

CITY OF BUELLTON

HOUSING CONSERVATION PROGRAM GUIDELINES

April 2009

GENERAL DESCRIPTION

The Buellton Housing Conservation Program ("**Program**") provides financial assistance to owner-occupants of single family homes to undertake needed repairs and improvements. Although correction of code violations and deferred maintenance are of paramount importance, general property improvements are also allowed within prescribed limits. The **Program** is funded by a combination of redevelopment tax increment housing setaside funds and federal Community Development Block Grants that are expressly earmarked for the benefit of low and moderate income persons. Redevelopment tax increment funds for this program are capped at \$50,000 per year.

FINANCIAL ASSISTANCE

Eligible Recipients. Eligibility for financial assistance under the **Program** is based on a combination of income, occupancy, housing conditions and financial capacity as follows: (i) the applicant's household income may not exceed an amount as defined in Table 1 below; (ii) the applicant must be an owner-occupant of **Qualifying Property**; (iii) the applicant must be a United States citizen or qualified alien; and (iv) the **Qualifying Property** must satisfy the criteria set forth herein. No **Eligible Recipient** shall be entitled to receive more than one **Program** loan for each **Qualifying Property**.

TABLE 1	No. of Persons in Household						
	1	2	3	4	5	6	7
	\$43,600	\$49,800	\$56,050	\$62,250	\$67,250	\$72,200	\$77,200

Source: Department of Housing and Community Development, State of California, April 2, 2009.
Note: The income limits in Table 1 reflect an amount deemed "low" under applicable household income definitions prescribed under State law. The amounts shown change annually and are automatically updated.

Qualifying Property. **Qualifying Property** consists of single family homes located within the City of Buellton. Subject to the availability of funds, requests for financial assistance shall be processed on a first come, first served basis. To the extent that applications exceed funds available, requests for financial assistance shall be processed according to the following priorities: (i) **Qualifying Property** that is under code enforcement; (ii) conditions that constitute a threat to the occupants; and (iii) **Eligible Recipients** whose income is classified as very low.

Property Rehabilitation Standards. Financial assistance may only be used for property improvements which: (i) are required to rectify building and zoning code deficiencies; (ii) achieve compliance with **Exterior Property Maintenance** standards; or (iii) enhance the structural, functional or aesthetic value of the qualifying property in accordance with FHA criteria. All code violations must first be remedied before general property improvements may be undertaken. Furthermore, general property improvements may not exceed 25% of the total cost of rehabilitation.

Loan Principal. Financial assistance consists of deferred payment home equity loans for 100% the cost of eligible rehabilitation work. There are no payments on the deferred loan until a lump sum payoff is triggered at sale, transfer, refinance, or when the **Eligible Recipient** no longer resides at the home. All loans are evidenced by a Promissory Note and secured by a Deed of Trust. In no event may a **Program** loan exceed \$20,000, and maximum property debt (inclusive of the **Program** loan) may not exceed 90% of total after-rehab value of the **Qualifying Property**.

Interest Rate. Interest is charged in the form of equity sharing equal to the percentage which the **Program** loan represents of the after-rehabilitation value of the **Qualifying Property**, adjusted downward in increments for each full year which the **Eligible Recipient** owns and occupies the property. All interest shall be forgiven after 45 years of continuous occupancy. In no event shall an **Eligible Recipient** be obligated to pay more than total net equity that exists at the time of repayment of the **Program** loan.

Miscellaneous Provisions. All work shall: (i) be performed by licensed contractors or volunteers under the supervision of Habitat for Humanity; (ii) be governed by written construction agreements acceptable to the parties; and (ii) provide for indemnification of the City and Redevelopment Agency of Buellton in the event of default. **Eligible Recipients** must provide fire and hazard insurance, covering total debt secured on the **Qualifying Property**. A loss Payable Endorsement, naming the City and Redevelopment Agency, must also be obtained.

Application Process. The Housing Conservation Program is administered on behalf the Buellton Redevelopment Agency under contract to Habitat for Humanity. To make application, please contact Habitat for Humanity at (office address) 2053 Preisker Lane, Unit B, Santa Maria, CA 93456-5873, (mailing address) P.O. Box 5873, Santa Maria, CA 93456, telephone no. (805) 928-5399.

