under these Guidelines, and can obtain necessary financing within 60 days of being notified of the sale by the owner. If tenants cannot be certified as eligible to purchase or cannot obtain necessary financing, relocation benefits must be provided to the tenants by the developer as a condition of project approval. These relocation benefits shall consist of the immediate payment of three months' fair market value rent for a unit of comparable size, as established by the most current federal Department of Housing and Urban Development schedule of fair market rents, or three months of the tenant's actual rent at the time of relocation, whichever is greater.

**(g) Alternative Options**

The Approving Body may approve, on a case-by-case basis, the use of any other alternatives to satisfy the requirements of the Existing Unit Conversion program if the alternative proposed is deemed to be a preferable contribution to the affordable housing stock, by providing a greater number of rental units and/or an equal number of units at a greater level of affordability. These alternatives may include, but are not limited to, a scenario like the following: A developer proposes to purchase a multi-family rental property and donate it to a local non-profit housing provider for rental to Very Low Income households.

**14. AFFORDABLE UNIT FEE SCHEDULE**

**(a) Fee Schedule for Standard Projects**

This fee is due from developers of residential projects where payment of affordable housing in-lieu fees and/or fractional unit fees was included as a condition of project approval in the Project's development permit (or in another contract with the County), in accordance with County Code Chapter 17.10. The in-lieu fee and/or fractional fee amount due from a Project shall increase as the average sale price of the market-rate units increases. This slightly progressive rate structure is designed to avoid adding extra costs to lower-priced

market-rate units that may be passed on to consumers. The fee amount due per each whole affordable unit required of a project shall be a percentage of the average sales price of the market-rate units in the project, according to the rates shown in Table Eight below:

**Table Eight: In-lieu Fee and Fractional Fee Schedule**

Average Sale Price of Market-rate Units in Project (or appraised value if greater)	In-Lieu Fee (% of average sale price)
Up to and including \$600,000	40%
More than \$600,000 but less than \$1,000,000	45%
\$1,000,000 or more	50%

Projects with fractional unit requirements shall pay an amount equal to the applicable In-lieu fee amount for a whole unit, multiplied by the fractional requirement. For projects utilizing the in-lieu fee alternative to providing actual affordable units, the minimum in-lieu fee shall be no less than \$200,000 per whole affordable unit required of the project.

This rate shall be reviewed and may be adjusted as necessary during the update of the County's Unified Fee Schedule.

1. Fee Calculation: The following examples are provided to illustrate how to use the fee schedule.

Example 1: Project paying fractional fees

Project 1 is a ten-unit project with a standard inclusionary requirement of 1.5 affordable units (15% x 10 units = 1.5 affordable units required). The project will include nine market rate units with an average sale price of \$500,000, one affordable unit, and pay a fractional fee for 0.5 units. The fractional fee amount due from this project is calculated as follows:

Average Sale Price of Market Rate Units	\$500,000
x In-Lieu Fee Rate in Schedule	x 40%
<u>x Fractional unit requirement</u>	<u>x 0.5</u>
Fractional fee due from project	\$100,000

Example 2: Project utilizing In-lieu fee option

Project 2 is a seven-unit project with a standard inclusionary requirement of 1.05 affordable units (15% x 7 units = 1.05 affordable units required). The project has been approved to pay fees rather than provide an affordable unit. The average sale price of the units is \$700,000. The in-lieu fee due from this project is calculated as follows:

Average Sale Price of Market Rate Units	\$700,000
x In-Lieu Fee Rate in Schedule	x 45%
<u>x Inclusionary units required</u>	<u>x 1.05</u>
In-lieu fee due from project	\$330,750

2. Payment procedure. Fractional unit fees shall be **paid** to the County in accordance with the procedure described in 17.10.037(b)(1). Whole unit in-lieu fees shall be paid in accordance with County Code 17.10.034(c).

(b) Inclusionary Housing In-lieu Fee for Small Residential Projects

The Inclusionary Housing In-lieu Fee for **Small Residential Projects** as defined in Section 17.10.031(a) of the County Code **shall** be paid at a rate of **\$10,000** per *new* residential unit or parcel that **is** subject to the requirements of Section 17.10.031. Payment shall be made in accordance with the requirements of Section 17.10.031. This rate shall be reviewed and may be adjusted as necessary during the update of the County's Unified **Fee** Schedule.

