

# REALTOR® ASSOCIATION Funding **Request** Form

Date: April 25 2006					
Funds Requested By: Applicant/REALTOR® Association: North	thern Solano County Assn of REALT	ORS			
Address: 3690 Hilborn Rd Fairfield Ca.	94534				
City/Zip: Fairfield, Ca. 94534	Telephone:	707-422-5306 ext 224			
	Fax:	707-422-9140			
Name of Executive Officer: Frank Bemis	Email Addre	ess: eonscar@aol.com			
Contact Person (if different):	Email Addre	Email Address:			
Web Site Address: nscar.net					
Purpose of Funding:					
Recipient of Check: Northern So Treasurer/Financial Officer: Bob Solomo Address (Street/P.O. Box): 3690 Hilborn Federal Tax ID # 94-1457648	n	·····			
Federal Tax ID #:					
Brief Program Description: Provide housing for low to moderate incommoderate incommoderate incommoderate incommoderate.	ome persons for whom no other adec	quate housing exists.			
Amount Requested: \$ 125,000.00					
Authorized By (to be completed by HA	AF):	<u> </u>			
	sure the above information is complete and a nds will be received on an ongoing basis throu	ccurate. INCOMPLETE FORMS WILL BE RETURNED ighout the year. The review process will typically take 30			
E-Mail completed form to: monicar@car.org	g For	more information call: (213) 739-8380			

### CAR Housing Affordability Fund Funding Request April 25, 2006

### **Program Description:**

**NSCAR** 

### 1. Please describe, completely and concisely, the purpose of the program:

Northern Solano County Association of REALTORS®, NSCAR, believes that the Section 8 Homeownership Assistance Program is one of the crucial steps for an individual, who currently receives financial assistance for rent from the government, to achieve financial stability, a chance to take and show pride of ownership and eventually remove themselves from the state and federal government's financial assistants program. The program allows a qualified individual who has completed specific requirements to utilize there Section 8 funds towards a monthly mortgage payment instead applying it to rent.

As most REALTORS® know, the value of homes in California has continued to rise dramatically in the last 7 years and along with the increased home prices, rents for those homes has escalated as well. The federal government has found a way to create incentives for individuals to strive for economic independence from the system, a way to limit long term expenses by limiting annual housing cost and create a pride of ownership in those who would normally be renters. Below explains more in depth how these goals are achieved:

- a) In order to participate in the Section 8 Homeownership Assistants Program the participant must show personal motivation by saving and utilizing their own money for a portion of the down payment, complete homeownership counseling, maintain a job for a certain period of time, establish a credit score that is acceptable to a lender and limit other debts, allowing them to qualify for a loan. Once the family has purchased their home it is very common for them to receive salary increases over the next 5 to 10 years while their mortgage payment remains constant. In turn, the subsidy required by Section 8 slowly reduces until a subsidy is no longer needed. Whereas, a standard Section 8 recipient's subsidy would tend to continually increase as rents increase.
- b) In the past, Section 8 participants have paid market rents according to HUD's definition for the area they live in. In some area's the rents may be higher than what the actual market is, causing an increase expense to the program, and in other areas it may be lower than the market, causing the inability of Section 8 clients to find a home to rent. In most cases with the Homeownership Assistants Program, the unit is purchased, a fixed rate mortgage is placed on the unit and the payments remain stable for the term of the loan. There are some escalation features such as: Property tax increases, property insurance, utility cost... but these increases are normally a lower percentage than rent increases that occur over that same period of time.

c) It is not uncommon to drive through a neighborhood without being able to tell the difference between a home that is owner occupied and one that is tenant occupied. Most people would agree that pride of ownership is a motivating factor to a well maintained home. Overall neighborhoods benefit from this program as well as individual families.

NSCAR in cooperation with HAF will help the city of Fairfield provide the Gap funding needed to place lower income families into a homeownership position. Details on how this is accomplished are found in the budget section of this request.

### 2. Please describe the history/evolution of the program:

The city of Fairfield has been the point person/agency in Solano County for the Section 8 Homeownership Assistance Program. The city of Fairfield has placed more families in an Ownership position through this program than any other city in Solano County. In 2004, the City of Fairfield helped place two lucky families into a homeownership position. In 2005, the City of Fairfield place 1 family. For the 2006 / 2007 fiscal year, the city is planning on placing 3 to 7 more families into homeownership, with your help.