PROPERTY REHABILITATION STANDARDS

Listed in descending order of priority, three categories of rehabilitation are used to classify eligible property improvements: **PRS Category #1 - Code Compliance**; **PRS Category #2 – Exterior Property Maintenance**; and **PRS Category #3 - General Property Improvements**. No property improvement within a lower ranking **PRS Category**, as prioritized above, shall be undertaken without concurrent remedy of all deficiencies identified in each and every category of higher priority. Included within **PRS Category #1** is the removal of lead based paint hazards.

EXTERIOR PROPERTY MAINTENANCE

Building Standards. The color, texture, material and construction integrity of all building exteriors visible from public right-of-way shall be maintained in a continuous state of good repair and condition, free of all visual defects, blemishes and general deterioration.

Definition of Terms. The term "building" means all dwellings, garages, carports, and all other structures situated upon a **Qualifying Property**. The term "exterior" means all perimeter walls including framing and covering; all doors and windows including panes and screens; all trim including window frames and sashes, door jambs, roof overhang, fascia boards, gutters and downspouts; all decks, porches and stairways; all foundations including crawl holes, vents and footings; all roofs including framing and covering; all weatherization improvements including caulking and weather-stripping; and all other architectural appendages and features visible from any public right-of-way.

Evaluation Criteria. The phrase "defects, blemishes and general deterioration" includes unfinished, weathered, chipped or peeling surfaces; dry rotted, warped or termite infested materials; missing, broken or damaged artifacts; unsightly markings, drawings, decorations and graffiti; and all other conditions out of harmony or conformity with the character of the neighborhood.

Property Standards. The exterior premises of the **Qualifying Property** visible from public right-of-way shall be maintained in a continuous state of good repair and condition, free of all visual nuisances, safety hazards and general deterioration.

Definition of Terms. The term "premises" means all fences, driveways, walkways, vegetation, and all other exterior areas and improvements of the **Qualifying Property**.

Evaluation Criteria. The phrase "visual nuisances, safety hazards and general deterioration" includes overgrown vegetation, dead trees, weeds or debris; hazardous pools, ponds or excavations; storage of packing boxes, furniture, equipment, appliances, garbage cans, or similar articles anywhere within public view; clotheslines in front yards or unscreened side or rear yards; and all other improvements which are unsightly by reason of condition or location.

SAMPLE EQUITY SHARE CALCULATION

After Rehabilitation Value of the Qualifying Property :	\$400,000
Amount of Program Loan :	\$ 20,000
Ratio of Program Loan Principal to After Rehabilitation Value:	10%
Annual Rate of Property Appreciation:	2%*

Year of Loan	Property Value @ Payoff	Property Appreciation	Loan Principal	Interest @ 10%	Interest Forgiveness		Total Due @ Payoff
					% Forgiven	Cumulative	
1	\$400,000	\$8,000	\$20,000	\$800	2.22%	\$18	\$20,782
5	\$432,973	\$41,632	\$20,000	\$4,163	11.11%	\$463	\$23,701
10	\$478,037	\$87,598	\$20,000	\$8,760	22.22%	\$1,947	\$26,813
15	\$527,792	\$138,347	\$20,000	\$13,835	33.33%	\$4,612	\$29,223
20	\$582,724	\$194,379	\$20,000	\$19,438	44.44%	\$8,639	\$20,799
25	\$643,375	\$256,242	\$20,000	\$25,624	55.56%	\$14,236	\$21,389
30	\$710,338	\$324,545	\$20,000	\$32,454	66.67%	\$21,636	\$20,818
35	\$784,270	\$399,956	\$20,000	\$39,996	77.78%	\$31,107	\$28,888
40	\$865,898	\$483,216	\$20,000	\$48,322	88.89%	\$42,952	\$25,369
45	\$956,021	\$575,142	\$20,000	\$57,514	100.00%	\$57,514	\$20,000

*Rate of appreciation is estimated for illustrative purposes only and will vary from year to year based on actual market conditions.