# AFFORDABLE HOUSING RESOURCES IN SANTA CRUZ COUNTY

Although Santa Cruz County is one of the least affordable places to live in the United States, local government and nonprofit agencies are working actively to increase the availability of affordable rental and ownership housing.

This brochure lists the various housing programs that are funded and operated by the County of Santa Cruz, the Santa Cruz County Housing Authority and each of the cities in Santa Cruz County. It also lists the names, addresses and phone numbers of the nonprofit housing developers that build and operate affordable housing within the county.

Most, if not all, of these programs have income limits and/or other eligibility criteria. Check with the program sponsors to learn whether you are eligible to participate in each program.

## **County of Santa Cruz**

(Operating in unincorporated areas of the County only.)

### **Redevelopment Agency Programs**

701 Ocean Street, 5th Floor, Santa Cruz, CA 95060

Tel: 454-2280

*Measure "J" Affordable Housing Program.* The County requires that 15% of the new housing unit produced each year be affordable. Both new and resale homes are periodically available. For more information, call 454-3187 or e-mail [housing@co.santa-cruz.ca.us](mailto:housing@co.santa-cruz.ca.us).

*First Time Home Program.* The RDA offers low cost loans for income eligible first time home buyers in unincorporated areas of the County. For more information, call the RDA at 454-2280.

*Mobile Home Rehabilitation Program.* The RDA offers low cost loans to help income eligible mobile home owners repair their homes. For more information, call the RDA at 454-2280.

*Security Deposit and Last Month's Rent Program.* The RDA will help income eligible renters pay their security deposit and last month's rent if they are required to rent a new apartment. For more information, call the Housing Authority at 464-0170 ex. 300.

## **Housing Authority of the County of Santa Cruz**

(Programs available throughout the County.)

2160 41st Avenue, Capitola, CA 95010

Tel: 464-0170

*Rental Assistance.* The Housing Authority offers assistance to low and very low income households to help them afford housing. For more information, call 464-0170 ex. 300.

*Mortgage Credit Certificates (MCCs).* The Housing Authority offers Federal income tax credits to assist first time home buyers throughout the county. For more information, call 464-0170 ex. 300.

## **City of Santa Cruz**

(Local programs operating only within the city limits of Santa Cruz)

### ***Housing and Community Development Division***

809 Center Street, Room 206, Santa Cruz, CA 95060

Tel: 420-6250: fax: 420-6458

[cityhcd@ci.santa-cruz.ca.us](mailto:cityhcd@ci.santa-cruz.ca.us)

<http://www.ci.santa-cruz.ca.us/pl/hcd/>

Beach *Flats/South of Laurel/Lower* Ocean Neighborhoods Home Buyers Program. The City offers low cost loans to buy homes in these neighborhoods. For more information, call the Housing Authority at 464-0170 ex. 300.

Beach *Flats/South of Laurel/Unified* Housing Rehabilitation Program. The City offers low cost loans to improve homes in these neighborhoods. For more information, call the City at 420- 6265.

Security Deposit Last Month Rent Program. The City will help with the security deposit and last months rent that are required to rent a new home or apartment. For more information, call the Housing Authority at 464-0170 ex. 300.

Measure "O" *Inclusionary* Housing Program. The City requires that 15% of the new housing units produced each year be affordable for low and moderate income households. Both new and resale homes are periodically available for eligible home buyers. For more information, call the City at 420-6264.

## **City of Capitola**

(Local programs operating only within the city limits of Capitola)

420 Capitola Ave., Capitola, CA 95010

Tel: 475-7300

[http://www.ci.capitola.ca.us/cc\\_housing.html](http://www.ci.capitola.ca.us/cc_housing.html)

First Time Home Buyer Program. The City offers low cost loans to help lower income households buy homes throughout the City. For more information, call the Housing Authority at 464-0170 ex. 300.

Security Deposit Last Month Rent Program. The City will help with the security deposit and last months rent that are required to rent a new home or apartment. For more information, call the Housing Authority at 464-0170 ex. 300.