In 2004, NSCAR helped fund one of the purchasers with a \$10,000 loan. The loan was interest free with no payments but did have a due on sale clause. NSCAR was mentioned in various newspaper articles, grand opening ceremony, TV newscast and other media venues, as a sponsor and major supporter of creating homeownership opportunities for individuals who do not have the financial ability to purchase in today's market. The family background of the purchaser that NSCAR helped is attached.

### 3. What are the benefits and who are the beneficiaries of the program?

The benefits are described in question 1 but are summarized below:

- a) Creating a path for economic independence from government subsidized housing.
- b) Helps limit HUD's long-term exposure to rent increases
- c) Promotes pride of ownership for a family that otherwise would have been a renter.
- d) Most importantly, the families we help get to enjoy all the benefits of owning their own home.

### 4. What is the significance of the program to REALTORS®? How will this program affect housing affordability in your community?

**NSCAR** 

Homeownership is essential to our business, we as REALTORS® promote all the benefits that an individual receives from owning your own home. The families that we help would not be able to enjoy and prosper from owning with out our help.

Forming a partnership with our local government entities for the purpose of creating homeownership, an essential building block of our association, foster good will between the two groups and opens the door for further collaboration in other areas that REALTORS® are involved with.

# 5. Who has overall responsibility for the program and, if different, who has day to day responsibility? How are these persons selected, and what are their qualifications?

The program is primarily operated and monitor by the city of Fairfield's Housing Authority staff. Staff is trained and familiarized with all aspects of the Section 8 Homeownership Assistance Program. NSCAR will not be involved in the selection of the recipients. City staff will select and regulate the program.

### 6. What are the appropriate measures of success of the program?

Close of escrow with a family that has an income of 60%, or less, of the local median income. We are looking to help fund 3 families with this program within 18 months from receiving the approval of HAF's funding. If 3 families are not placed, all unused funds will be returned to HAF within 18 months.

### 7. Do other programs provide the same or similar sevice? How does this program differ?

The only funding source used in the past, is government funds and a grant from the Federal Home Loan Bank, except for one case where funds from NSCAR were used to help the family purchase their new home.

### 8. Will part or all of HAF's committed funds be recoverable?

Yes, if families are not placed within 18 months, any unused funds will be returned to HAF. There will be a due on sale clause for each note, 90% of the funds will return to H.A.F. at some point in the future. 10% of those funds will be used for repayment processing by a local non profit, Housing American Families.

9. Has your association made a contribution to H.A.F.? If yes, what was the amount of the contribution?

Yes, \$25,607.34

### **Program Budget:**

1. What is the budget for this program?

**NSCAR** 

NSCAR is requesting \$125,000. Funding will be used as follows:

\$120,000 to fund up to 3 families at \$40,000 per family.

\$5,000 for document preparation and legal review.

The total gap funding needed, funding between the maximum conventional loan the buyer can qualify for, and the sales price, is approximately \$175,000 to \$200,000 per family. Remaining funds needed will be provided by city grants, city loans and purchasers own funds. See #1 in Fund Raising Section.

2. What percentage of the total program budget would be comprised of the C.A.R. H.A.F. funds requested?

The total gap funding needed, will be approximately \$525,000 to \$600,000 for 3 families. HAF will provide \$120,000 and the city will provide approximately \$405,000 to \$720,000 through various internal sources.

3. Has the program received C.A.R.H.A.F funds in the past?

No.

4. How will C.A.R. H.A.F. funds be used among the following categories?

Legal/Admin/Overhead	\$ 5,000
Direct Service (Purchase Funding)	\$120,000
Fundraising	\$0
Total	\$125,000

#### **Fundraising Strategy:**

1. Please indicate specific sources/groups and amounts of revenue already raised for this program.

Sources/Groups	Amounts
Fairfield CDBG	\$120,000
IDEA	\$45,000
Cal Home and Home	\$334,500

The city is hoping to fund between 3 and 7 families. We are only looking to participate in 3 of those 7 families.