Emergency *Rent/* Mortgage Assistance. The City offers assistance to residents who have had a reduction of income due to unemployment, underemployment, or a reduction in benefits through no fault of their own. For more information, call the Community Action Board of Santa Cruz at 457-1741.

Capitola Housing Rehabilitation Program. The City offers low cost loans to homeowners and landlords who wish to rehabilitate their property. For more information, call the City at 475-7300.

## **City of Scotts Valley**

(Local programs operating only within the city limits of Scotts Valley)

1 Civic Center Drive, Scotts Valley, CA 9066

Tel: 440-5630

First Time Home Buyer Program. The City offers low cost loans to help people buy homes in the City. For more information: call the Housing Authority at 464-0170 ex. 300.

*Inclusionary* Housing Program. The City requires that a percentage of the housing produced in the City be affordable. While the number of units is very small, they occasionally become available. For more information, call the Housing Authority at 464-0170 ex. 300:

Security Deposit Last Month Rent Program. The City will help with the security deposit and last months rent that are required to rent a new home or apartment. For more information, call the Housing Authority at 464-0170 ex. 300.

## **City of Watsonville**

(Local programs operating only within the city limits of Watsonville)

Housing and Economic Development Department

250 Main Street, Watsonville, CA 95076

Tel 728-6014

[hedd@ci.watsonville.ca.us](mailto:hedd@ci.watsonville.ca.us)

Downpayment Assistance and *First Time* Home Buyers Programs. The City offers low cost loans to help buy homes throughout the City. For more information, call First National Bank at 728-2265.

Housing Rehabilitation Loans. The City offers low cost loans to help home owners repair their homes. For more information, call the City at 728-6014.

## **Non-profit Housing Corporations**

(Operating areas vary. Check with each organization.)

The following non-profit corporations develop affordable housing for sale or rent in Santa Cruz county:

### **CHISPA**

600 East Market Street, Salinas, CA 93905

Tel: 757-6254

Habitat ~~for~~ Humanity

9850 Monroe Ave, Aptos 95003

Tel: 685-0671

Mercy Housing

609 Pacific Avenue, Suite 101, Santa Cruz, CA 95060

Tel: 471-1914

Mid Peninsula Housing Coalition

77 Aspen Way, Suite 103, Watsonville, CA 95076

Tel: 650-299-8066 (Rental Housing Line)

### **South County Housing**

7455 Carmei Street, Gilroy, CA 95020

Tel: 408-842-9181

## **Legal Assistance**

### **Legal Aid Society of the Central Coast**

Non-profit organization providing legal assistance to low income tenants facing eviction, housing discrimination, or other housing problems.

Tel: Aptos: 688-6535

Watsonville: 724-2253

### **U.S. Department Of Housing and Urban Development**

Housing Discrimination Hotline

Tel: 800-347-3739

### **California Department of Equal Housing and Employment**

Housing Discrimination Line

Tel: 800-233-3212

### **Santa Cruz County Department of Consumer Affairs**

Tenant/Landlord Information Line

Tel: 454-2825

### **Shelters and Transitional Housing**

Homeless Services

Tel: 458-6020

Pajaro Valley Shelter

Tel: 728-5649

Salvation Army Shelter

Tel: 724-3922

River Street Shelter

Tel: 459-6644

### **The Shelter Project (Community Action Board)**

Information and referrals to shelters. Emergency financial assistance for people facing eviction.

Tel: Santa Cruz: 457-0511    Watsonville: 728-4634

### **Above the Line**

Transitional housing and services for homeless youth

Tel: 685-3964

### **Shared Housing Program (Senior Network Services)**

Tel: Santa Cruz: 462-6788

Watsonville: 728-1751

\* \* \* \* \*

This brochure was prepared by the Santa Cruz County *Redevelopment* Agency.

Please email [housing@co.santa-cruz.ca.us](mailto:housing@co.santa-cruz.ca.us) to notify us of any corrections or updates to this information.

**First mortgages (continued)**

Conventional fixed rate loan  
The first mortgage must be a 30-year conventional fixed rate, fully amortized loan.

Maximum and Minimum Debt-to-Income Ratios  
The maximum housing cost and overall debt-to-income qualifying ratios can be no more than 40% / 47%. The minimum ratios are 28% / 28%.

Minimum Down Payment and Escrow Costs  
The buyer's minimum down payment is five percent (5.0%) of the purchase price. Escrow costs are paid by the buyer.

**FTHB Subsidy**

Subsidy Amount  
The FTHB down payment and monthly housing cost subsidy is always fifteen percent (15%) of the purchase price.

Terms  
There is no monthly payment or balloon payment for the FTHB subsidy as long as applicant owns and occupies the home. The subsidy, plus a share of the home's appreciation, is paid back upon sale or transfer of the home.

**Resale Price Controls**

The Resale Price is Limited  
The home's resale price is limited and can increase only as much as the percentage increase in Santa Cruz County area median income. The resale price can be further adjusted by value of capital improvements to the home.

Duration of the Price Controls  
The home's resale price is restricted until sale or transfer of the home. Paying off the FTHB subsidy does not release buyers from the resale price controls.

Santa Cruz County Redevelopment Agency



**FIRST TIME HOME BUYER PROGRAM**

**REAL ESTATE SUMMARY OF GUIDELINES**

**MARCH 26, 2004**

**PROGRAM ADMINISTERED BY  
SANTA CRUZ COUNTY REDEVELOPMENT AGENCY  
454-2280**

Santa Cruz County Redevelopment Agency  
**First Time Home Buyer (FTHB) Program**

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What are the two **primary goals** of the **FTHB Program**?

The first Program goal is to assist eligible moderate income first time home buyers to purchase market rate homes in the unincorporated Santa Cruz County area, with affordable monthly housing costs. This is accomplished by setting a maximum purchase price limit of \$384,000 and second, by providing cash down payment subsidies to home buyers for fifteen percent (15%) of the purchase price. Subsidies are repaid only upon sale or transfer of homes and there are no monthly payments. The program thus reduces families' ongoing monthly housing costs to affordable levels for as long as they own and occupy their homes.

The second Program goal is to create long-term affordable, owner-occupied housing units. This is accomplished by limiting the resale price of homes purchased through the program to levels that are affordable to future moderate income purchasers. Owners are allowed modest equity gains, but are not allowed to realize windfall profits from the sale of their homes at unrestricted market prices.

**Eligible Buyers**

Maximum Income Limits

Gross annual household income by all adult family members must be less than the following:

Household Size:	Maximum Gross Annual Income*:
1 person	\$57,950
2 persons	\$66,300
3 persons	\$74,550
4 persons	\$82,850
5 persons	\$89,450
6 persons	\$96,100

\*Updated **Annually** Eased on State **Housing** and Community Development Department Income Limits by County, as adjusted for household size

Eligible Buyers (continued)

First Time Home Buyer

Eligible buyers cannot have owned residential property within the last three years (with exceptions for displaced homemakers, recently divorced individuals and owners of manufactured homes in mobile home parks).

Employed in Santa Cruz County

At least one of the eligible buyers must be employed full-time, or be under contract to be employed full-time, in Santa Cruz County. If self-employed, the buyer's primary place of business must be in Santa Cruz County.

Primary Place of Residence

The home must be the buyer's primary place of residence. It cannot be rented or leased.

Eligible Properties

Maximum Purchase Price

The maximum purchase price is **\$384,000**. Buyer's excess cash cannot be used to increase the purchase price limit.

Single family residences

Homes purchased through this program must be existing single family residences in the unincorporated areas of Santa Cruz County, which include the San Lorenzo Valley, Live Oak, Soquel, Aptos and Freedom areas. Homes types can be condominiums, townhouses, or detached single family dwellings; duplexes and triplexes are not eligible.

Measure J units are not eligible

"Measure J" inclusionary units, or any other unit with existing resale controls for moderate income households, cannot be purchased through this program.

First Mortgage Qualifications

Participating Lenders

Buyers must originate their first mortgage loans with Agency qualified "participating lenders." These are first lenders who have reviewed and approved the program's down payment subsidy and resale controls.

**First Mortgages (continued)**

Maximum debt-to-income ratios

The maximum housing cost (including space rent) and overall debt-to-income qualifying ratios can be no more than 40%/47%.