Example of Section 8 Homeownership Assistance purchase:

Sales price and	Closing Cost				\$301,000
Buyers Down p	ayment	\$	6,00	0	
First Mortgage		1	00,00	0	
State Grant (Ho	me Funds)	1	10,000	0	
C.A.R. H.A.F.			40,00	0	
CDBG Funds			30,00	0	
IDEA Grant fro	m FHLB		15,00	0	
<b>Total Funding</b>					\$301,000

2. What sources/groups are targeted for additional funds and at what amounts?

None.

3. What fundraising techniques will be employed?

N/A

4. What role will consultants play in fundraising?

None

5. What is your time frame for fundraising and what is the timeframe for the program?

All other funds are in place. The city estimates it will take up to 18 months to finish the qualifying of the families, locating the right homes and closing the escrow.

6. Have you successfully raised funds in the past for similar programs? Please explain:

In 2004, NSCAR raised and utilized \$10,000 to help the first family in Fairfield to utilize the Section 8 Homeownership assistance program. Due to increase prices, the gap funding that is currently needed, has risen to \$40,000 per family.

I promise to send a follow-up report to the C.A.R.H.A.F. Committee within 30 days after the contribution.

Signature:

Association President

Signature:

Association Executive

Trank

Bemis 5.2.06

#### C.A.R.H.A.F. Expenditure Guidelines

The following guidelines indicate the many ways in which C.A.R.H.A.F. funds may be used to advance the housing affordability interests of

REALTORS® and REALTOR® organizations.

**NSCAR** 

- II.C.A.R.H.A.F. funds **CANNOT** be used for activities that directly or indirectly support or oppose a candidate for public office.
- [I.C.A.R.H.A.F. funds **SHALL NOT** be used to support or oppose the following: 1.) Ballot Measure Campaigns; 2.) REALTOR® Issue Mobilization Campaigns; 3.) Dues and Contributions to Coalitions; 4.) Receptions/Events/Conferences; 5.) Professional or Volunteer Advocacy; 6.) Advocacy and Policy Education; and/or 7.) Policy Research and Consulting Services. These functions are supported by IMPAC funds.
- I.C.A.R.H.A.F. funds must be used for charitable purposes that supports C.A.R.H.A.F.'s mission to play an active role in addressing the ongoing housing affordability crisis facing our state by promoting homeownership and addressing housing affordability issues statewide. The term charitable is used in its generally accepted legal sense and includes, but is not limited to, relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erection or maintenance of public buildings, monuments, or works; lessening the burdens of government; lessening of neighborhood tensions; elimination of prejudice and discrimination; defense of human and civil rights secured by law; and combating community deterioration and juvenile delinquency.

For specific information on C.A.RH A.F. guidelines and procedures, contact C.A.R.H.A.F. staff: Monica Rodriguez (213) 739-8380 or email at: monicar@car.org.

#### C.A.R.H.A.F. Guiding Principles

The Committee agreed to base its decisions upon the following guiding principles:

- In general, all programs should require matching funds to leverage C.A.R.H.A.F. funds. This includes grants to local associations. For example, a local association could request funds from C.A.R.H.A.F. for a project, but it should be able to obtain matching funds from other entities such as lenders, government, non-profits or other housing advocates.
- Where possible, funds should be recoverable.
- A REALTOR® 's services should be encouraged in all home purchase transactions. This will require that REALTORS® become familiar with both the C.A.R.H.A.F. and the programs offered by C.A.R.H.A.F. partners.

Self-Help Project Guidelines:

At no time will HAF commit more than 50% of the remaining 25% total annual disbursement to Self Help projects (including Habitat for Humanity). Request for funds will not exceed the LESSER of: A) \$50,000, or B) 10% of total existing funds. However, if a Regional approach with a majority of associations develops a large Habitat program, HAF may grant funds up to 10% of total existing funds. In addition, HAF may consider granting a larger sum with consent of the Board of Directors.

3690 HILBORN ROAD, FAIRFIELD, CA 94534

NSCAR

PHONE 707-422-5306

FAX 707-422-9140

WEB WWW.NSCAR,NE

First Time Homebuyers

Lilia Rubio and Maria F. Rubio 325 Tabor Ave Fairfield Ca. 94533

Lilia is a single parent who has worked for a local nursery for 9 years. She has 3 children Maria, Elizabeth and Emmanual. Maria has worked for a major retailer for 3 and a half years.