Minimum Down Payment and Escrow Costs

The buyer's minimum down payment is five percent (5.0%) of the purchase price. Escrow costs are paid by the buyer.

Excess cash reserves

Home buyers are allowed to retain a reasonable cash reserve. However, excess cash reserves must be applied toward the home's down payment and closing costs.

**FTHB Subsidy**

Subsidy Amount

The FTHB down payment and monthly housing cost subsidy is always fifteen percent (15%) of the purchase price.

Terms

There is no monthly payment or balloon payment for the FTHB subsidy. The subsidy, plus a share of the home's appreciation, is paid back upon sale or transfer of the manufactured home.

**Resale Price Controls**

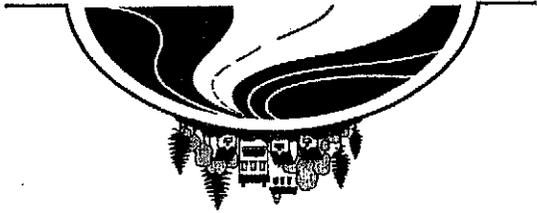
The Resale Price is Limited

The home's resale price is limited and can increase only as much as the percentage increase in Santa Cruz County area median income. The resale price may be further adjusted by value of capital improvements to the home.

Duration of the Price Controls

The home's resale price is restricted until sale or transfer of the home. Paying off the FTHB subsidy does not release buyers from the resale price controls.

Santa Cruz County Redevelopment Agency



**FIRST TIME HOME BUYER  
PROGRAM**

**MANUFACTURED**

**HOMES**

**SUMMARY OF GUIDELINES**

**MARCH 26, 2004**

**PROGRAM ADMINISTERED BY**

**SANTA CRUZ COUNTY REDEVELOPMENT AGENCY**

**454-2280**

**Santa Cruz County Redevelopment Agency  
First Time Home Buyer (FTHB) Program**

**What are the two primary goals of the FTHB Program?**

The first Program goal is to assist eligible low income first time home buyers to purchase market rate manufactured homes, in licensed mobile home parks, in the unincorporated Santa Cruz County area, with affordable monthly housing costs. This is accomplished by setting a maximum purchase price limit of \$185,000 and second, by providing cash down payment subsidies to home buyers for fifteen percent (15%) of the purchase price. Subsidies are repaid only upon sale or transfer of homes and there are no monthly payments. The program thus reduces families' on-going monthly housing costs to affordable levels for as long as they own and occupy their homes.

The second Program goal is to create long-term affordable, owner-occupied housing units. This is accomplished by limiting the resale price of homes purchased through the program to levels that are affordable to future low income purchasers. Owners are allowed modest equity gains, but are not allowed to realize windfall profits from the sale of their homes at unrestricted market prices.

**Eligible Buyers**

Maximum Income Limits:

Gross annual household income by all adult family members must be less than the following:

Household Size:	Maximum Gross Annual Income:
1 person	\$43,800
2 persons	\$50,050
3 persons	\$56,300
4 persons	\$62,550
5 persons	\$67,550
6 persons	\$72,550

\*Updated annually based on State Housing and Community Development Department Income Limits by County, as adjusted for household size.

First Time Home Buyer

Eligible buyers cannot have owned residential property within the last three years (with exceptions for displaced homemakers and recently divorced individuals).

Employed in Santa Cruz County

At least one of the eligible buyers must be employed full-time, or be under contract to be employed full-time, in Santa Cruz County. If self-employed, the buyer's primary place of business must be in Santa Cruz County.

Primary Place of Residence

The home must be the buyer's primary place of residence. it cannot be rented or leased.

**Eligible Properties**

Maximum Purchase Price

The maximum purchase price is \$185,000. Buyer's excess cash cannot be used to increase the purchase price limit.

Manufactured homes in mobile home parks

Homes purchased through this program must be existing single family manufactured homes, in licensed mobile home parks located in the unincorporated areas of Santa Cruz County which include the San Lorenzo Valley, Live Oak, Soquel, Aptos and Freedom areas.