To qualify as a 1<sup>st</sup> time homebuyer one must have a good standing with the Fairfield Housing Authority and qualify for a home loan. Once selected the authority requires a 2 year housing quality housing inspection that includes no tenant caused failures.

The City of Fairfield mandates that each participant completes and graduates from a certified program through Vallejo Neighbor Housing Services, Inc. This program includes 6 training sessions of 8 hours each involving:

- Initial overview of program and responsibilities
- Shopping and buying a home
- Budgeting
- Credit
- Home maintenance
- Getting a Mortgage Loan





LOCAL

Tuesday, February 24, 2004



Cynthia Garcia, with the city of Fairfield, takes a picture Monday of the Soto family in front of a newly completed home.

## Fairfield touts affordable infill home

By Mary Lynch Staff Writer

Guadalupe Estrada's dream has taken seven years to come true.

But by late March, the journey from welfare to home ownership for the single mother of four will end happily at her own front door when she moves into one of five homes that make up the latest of Fairfield's affordable infill housing projects, Cornerstone at Tabor.

"My family and I are very excited," said Estrada, beaming in front of her new home on Tabor Avenue during a citysponsored open house Monday afternoon. "We're overwhelmed."

The Fairfield Redevelopment Agency worked with local builder Steve Hanley Construction to build the five affordablypriced homes on what was, just one year

a vacant lot.

city officials said the project will demonstrate Fairfield's commitment to smart growth by building homes on underutilized properties in areas

already served by existing infrastructure such as sewer, water, electricity, and

"Numerous partners have made this project possible by contributing time and money to make it happen," said. Mayor Karin MacMillan. "I'm proud to be part of this effort."

All five of the three-bedroom, twobathroom homes have been sold. The home buyers made the purchases with the help of loans from the Redevelopment Agency and the Community Development Block Grant program.

"Home prices have gone up, and it's gotten more and more difficult for working families to get into their first home," explained Rachel Hazlewood, a Fairfield economic development project manager. "That's often the obstacle, that's why we're stepping in."

Two of the home buyers were graduates of the Fairfield Housing Authority's Family Self Sufficiency program, where they attended classes on the intricacies of buying a first home. Their homes will

be the first in the city purchased through the federal Housing and Urban Development's (HUD) new Housing Choice Voucher Homeownership program. Citibank funded one of the home loans. while Travis Credit Union funded the other.

The market price of each Cornerstone home is about \$300,000, but its "affordable cost" was actually closer to \$250,000, officials said.

"What's considered 'affordable' is all dictated by what HUD and the state say," said Hazlewood. "There's a formula based on median income and what percentage of that income is considered reasonable to spend on housing."

The Fairfield Redevelopment Agency is also working with KB Homes on the Whitney Park development off Peabody Road, where up to nine homes will be affordably priced, according to city Planning Director Sean Quinn.

Mary Lynch can be reached at business@thereporter.com.

### <u>AMENDED</u>

CITY OF FAIRFIELD
CONCURRENT REGULAR MEETING

TUESDAY, JUNE 1, 2004; 6:45 P.M. COUNCIL CHAMBER, CIVIC CENTER

### CITY COUNCIL/REDEVELOPMENT AGENCY/HOUSING AUTHORITY AGENDA

**PUBLIC ACCESS PERIOD** 

6:45 - 7:00 p.m.

**CALL TO ORDER** 

7:00 p.m.

**ROLL CALL** 

Councilmember Jack Batson Councilmember John English Councilmember Marilyn Farley Vice-Mayor Harry T. Price Mayor Karin MacMillan

**OPENING REFLECTION** 

PLEDGE OF ALLEGIANCE

**COUNCIL REPORTS** 

CITY MANAGER REPORT

**PRESENTATIONS** 

- 1. Presentation of 2004 Science Fair Awards by Mayor Karin MacMillan.
- 2. Presentation of recognition plaques to Steve Hanley Construction, Citimortgage, Travis Credit Union and the Northern Solano County Board of Realters for the Cornerstone Infill Affordable Homeownership Project (Rachel Hazlewood, 428-7039).