**First Mortgage Qualifications**

Participating Lenders

Buyers must originate their first mortgage loans with Agency qualified "participating lenders." These are first lenders who have reviewed and approved the program's down payment subsidy and resale controls, and who are very familiar with the program's guidelines.

Types of loans allowed

The first mortgage must be a 20-year conventional fixed rate, fully amortized loan, or a 20-year loan amortized over 30 years and due and payable in 20 years.

County of Santa ~~Cruz~~ Redevelopment Agency  
**First Time Home Buyer Program**

List of Participating Lenders (5/04)

**REAL ESTATE LENDERS**

Monterey Bay Bank  
Rob Quartararo  
567 Auto Center Drive  
Watsonville, CA 95076  
(831) 768-4877

Aptos Mortgage  
Dale Davis  
9065 Soquel Drive  
Aptos, CA 96003  
(831) 688-8131

First Net Mortgage  
Noel McCord  
1350 41st ~~Street~~, Suite 200  
Capitola, CA 95010  
(831) 477-7200

Network Mortgage  
Alan Behrens  
740 Front Street, #115  
Santa Cruz, CA 95060  
(831) 471-1977

Wells Fargo Home Mortgage  
Shelley Paine  
1700 41st Avenue  
Capitola, CA 95010  
(831) 465-8606

Citibank  
~~Hannah~~ Nguyen  
10 Almaden Blvd.  
San Jose, CA 95113  
(408) 298-1302

PFS Mortgage **Loans** of Santa Cruz  
Dennis Black  
9565 Soquel Drive, Suite 202  
Aptos, CA 95003  
(831) 662-6100

Wells Fargo Home Mortgage  
Dottie Jakobsen  
7701 Soquel Drive  
Aptos, CA 95003  
(831) 685-3262

**MOBILEHOME LENDERS**

Bay Federal Credit Union  
Mortgage Lending  
3333 Clares Street  
Capitola, CA 95010  
(831) 479-6000

Calif. Mortgage Lending Group  
"Mi" Unger  
13210 Highway 9  
Boulder Creek, CA 95006  
(831) 338-7571

Wells Fargo Home Mortgage  
Lesley Pretorius  
326 Main Street  
Watsonville, CA 95076  
(831) 786-8712

Calif. Mortgage Lending Group  
Jesse Banwell  
245-C Mt. Hermon Rd.  
Scotts Valley, CA 95066  
(831) 438-5626

Santa Cruz Mortgage  
Larry McDonough or Sue Bullock  
1734 Seabright Ave.  
Santa Cruz, CA 95062  
(831) 425-7880

Realty Resource Solutions  
Cynthia Roberts  
1042 W. Hedding St., Ste. 220  
San Jose, CA 95126  
(800) 847-4747 x311

Santa Cruz Mortgage  
Hank Pretorius  
1058 Green Valley Road  
Watsonville, CA 95076  
(831) 724-7009

RAE Properties  
Ron Esche  
3850 Floral Court  
Santa Cruz, CA 95062  
(831) 464-2429

First Horizon Home Loan Corp.  
Hal Webb  
1975 Soquel Drive, Ste. 215  
**Santa** Cruz, CA 95065  
(831) 476-7880



# County of Santa Cruz

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REDEVELOPMENT AGENCY

701 OCEAN STREET, ROOM 510, SANTA CRUZ, CA 950604000

(831) 454-2280 FAX (831) 454-3420 TDD: (831) 454-2123

TOM BURNS, AGENCY ADMINISTRATOR

## County of Santa Cruz First Time Home Buyer Program

### How do I get started?

- ▶ Read the attached brochure to see if you qualify for the program;
- Review the attached “First Time Home Buyer Process” chart.

### How do I apply for Agency second mortgage financing?

- Contact a “Participating Lender” in your area from the attached list.
- ▶ Apply for both the first mortgage and the Agency’s “silent second” down payment assistance through your Participating Lender.
- Once prequalified by your Participating Lender, make an offer on a home or mobilehome through your real estate agent.
- The Participating Lender will submit your application directly to the Agency.

### When will applications be accepted by the Agency?

- Our revised program began in November 2001 and applications for Agency financing are being accepted continuously as funding allows.

### Whom do I call for more information?

- Please call Carolyn Watanabe, Agency Project Manager, at 454-2322.